

FINAL OFFICIAL STATEMENT DATED MAY 15, 2012

REFUNDING ISSUE: Book-Entry-Only

RATINGS: Moody's Investors Service: "Aaa"

In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the material accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.



Town of Westport, Connecticut

\$13,210,000

General Obligation Refunding Bonds, Issue of 2012

Dated: Date of Delivery

Due: Serially on July 15, as detailed below

The Bonds will be general obligations of the Town of Westport, Connecticut and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due (*see* "Security and Remedies" herein).

Interest on the Bonds will be payable July 15, 2012 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the Town to The Depository Trust Company, New York, New York ("DTC"), or its nominee, as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (*See* "Book-Entry-Only Transfer System" herein.)

THE BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY

The Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent for the Bonds will be U.S. Bank National Association of Hartford, Connecticut.

Maturity Schedule and Amounts

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
2013	\$55,000	2.000%	0.270%	961301WM6	2020	\$635,000	4.000%	1.460%	961301WU8
2014	35,000	2.000%	0.400%	961301WN4	2021	635,000	4.000%	1.670%	961301WV6
2015	630,000	4.000%	0.540%	961301WP9	2022	2,685,000	4.000%	1.880%	961301WW4
2016	635,000	4.000%	0.650%	961301WQ7	2023	2,685,000	4.000%	2.040%	961301WX2
2017	635,000	4.000%	0.830%	961301WR5	2024	2,680,000	4.000%	2.170%	961301WY0
2018	635,000	4.000%	1.040%	961301WS3	2025	630,000	4.000%	2.290%	961301WZ7
2019	635,000	4.000%	1.230%	961301WT1					

PiperJaffray®

The Bonds are offered for delivery when, as and if issued and received by Piper Jaffray & Co. (the "Underwriter"), subject to the final approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport, Connecticut.

It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company in New York, New York on or about May 25, 2012.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Westport, Connecticut (the "Town") in connection with the issuance and sale of \$13,210,000 General Obligation Refunding Bonds, Issue of 2012 ("the Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement other than matters expressly set forth as its opinion and makes no representation that it has independently verified the same.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed substantially in the form of Appendix C to this Official Statement. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

U.S. Bank National Association will certify and act as the Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent for the Bonds.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as financial advisor to the Town with respect to the issuance of the Bonds (the "Financial Advisor"). The information in this Official Statement has been prepared by the Town with the help of the Financial Advisor. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

Description of the Bonds

The \$13,210,000 principal amount of the Bonds will be payable serially as set forth on the cover page of this Official Statement. The Bonds will be dated on the date of delivery and will pay interest on July 15, 2012 and semiannually thereafter on January 15 and July 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of June and December in each year by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be payable at the principal office of U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

Redemption Provisions

The Bonds maturing on or before July 15, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2022 are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2021, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
July 15, 2021 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town or the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are being issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes (“CGS”), as amended, and as authorized under a resolution adopted by the Representative Town Meeting on January 3, 2012.

The Bonds are being issued to refund certain of the Town’s outstanding general obligation bonds. (See “Plan of Refunding”).

Plan of Refunding

The Bonds are being issued to refund at or prior to maturity all or a portion of certain maturities of certain of the outstanding series of general obligation bonds of the Town, as set forth below (the “Refunded Bonds”). The refunding is contingent upon delivery of the Bonds.

<i>Issue</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Redemption Date</i>	<i>Redemption Price</i>
2004	11/1/2004	11/01/2022	4.000%	\$ 2,050,000	11/1/2012	100.00%
		11/01/2023	4.000%	2,050,000	11/1/2012	100.00%
		11/01/2024	4.125%	2,050,000	11/1/2012	100.00%
		Total		<u>\$ 6,150,000</u>		
2006	6/15/2006	7/15/2013	3.600%	630,000	n/a	n/a
		7/15/2014	3.625%	630,000	n/a	n/a
		7/15/2015	3.750%	630,000	7/15/2014	100.00%
		7/15/2016	3.800%	630,000	7/15/2014	100.00%
		7/15/2017	3.900%	630,000	7/15/2014	100.00%
		7/15/2018	4.000%	630,000	7/15/2014	100.00%
		7/15/2019	4.000%	630,000	7/15/2014	100.00%
		7/15/2020	4.000%	630,000	7/15/2014	100.00%
		7/15/2021	4.000%	630,000	7/15/2014	100.00%
		7/15/2022	4.125%	630,000	7/15/2014	100.00%
		7/15/2023	4.250%	630,000	7/15/2014	100.00%
		7/15/2024	4.250%	630,000	7/15/2014	100.00%
		7/15/2025	4.250%	630,000	7/15/2014	100.00%
		Total		<u>\$ 8,190,000</u>		
		Grand Total		<u>\$ 14,340,000</u>		

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable escrow fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including, United States Treasury securities, United States Treasury State and Local Government Series securities (“SLGS”), Federal National Mortgage Association (“FNMA”) and Federal Home Loan Mortgage Corporation (“FHLMC”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Escrow Securities”) and needed to pay the principal, interest payments, and redemption prices of the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter’s discount.

Verification of Mathematical Computations

The accuracy of the mathematical computations regarding (i) the adequacy of maturing principal of and interest earned on the escrow securities deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the redemption dates and (ii) the yield on the Bonds and the securities and moneys in the Escrow Deposit Fund will be verified by AMTEC of Avon, Connecticut (the “Verification Agent”). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Underwriter.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	
Par Amount of the Refunding Bonds	\$ 13,210,000.00
Net Original Issue Premium	2,142,809.55
Total Sources	<u>\$ 15,352,809.55</u>
Uses:	
Deposit to Escrow Deposit Fund	\$ 15,201,508.45
Costs of Issuance	85,251.10
Underwriter's Discount	66,050.00
Total Uses	<u>\$ 15,352,809.55</u>

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

DTC Practices

The Issuer can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

NEITHER THE TOWN, AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt (hereafter "debt") and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title II of the United States Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF WESTPORT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS

Qualification for Financial Institutions

The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.

Availability of Continuing Disclosure Information

The Town prepares, in accordance with State law, annual independent audited financial statements and files an annual report with the State of Connecticut's Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will agree to provide, or cause to be provided, annual financial information and operating data, notices of material events and timely notices of a failure to provide the required financial information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached hereto as Appendix C.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information, operating data and event notices pursuant to Rule 15c2-12(b)(5). To date, the Town has not failed to meet any of its undertakings under such agreements except for (i) a failure to timely file by February 28, 2011 its audited financial

statements for the fiscal year ending June 30, 2010 and required supplemental financial and operating information which material was posted on EMMA on March 21, 2011 and (ii) a failure to timely file by February 29, 2012 of its audited financial statements for the fiscal year ending June 30, 2011 and required supplemental financial and operating information which material was posted on EMMA on April 2, 2022. The delay in 2011 was related to confusion arising from the changeover to EMMA only filings where the Town had previously filed required disclosures with the NRMSIRs. The delay in 2012 was the result of difficulties encountered in finalizing the valuation of the Town's OPEB liability. See "Other Post Employment Benefits" set forth in "Section VI - Financial Administration".

Ratings

Application was made to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. The Town furnished to Moody's certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of Moody's and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's should be contacted directly for its rating on the Bonds and an explanation of such rating. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

The Town expects to furnish to Moody's information and materials that Moody's may request. However, the Town may issue short-term or other debt for which a rating is not requested.

The Town received a "Aaa" rating from Moody's Investors Service, Inc. on the Bonds.

Tax Exemption

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for

federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

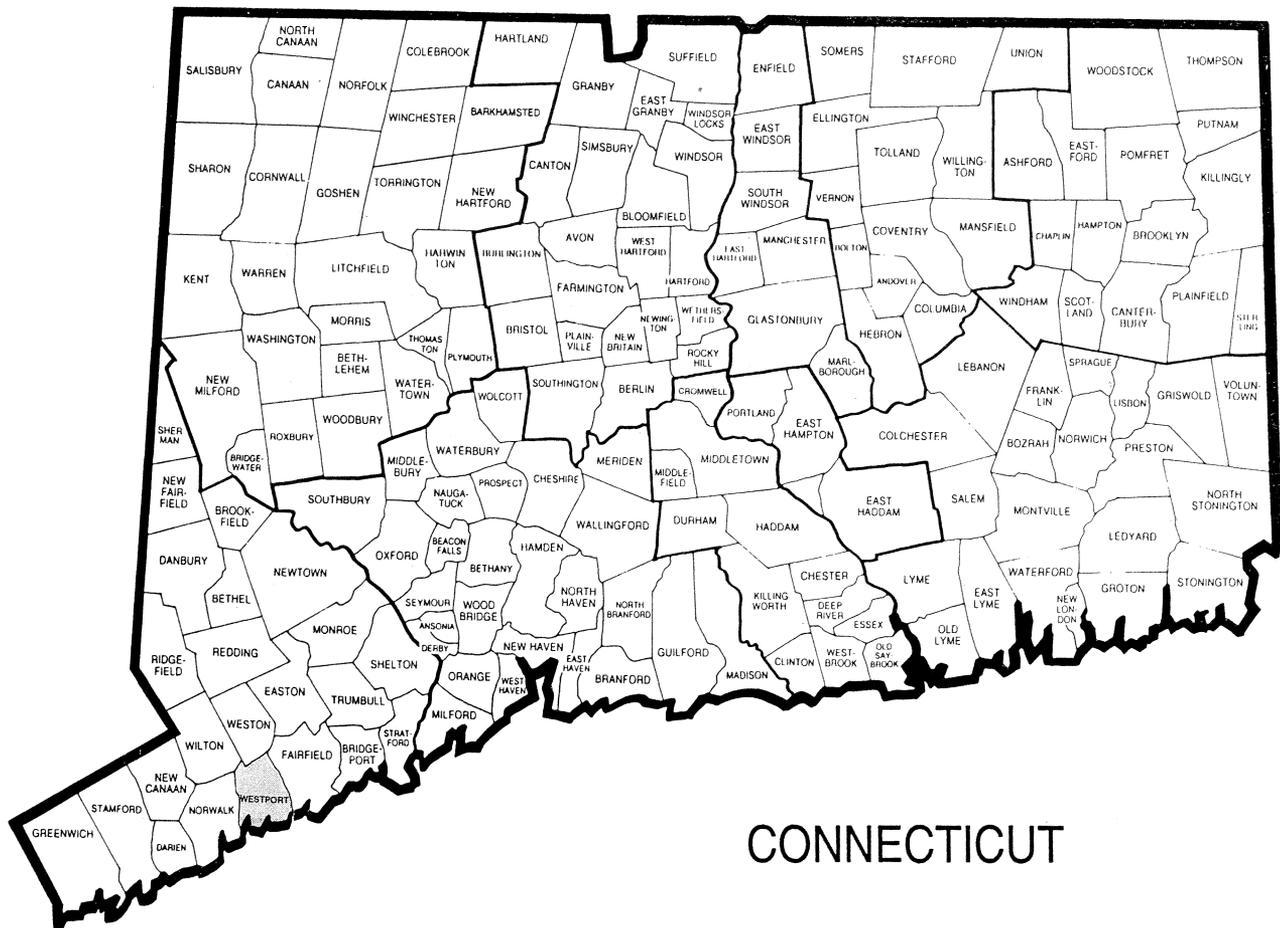
Legal Opinion

The legal opinion for the Bonds will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent

The Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent for the Bonds will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

II. The Issuer



Description of the Municipality

Westport is a historic town, with an approximate population of 26,400, located in Fairfield County. It was incorporated in 1835. The approximately 20 square mile community was created from Fairfield on the east, Weston on the north, and Norwalk on the west. It is a shore-front town that stretches north into wooded hills and south on the Long Island Sound, with abundant recreational opportunities.

Westport was once an artists' colony. Now it has among its residents many in other fields of the arts such as theater, publishing, and television, including a number of the very famous. Westport is also a place where families have lived for generations; where there still exist modest homes and family-owned businesses.

Although Westport is a community with almost no industry, there are several corporate headquarters, many consulting, marketing, promotion, and 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 move to Fairfield County. The 2010 median family income was \$168,889.

Many highways cross Westport, giving fast access to mid-Manhattan, 50 miles away, and to Boston and all of Northern New England. The main highways are Route 1, known as the Post Road, the Merritt Parkway (Route 15), and Interstate 95, also known as the Connecticut Turnpike. Frequent rail service, via Metro North and Amtrak, increases Westport's accessibility from New York and all parts of New England, and it is no more than an hour's limousine ride from New York's airports.

Form of Government

The Town of Westport was incorporated in 1835, and operates with a Board of Selectmen, Representative Town Meeting and Board of Finance.

Principal Municipal Officials

	<i>Name</i>	<i>Manner of Selection</i>	<i>Term of Office</i>	<i>Length of Service</i>	<i>Principal Employment Last Five Years</i>
First Selectman	Gordon F. Joseloff	Elected	4 years	6 Years	Free Lance Writer, Journalist
Second Selectman	Shelly Kassen	Elected	4 years	6 Years	Mbr., Board of Finance
Third Selectman	Charles Haberstroh	Elected	4 years	1 Years	CEO CastleKeep Investment Advisors
Chairman, Board of Finance .	Avi Kaner	Elected	6 years	6 Months	Co-owner, Morton Williams Supermarkets
Finance Director	Gary Conrad	Appointed	Indefinite	3 Months	Chief Financial Officer, New Canaan, CT (17 years)
Superintendent of Schools	Elliott Landon	Appointed	Indefinite	12 Years	Superintendent of Schools, Westport, CT
Dir. of Public Works	Stephen Edwards	Appointed	Indefinite	26 Years	Dir. of Public Works, Westport, CT
Town Attorney.....	Ira W. Bloom	Appointed	Coterminous with First Selectman	14 Years	Attorney, Bercham, Moses & Devlin

Municipal Services

Police. The Town of Westport Police Department provides full-time services, including a Marine Division and Dive-Rescue Team. Additionally, the Emergency Medical Services and Dog Warden are administered by the Police Department. The Police Department consists of 64 sworn officers, 12 part-time officers and 22 traffic agents.

Fire. Fire protection is provided by a paid professional staff consisting of 63 sworn officers and firefighters, an administrative staff of 2.5 clerical, 4.5 civilian 911 dispatchers, and one sworn firefighter/fleet mechanic. The Fire Marshal's Office is responsible for life safety code inspections/enforcement and fire cause and origin investigations and is staffed by one fire marshal and two sworn fire inspectors. The Fairfield County Hazardous Materials Team is based at Westport fire headquarters and the Westport fire chief serves as the team's chairman. This unit, comprised of approximately 66 specially trained firefighters from the region's municipalities, and responds with special vehicles and equipment to toxic substance releases. This regional response team serves the 14 contiguous communities comprising 200 square miles of Connecticut DESPP Region 1.

Public Works. The Public Works Department maintains all the Town-owned streets, buildings, land, parks and motor equipment. The Department is divided into six divisions with a staff of 48 full time and 2 part time people and 52 pieces of equipment.

Sewers. The Water Pollution Control Facility treats the waste-water of the Town.

Housing Authority. The Westport Housing Authority owns and manages four projects. Hales Court, was completed in December 2011 and consists of 78 houses for families eligible under the Low Income Housing Tax Credit program. Canal Park is a 50 unit complex for low-income elderly and disabled persons. Sasco Creek Village consists of 35 mobile homes eligible for the state moderate-income program. Hidden Brook consists of 39 town-house apartments, 10 of which are rented to low-income tenants and 29 are rented to moderate-income tenants. The program is a self-supporting program. The directors are appointed by the First Selectman.

Local Transportation. The Town of Westport contracts with the Norwalk Transit District to provide buses and transportation services for elderly and disabled residents and receives subsidies from the State and Federal governments, as well as the Town, and also revenues collected from the passengers.

Solid Waste. Solid waste collection in Westport is collected by private firms who have direct contracts with residents.

Westport is one of twelve municipalities that has entered into a Municipal Service Agreement (“MSA”) with the Connecticut Resource Recovery Authority (the “Authority”) for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the “System”). Each municipality which has signed such MSA (a “Participating Municipality”) has agreed to deliver or cause to be delivered to the System all “Acceptable Waste,” as defined therein, generated within its boundaries. The facility for the System (the “Facility”) is located in the City of Bridgeport, Connecticut and was designed and constructed and is operated by Bridgeport Resco Company, L.P. (the “Company”). The Facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. Each Participating Municipality has further agreed to deliver annually its Minimum Tonnage Guarantee, as defined in the MSA, to the System.

For Fiscal Year 2012, the Authority billed each Participating Municipality a fixed charge of \$65.11 per ton of MSW actually delivered by or on behalf of each Participating Municipality.

Each Participating Municipality has agreed to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. The Municipal Disposal Fees, which are payable on a monthly basis, include (i) disposal fees of the Authority to the Company under a Solid Waste Disposal Agreement and (ii) an Authority Administrative Fee.

The obligation of the Participating Municipalities to pay Municipal Disposal Fees, so long as the Authority meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and shall not be subject to any abatement, reduction, set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality may have against the Authority or any other person for any reason whatsoever. If any Participating Municipality shall default in the payment of any amounts for which it is responsible and such default continues for more than 60 days, the other Participating Municipalities shall pay their share of the amounts unpaid by the non-paying Participating Municipality and shall be entitled to full reimbursement upon the Authority collecting such delinquent amounts.

The MSAs contain Minimum Tonnage Guarantees for each Participating Municipality. The Town of Westport’s Minimum Tonnage Guarantee is 19,500 tons. The aggregate Minimum Tonnage Guarantee by all the Participating Municipalities is 265,000 tons.

Westport is also part of an Inter-Community Agreement dated September 15, 1989 establishing a regional recycling program. The Southwest Connecticut Regional Recycling Operating Committee (SWEROC) was established to implement the regional recycling program to meet the State of Connecticut mandated program for recycling, per Sections 22a-241-22a-241i of the Connecticut General Statutes. Westport is one of eleven “Contracting Communities” participating in the SWEROC recycling program. The Town is committed to supply recyclables annually consisting of: food and beverage containers made of glass, metal and certain plastics, and newspapers, magazines, junk mail and cardboard. Other defined residential recyclables are electronics, waste oil, storage batteries, scrap metal and yard waste. The Town has flow-control responsibilities for recyclables from the residential sector, and its role is to receive recyclables from residential sources and transfer it to a regional recycling processing facility located in Stratford, Connecticut. Non-residential generators can deliver recyclables to independent processing facilities other than SWEROC but must report to the Town the types and amounts of recyclable materials delivered to non-SWEROC processing facilities. A municipal ordinance has been adopted by the Town to comply with the requirements of the State of Connecticut legislation. From July 1, 2010 through June 30, 2011, the Town’s recycling program retrieved approximately 1,267.3 tons of recyclables from the waste stream.

Educational Services

The Board of Education of the Town is comprised of seven members, each serving a four-year term. The Board of Education is responsible for maintaining public elementary and secondary schools.

School Enrollment

School Year	<u>Historical</u>			Total
	PreK-5	6-8	9-12	
2002-2003	2,168	1,676	1,280	5,124
2003-2004	2,137	1,688	1,400	5,225
2004-2005	2,132	1,690	1,459	5,281
2005-2006	2,156	1,774	1,530	5,460
2006-2007	2,593	1,373	1,607	5,573
2007-2008	2,614	1,342	1,724	5,680
2008-2009	2,641	1,369	1,765	5,775
2009-2010	2,625	1,353	1,810	5,788
2010-2011	2,622	1,325	1,837	5,784
2011-2012 ¹	2,573	1,358	1,839	5,770

School Year	<u>Projected</u>			Total
	Pre K-5	6-8	9-12	
2012-2013	2,480	1,384	1,861	5,725
2013-2014	2,438	1,378	1,839	5,655
2014-2015	2,413	1,378	1,848	5,639
2015-2016	2,374	1,338	1,883	5,595

¹ Includes resident students placed-out to private or other public facilities.

Source: Town of Westport, Superintendent's Office

School Facilities

School	Grades	Date Occupied	Additions & Major Renovations	10/1/2011 Enrollment ¹	Capacity ¹
Staples	9-12	1958/59	1973, 1979, 1985, 2006	1,839	1,800
Coleytown Middle	6-8	1965	1964, 1998, 1999	500	600
Bedford Middle School	6-8	2001	2000	858	800
Long Lots	K-5	1954	1957, 1962, 1971, 1979	601	667
Coleytown Elementary	K-5	1953	1960, 1973/74, 1994, 1997	480	600
Kings Highway	K-5	1926	1966/67, 1993/94	468	600
Greens Farms	K-5	1927, 1999	1950, 1998/99	453	550
Saugatuck Elementary	K-5	1937	1966/67, 2002	522	575
Total				5,721	6,192

¹ Updated according to School Facilities Study Committee.

Note: Figures do not include Special Education Placed out students.

Source: Town of Westport, Superintendent's Office

Employee Relations and Collective Bargaining

Municipal Employees ¹

	2011	2010	2009	2008	2007
General Government ²	300	300	314	313	313
Board of Education	919	905	936	936	901
Total	1,219	1,205	1,250	1,249	1,214

¹ Excludes part-time.

² Excludes Library.

Employee Relations ¹

Board of Education Groups	Positions Covered	Current Contract Expiration Date
The Westport Education Association (Teachers)	565	6/30/2013
National Association of Government Employees (Custodian)	52	6/30/2013
Westport Association of Educational Secretaries	44	6/30/2013
Westport Paraprofessional Association (Teachers' Aides)	148	6/30/2013
Westport Intermediate Administrators Association	41	6/30/2014
AFSCME 1303-225 Maintenance	8	6/30/2013
AFSCME 1303-153 Nurses	22	6/30/2013
Non-Bargaining Employees	39	N/A
Total Board of Education Employees	919	
Town Groups		
Westport Police Association	55	6/30/2012
AFSCME	31	6/30/2013
International Association of Firefighters AFL-CIO	59	6/30/2013
Westport Municipal Employees Association	56	6/30/2013
AFSCME Local 1303-418 (Non-Professional Library Employees)	8	6/30/2012
AFSCME Local #1303-157 Council #4 (Prof. Library Employees) ...	17	6/30/2012
AFSCME Local #1303-194 Council 4	24	6/30/2011 ²
Non Bargaining Employees (Library)	80	N/A
Non-Bargaining Employees	48	N/A
Total General Government Employees	378	

¹ Includes part-time.

² In negotiation.

Source: Town of Westport, Finance Department

Section 7-473c and 7-474 of the Connecticut General Statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, except certified teachers and administrative personnel.

Section 10-153f of the Connecticut general statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between local or regional boards of education and the exclusive representative of a bargaining unit of teachers or administrators.

III. Economic and Demographic Information

Population and Density

Year	Actual		Density ²
	Population ¹	% Increase	
1950	11,667	-	521
1960	20,955	79.6	935
1970	27,318	30.4	1,220
1980	25,290	(7.4)	1,129
1990	24,410	(3.5)	1,090
2000	25,749	5.5	1,150
2010	26,391	2.5	1,178

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 22.4 square miles.

Age Distribution of the Population

Age	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,448	5.5	202,106	5.7
5 to 9 years	2,335	8.8	222,571	6.2
10 to 14 years	2,529	9.6	240,265	6.7
15 to 19 years	1,919	7.3	250,834	7.0
20 to 24 years	605	2.3	227,898	6.4
25 to 29 years	380	1.4	214,145	6.0
30 to 34 years	582	2.2	206,232	5.8
35 to 39 years	1,336	5.1	222,401	6.2
40 to 44 years	2,232	8.5	262,037	7.3
45 to 49 years	2,754	10.4	291,272	8.1
50 to 54 years	2,501	9.5	284,325	8.0
55 to 59 years	1,968	7.5	240,157	6.7
60 to 64 years	1,576	6.0	203,295	5.7
65 to 69 years	1,296	4.9	149,281	4.2
70 to 74 years	881	3.3	105,663	3.0
75 to 79 years	751	2.8	89,252	2.5
80 to 84 years	670	2.5	77,465	2.2
85 years and over	628	2.4	84,898	2.4
Total	26,391	100.0	3,574,097	100.0
Median Age (Years).....	44.6		40.0	

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Income Distribution

Income	Town of Westport		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	283	3.0	73,564	5.4
\$10,000 to \$14,999.....	179	1.9	55,426	4.1
\$15,000 to \$24,999.....	279	3.0	112,550	8.3
\$25,000 to \$34,999.....	443	4.7	107,632	7.9
\$35,000 to \$49,999.....	560	6.0	157,126	11.6
\$50,000 to \$74,999.....	725	7.8	234,976	17.3
\$75,000 to \$99,999.....	919	9.8	188,102	13.8
\$100,000 to \$149,999.....	1,385	14.8	226,765	16.7
\$150,000 to \$199,999.....	1,183	12.7	93,104	6.8
\$200,000 or more.....	3,388	36.3	109,973	8.1
Total	9,344	100.0	1,359,218	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010

Income Levels

	Town of Westport	State of Connecticut
Per Capita Income, 2010	\$86,590	\$36,412
Per Capita Income, 2000	\$73,664	\$28,799
Median Family Income, 2010	\$168,889	\$83,655
Percent Below Poverty (Families), 2010	2.70%	6.90%

Source: U.S. Department of Commerce, Bureau of Census, 2010

Educational Attainment Persons 25 Years and Older

	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	237	1.4	112,149	4.7
9th to 12th grade, no diploma.....	267	1.5	167,250	7
High School graduate (includes equivalency).....	1,453	8.3	685,158	28.6
Some college, no degree.....	1,793	10.3	415,439	17.3
Associate degree.....	959	5.5	174,712	7.3
Bachelor's degree.....	6,607	37.9	476,316	19.9
Graduate or professional degree.....	6,120	35.1	367,259	15.3
Total.....	17,436	100.0	2,398,283	100.0
Total high school graduate or higher (%).....		97.1%		88.4%
Total bachelor's degree or higher (%).....		73.0%		35.2%

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Major Employers As of April 2012

Employer	Type of Business	Number of Employees
Bridgewater Associates.....	Financial Services	1,200
Town of Westport Board of Education	Municipal School System	919
Westport/Weston YMCA.....	Health Club	370
Town of Westport	Municipal Government	300
Save the Children Federation	Charitable Organization	288
Hall-Brooke Foundation	Health Facility	270
Greens Farm Academy	Prep School	212
Westport Healthcare Center.....	Health Facility	174
Ed Mitchell, Inc.....	Retail Apparel	98
Gault Inc.....	Energy Distribution/Masonry Supplies	65

Source: Town of Westport Finance Department.

Employment by Industry

Sector	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	-	-	6,592	0.4
Construction	458	4.0	112,301	6.4
Manufacturing	727	6.4	207,476	11.8
Wholesale trade	235	2.1	47,436	2.7
Retail trade	749	6.6	195,667	11.1
Transportation and warehousing, and utilities	98	0.9	67,556	3.8
Information	322	2.8	46,077	2.6
Finance, insurance, real estate, rental & leasing	2,542	22.3	167,484	9.5
Professional, scientific, management, administrative, and waste mgmt services	2,766	24.1	189,671	10.7
Education, health and social services	1,881	16.4	438,801	24.9
Arts, entertainment, recreation, accommodation and food services	852	7.5	140,551	8.0
Other services (except public administration)	549	4.8	78,859	4.5
Public Administration	238	2.1	67,078	3.8
Total Labor Force, Employed	11,417	100.0	1,765,549	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Employment Data

Period	Town of Westport		Percentage Unemployed		
	Employed	Unemployed	Town of Westport	Bridgeport-Stamford Labor Market	State of Connecticut
February 2012	11,733	706	5.7	7.7	8.2
Annual Average					
2011	12,041	767	6.0	8.2	8.8
2010	12,055	732	5.7	8.4	9.0
2009	12,093	802	6.2	7.8	8.2
2008	12,543	388	3.0	4.1	4.5
2007	12,543	388	3.0	4.1	4.5
2006	12,292	360	2.8	3.9	4.3
2005	11,880	425	3.4	4.7	5.1
2004	11,847	400	3.3	4.5	4.9
2003	13,882	354	2.5	3.6	5.5
2002	13,833	368	2.6	3.2	4.3

Source: Department of Labor, State of Connecticut.

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Age Distribution of Housing

Year Built	Town of Westport		State of Connecticut	
	Units	Percent	Units	Percent
2000 or later	860	8.4	111,139	7.5
1990 to 1999	482	4.7	106,593	7.2
1980 to 1989	1,007	9.8	190,703	12.7
1960 to 1979	2,659	26.0	402,575	27.1
1940 to 1959	2,946	28.8	326,813	22.0
1939 or earlier	2,289	22.4	350,392	23.5
Total Housing Units, 2010	10,243	100.0	1,488,215	100.0
Percent Owner Occupied, 2010		88.7		71.4

Source: U.S. Department of Commerce, Bureau of Census, 2010

Housing Inventory

Type	Units	Percent
1-unit, attached and detached.....	23,037	98.1
2 to 4 units.....	104	0.4
5 or more units.....	268	1.1
Mobile home.....	80	0.3
Boat, RV, van, etc.....	-	-
Total Inventory	23,489	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	56	0.7	13,644	1.6
\$50,000 to \$99,999	18	0.2	18,668	2.2
\$100,000 to \$149,999	10	0.1	56,161	6.0
\$150,000 to \$199,999	54	0.7	122,274	13.3
\$200,000 to \$299,999	78	1.0	267,519	30.1
\$300,000 to \$499,999	285	3.5	280,008	29.1
\$500,000 to \$999,999	3,091	38.0	134,075	13.1
\$1,000,000 or more	4,548	55.9	47,635	4.5
Total	8,140	100.0	939,984	100.0
Median Sales Price		\$1,000,000+		\$296,500

Source: U.S. Department of Commerce, Bureau of Census, 2010

Building Permits

The following is a schedule of building permits and their estimated values over the last ten years:

Fiscal Year Ending 6/30	Number of Residential	Number of Commercial	Number of Miscellaneous¹	Total	
				Number	Value
2011	72	1	4,125	4,198	\$ 122,110,503
2010	133	4	3,188	3,325	95,124,942
2009	34	1	2,719	2,754	70,871,999
2008	93	0	3,804	3,897	169,305,137
2007	88	0	3,709	3,797	139,225,720
2006	103	3	4,049	4,155	173,978,500
2005	125	10	4,133	4,268	155,988,470
2004	95	2	4,199	4,296	180,867,250
2003	117	3	3,854	3,974	145,064,255
2002	65	2	3,836	3,903	108,808,247

¹ Includes additions, alterations, swimming pools, etc.

Source: Town of Westport, Building Department.

Land Use Summary

Type of Land Use	2011	
	Land Area in Use (Acres)	% of Total Town Area
Total Residential	8,631	65.8
Total Business & Commercial	914	7.0
Roads	1,782	13.6
Total Developed Land	11,327	87.0
Open Space and Recreation	1,450	11.0
Total Undeveloped Land	342	2.6
Estimated Total Land in Use ¹	12,800	100.0

Note: Total Land Area is approximately 20 square miles or 12,800 acres.

¹ Total Land Area, when all figures above are added up, equals 319 acres more than the 12,800 acres listed due to differing methodologies used in the research.

Source: Planning and Zoning Staff, 2010 Estimates.

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IV. Tax Base Data

Property Tax - Assessments

The maintenance of an equitable tax base and the location and assessment of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeal determines whether an adjustment to the Assessor's list on assessments under appeal is warranted. Real estate assessments are computed at seventy percent (70%) of the market value at the time of the last revaluation. The Town of Westport's last revaluation was October 1, 2010. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must next revalue all real estate in 2015 and every fifth year thereafter. In addition, Section 12-62 of the Connecticut General Statutes, as amended, requires towns to implement a revaluation by physical observation not later than ten years following the date of the last revaluation by physical inspection.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical inspection is then completed and the structure classified and priced from a schedule developed as of the date of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value. In 2007, the Assessor's office acquired the ability to download permit data from the building department and to concisely track and assess the improvements associated with these permits.

Motor vehicle lists are furnished to the Town by the State of Connecticut and assessments of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Vehicles purchased in August and September are not taxed until the next October 1 Grand List.

All business personal property (furniture, fixtures, equipment, machinery, and leased equipment) is assessed annually. The Assessor's office performs annual physical viewings of personal property accounts in order to maintain a current list. In addition, approximately fifteen to twenty personal property audits are conducted each year. Assessments for both personal property and motor vehicles are computed at 70% of present market value.

Property Tax - Levy

Property taxes are levied on all taxable property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in four installments - July 1, October 1, January 1 and April 1, except for motor vehicle taxes which are payable in one installment in July, supplement motor vehicle taxes are collected in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent tax notices are mailed once a year. Interest is charged at the rate of one and one-half percent (1.5%) per month with a minimum charge of \$2.00. In accordance with State law, all interest and fees are collected first and then taxes in the order of the oldest outstanding tax first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands. UCC liens are used in the collection of personal property taxes. Delinquent motor vehicle and personal property taxes that the Tax Collector deems uncollectible are annually transferred to suspense subject to approval of the Board of Finance.

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**Comparative Assessed Valuations
(Exclusive of Supplemental Motor Vehicles)**

Grand List as of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Veterans Relief and Elderly	Net Taxable Grand List
2011	81.9	12.1	2.7	3.3	\$ 9,655,423,370	\$ 12,655,030	\$ 9,642,768,340
2010 ¹	82.2	12.1	2.6	3.1	9,556,907,165	13,579,350	9,543,327,815
2009	82.6	12.5	2.3	2.6	10,923,504,260	13,261,235	10,910,243,025
2008	81.7	13.7	1.9	2.7	10,774,851,668	13,307,643	10,761,544,025
2007	81.1	14.3	1.7	2.9	10,635,159,839	13,695,660	10,621,452,279
2006	80.8	15.0	1.4	2.8	10,421,312,968	11,392,840	10,409,920,128
2005 ¹	82.6	13.3	1.3	2.8	10,401,192,232	9,351,052	10,391,841,180
2004	80.9	12.2	2.1	4.8	5,983,141,379	5,125,720	5,978,015,659
2003	80.6	12.0	2.3	4.6	5,800,109,189	5,320,576	5,794,788,613
2002	80.8	12.1	2.3	4.8	5,720,222,238	5,203,751	5,715,018,487

¹ Revaluation.

Source: Town of Westport Assessor's Office

Exempt Property

Public	As of 10/1/11 ¹
Town of Westport	\$ 569,487,500
State of Connecticut	194,146,000
Other Governments	588,800
Sub-Total Public	\$ 764,222,300
Private	
Scientific, Educational, Historical & Charitable	\$ 235,654,000
Cemeteries	50,005,100
Churches	86,631,700
Veteran's Organizations & other	56,962,200
Sub-Total Private	429,253,000
Total Exempt Property	\$1,193,475,300
Percent Net Taxable Grand List	12.38%

¹ Based on Net Taxable Grand List of October 1, 2011 of \$9,642,768,340.

Source: Town of Westport, Assessor's Office

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Property Tax Levies and Collections

Fiscal Year Ended 6/30	Net Taxable Grand List	Tax Rate (Mills)	Adjusted Tax Levy	Amount of Annual Levy Uncollected at End of Fiscal Year	Percent Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected As of 6/30/11
2012 ¹	\$9,543,327,815	17.43	\$165,148,625	n/a		In Collection	
2011	10,910,243,025	14.85	161,168,226	2,896,393	98.20	1.80	1.80%
2010	10,761,544,025	14.41	154,750,738	2,725,333	98.24	1.76	1.11%
2009	10,621,452,279	14.41	152,127,173	2,691,227	98.23	1.77	0.84%
2008	10,409,920,128	13.73	142,241,486	2,460,168	98.11	1.73	0.63%
2007	10,391,841,180	12.97	132,976,546	2,224,222	98.33	1.67	0.52%
2006	5,978,015,659	21.30	126,861,290	1,964,127	98.45	1.55	0.38%
2005	5,794,788,613	20.60	120,687,015	2,168,827	98.20	1.80	0.32%
2004	5,715,018,487	20.10	115,017,725	2,289,763	98.00	2.00	0.33%
2003	5,633,342,495	18.30	103,068,764	1,698,879	98.40	1.60	0.32%
2002	5,521,727,485	17.20	95,134,094	1,388,943	98.50	1.50	0.19%

¹ Subject to audit.

Source: Town of Westport, Tax Collector's Office

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power.....	Utility	\$ 115,676,470	1.20%
Nayala Farms, Inc.....	Commercial Real Estate	78,266,540	0.81%
Lasry, Marc & Cathy.....	Residential	22,607,600	0.23%
Riverside Office 285 & 355 LLC.....	Commercial Real Estate	21,990,600	0.23%
Estate of R. & S Heyman.....	Commercial Real Estate	19,994,700	0.21%
Roseville Estates Inc.....	Commercial Real Estate	19,826,500	0.21%
Allianz Life Insurance Company.....	Commercial Real Estate	19,075,500	0.20%
Byelas, Irving Irrevocable Trust.....	Commercial Real Estate	17,112,200	0.18%
Bridgewater Associates Inc.....	Commercial Real Estate	15,818,830	0.16%
Westjust LLC.....	Commercial Real Estate	14,519,200	0.15%
Total		\$ 344,888,140	3.58%

¹ Based on Net Taxable Grand List of October 1, 2011 of \$9,642,768,340.

Source: Town of Westport, Assessor's Office

V. Debt Summary

Principal Amount of Indebtedness As of May 25, 2012 (Pro Forma)

Long-Term Debt

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding ³	Fiscal Year of Maturity
05/15/03	Refunding of School Bonds	2.50 - 5.00	\$ 32,909,500	\$ 29,017,000	2022
05/15/03	Refunding of Pub. Imp. Bonds	2.50 - 5.00	8,872,000	7,413,000	2022
05/15/03	Refunding of Sewer Bonds	2.50 - 5.00	2,948,500	2,210,000	2022
11/01/04	Public Improvement	3.00 - 4.125	4,650,000	243,430	2013
11/01/04	Schools	3.00 - 4.125	34,197,000	1,755,240	2013
11/01/04	Sewers ¹	3.00 - 4.125	1,093,000	51,330	2013
12/15/06	Refunding of Public Improvement	4.00 - 5.00	3,301,110	3,207,250	2020
12/15/06	Refunding of Schools	4.00 - 5.00	22,444,320	20,673,700	2020
12/15/06	Refunding of Sewers ¹	4.00 - 5.00	714,570	619,050	2020
02/27/09	Sewers: CWF 550-DC ²	2.00	28,413,485	23,793,670	2029
07/15/09	Public Improvement	2.25 - 4.25	1,091,000	905,000	2030
07/15/09	Schools	2.25 - 4.25	6,366,000	5,660,000	2030
07/15/09	Sewers ¹	2.25 - 4.25	5,043,000	4,535,000	2030
08/26/09	Refunding of Public Imp. (A & B) ...	3.00 - 5.00	1,169,000	796,000	2023
08/26/09	Refunding of Schools (A & B)	3.00 - 5.00	17,920,000	15,620,000	2023
08/26/09	Refunding of Sewers (A & B) ¹	3.00 - 5.00	486,000	309,000	2023
11/23/10	Refunding of Public Improvement	2.00 - 4.00	1,801,000	1,622,000	2022
11/23/10	Refunding of Schools	2.00 - 4.00	11,094,000	10,765,000	2022
11/23/10	Refunding of Sewers ¹	2.00 - 4.00	340,000	323,000	2022
	Sub-Total		\$ 184,853,485	\$ 129,518,670	
This Issue					
05/25/12	Public Improvement	2.00 - 4.00	\$ 3,142,000	\$ 3,142,000	2026
05/25/12	Schools ¹	2.00 - 4.00	9,692,000	9,692,000	2026
05/25/12	Sewers ²	2.00 - 4.00	376,000	376,000	2026
	Total This Issue		\$ 13,210,000	\$ 13,210,000	
	Grand Total		\$ 198,063,485	\$ 142,728,670	

¹ Supported by sewer assessments levied against benefited property owners.

² Debt service incurred by the Town for this project will be funded as follows: 75% by users of the system and 25% via general town

³ Excludes refunded bonds.

**Short-Term Debt
As of May 25, 2012
(Pro Forma)**

The Town has no outstanding short term debt as of the date of this official statement.

**Annual Bonded Debt Maturity Schedule ¹
As of May 25, 2012
(Pro Forma)**

	<i>Existing Debt</i> ²			<i>Pro-forma</i>		<i>Cumulative Principal Retired (%)</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>This issue</i>	<i>Total Principal</i>	
2012 ¹	\$ 102,746	\$ 39,656	\$ 142,402	\$ -	\$ 102,746	0.07
2013	12,946,392	5,014,831	17,961,223	-	12,946,392	9.14
2014	12,296,549	4,502,808	16,799,357	55,000	12,351,549	17.80
2015	12,422,215	4,016,930	16,439,145	35,000	12,457,215	26.52
2016	12,433,398	3,466,947	15,900,345	630,000	13,063,398	35.68
2017	12,445,110	2,911,710	15,356,820	635,000	13,080,110	44.84
2018	12,192,361	2,342,090	14,534,451	635,000	12,827,361	53.83
2019	12,215,162	1,817,354	14,032,517	635,000	12,850,162	62.83
2020	10,568,525	1,338,214	11,906,739	635,000	11,203,525	70.68
2021	8,672,460	918,929	9,591,389	635,000	9,307,460	77.20
2022	7,161,978	602,673	7,764,651	635,000	7,796,978	82.67
2023	3,702,093	416,196	4,118,289	2,685,000	6,387,093	87.14
2024	2,152,815	299,398	2,452,214	2,685,000	4,837,815	90.53
2025	2,184,158	244,356	2,428,514	2,680,000	4,864,158	93.94
2026	2,146,133	190,081	2,336,214	630,000	2,776,133	95.88
2027	2,178,754	136,260	2,315,014	-	2,178,754	97.41
2028	2,212,033	81,781	2,293,814	-	2,212,033	98.96
2029	955,786	34,876	990,663	-	955,786	99.63
2030	530,000	11,263	541,263	-	530,000	100.00
Total	\$ 129,518,670	\$ 28,386,353	\$ 157,905,023	\$ 13,210,000	\$ 142,728,670	

¹ Excludes \$12,918,986 in principal and \$5,451,819 in interest payments made from July 1, 2011 through May 25, 2012.

² Excludes refunded bonds.

Overlapping/Underlying Debt

The Town of Westport has no overlapping debt and as of the date of this Official Statement, the underlying tax districts located within the jurisdiction of Westport have no outstanding debt.

**THE TOWN OF WESTPORT HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

Debt Statement
As of May 25, 2012
(Pro Forma)

Long-Term Debt Outstanding:

Public Improvement (\$14,186,680 Outstanding plus \$3,142,000 of This Issue).....	\$	17,328,680
Schools (\$83,490,940 Outstanding plus \$9,692,000 of This Issue).....		93,182,940
Sewers (\$31,841,050 Outstanding plus \$376,000 of This Issue).....		32,217,050
Total Long-Term Debt		<u>142,728,670</u>
Short-Term Debt		-
Total Direct Debt		<u>142,728,670</u>
Underlying Debt		-
Total Overall Debt		<u>142,728,670</u>
Less: School Construction Grants (as of 6/30/2011) ¹	(2,011,206)	
Sewer Assessment Receivable (as of 6/30/2011) ²	(6,514,286)	(8,525,492)
Total Overall Net Debt		<u><u>\$ 134,203,178</u></u>

¹ Includes actual school building grants receivable for previously issued school bonds.

² Sewer debt paid by assessments levied against benefited property owners.

Current Debt Ratios
As of May 25, 2012
(Pro Forma)

Population ¹	26,391
Net Taxable Grand List (10/1/11)	\$9,642,768,340
Estimated Full Value (70%)	\$13,775,383,343
Equalized Net Taxable Grand List (10/1/09) ²	\$14,735,698,117
Income per Capita (2000) ³	\$73,664
Income per Capita (2010) ¹	\$86,590

	Total	Total Overall
	Overall Debt	Net Debt
Per Capita	\$5,408.23	\$5,085.19
Ratio to Net Taxable Grand List	1.48%	1.39%
Ratio to Estimated Full Value	1.04%	0.97%
Ratio to Equalized Grand List	0.97%	0.91%
Debt per Capita to Income per Capita 2000	7.34%	6.90%
Debt per Capita to Income per Capita 2010	6.25%	5.87%

¹ U.S. Department of Commerce Bureau of the Census 2010.

² Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce Bureau of the Census 2000.

Bond Authorization

The issuance of general obligation bonds of the Town, other than refunding bonds, shall be authorized at the Representative Town Meeting, and the Board of Selectmen shall, in advance of such meeting, submit any proposal for the same to the Board of Finance for review. Should the Board of Finance object to any aspect of said proposal, it shall report its reasons therefore at said Representative Town Meeting.

Pursuant to State law, the issuance of refunding bonds must be authorized at the Representative Town Meeting.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school building projects) of the estimated net project cost. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The Town of Westport is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments, and may prepay their loans at any time prior to maturity without penalty.

The Town of Westport participates in this program and has entered into a Project Loan Agreement which is reflected in this Official Statement under the heading "Debt Summary."

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections, including interest and penalties, late payment of taxes and state payments under CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The statutes also provide for exclusion from the debt limit calculation debt issued (i) in anticipation of taxes; (ii) for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes; (iii) in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment, an allocation from the State Bond Commission or contract but only to the extent such indebtedness can be paid from such proceeds; (v) for certain water pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds or notes.

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Statement of Debt Limitation
As of May 25, 2012
(Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2011	\$ 160,644,933
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	-
Base for Debt Limitation Computation	<u>\$160,644,933</u>

<u>Debt Limitation:</u>	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Past Pension</u>
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>
Less Indebtedness: ³					
Outstanding Bonds	14,186,680	83,490,940	2 -	-	-
Bonds: This Issue.....	3,142,000	9,692,000	2 -	-	-
Notes	-	-	-	-	-
Authorized But Unissued Debt	-	4,287,927	2 -	-	-
Total Indebtedness	<u>17,328,680</u>	<u>97,470,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: School Grants Receivable ¹	-	(2,011,206)	-	-	-
Net Debt for Calculation of Debt Limitation...	<u>17,328,680</u>	<u>95,459,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding And Authorized Debt	<u>\$ 344,122,419</u>	<u>\$627,442,538</u>	<u>\$602,418,499</u>	<u>\$522,096,032</u>	<u>\$ 481,934,799</u>

¹ Principal portion of approved school construction grants receivable over the terms of outstanding school bonds. (See "School Projects" herein).

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$31,841,050 of outstanding bonds, \$376,000 of bonds in this issue, and authorized and unissued of \$4,154,000.

³ Excludes bonds refunded with this issue.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$1,124,514,531.

Authorized but Unissued Debt
As of May 25, 2012
(Pro Forma)

<u>Project</u>	<u>Authorized But Unissued Debt</u>
Public Improvements.....	\$ -
Schools ¹	4,287,927
Sewers	4,154,000
Total	<u>\$ 8,441,927</u>

¹ The Town does not expect to borrow the full amount of the authorized but unissued debt for schools due to expected state school grants. (See "School Projects" herein).

**Principal Amount of Outstanding Debt
Last Five Fiscal Years**

Long-Term Debt	2011	2010	2009	2008	2007
Bonds	\$ 156,777,654	\$ 169,880,214	\$ 171,788,485	\$ 154,530,000	\$ 165,865,000
Short-Term Debt					
Bond Anticipation Notes	-	-	-	-	-
Totals	\$ 156,777,654	\$ 169,880,214	\$ 171,788,485	\$ 154,530,000	\$ 165,865,000

Ratios of Net Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Grand List 10/1	Net Assessed Value (000's Omitted)	Estimated Full Value (000's Omitted)	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Actual Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt Per Capita to Per Capita Income (%) ³
2011	2009	\$ 10,910,243	\$15,586,061	\$ 154,811,701	1.42	0.99	26,391	5,866	7.96
2010	2008	10,761,544	15,373,634	167,506,430	1.56	1.09	26,391	6,347	8.62
2009	2007	10,621,452	15,173,503	169,021,036	1.59	1.11	26,799	6,307	8.56
2008	2006	10,409,920	14,871,314	151,350,869	1.45	1.02	26,592	5,692	7.73
2007	2005	10,391,841	14,845,487	162,406,640	1.56	1.09	26,508	6,127	8.32
2006	2004	5,978,016	8,540,023	173,416,849	2.90	2.03	26,642	6,509	8.84

¹ Long-Term debt less school building construction grants receivable.

² Bureau of Census, 2010 (2010 & 2011) and State of Connecticut, Department of Public Health (2006-2009).

³ Bureau of Census, 2000 Actual Money Income Per Capita \$73,664.

**Ratio of Total Debt Service Expenditures
To Total General Fund Expenditures and Transfers Out
Last Five Fiscal Years
(Budget Basis)**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of Total Debt Service Expenditures To Total General Fund Expenditures
2012 ²	\$3,026,259	\$178,889,110	1.69%
2011	16,962,326	188,834,045	8.98%
2010	17,463,833	175,948,093	9.93%
2009	16,786,513	175,570,171	9.56%
2008	17,291,633	165,276,171	10.46%

¹ Includes transfers out.

² Budgetary Basis and subject to audit.

Source: Town of Westport, Finance Office

VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Basis of Accounting

See footnote number 1 in Appendix A "Notes to General Purpose Financial Statements."

Budget Procedure

Financial controls are under a seven-person Board of Finance responsible for recommending annual budgets, all other Town appropriations, and determining the tax rate. The annual budget making process for the Town is outlined in Chapter 10 of the Town Charter. The timetable is established annually but all actions must be completed at least 10 days prior to the annual budget meeting of the Representative Town Meeting held the first Tuesday in May. The budget making process is as follows:

- By December 31 Departments, Offices, Boards, Commissions, Committees and Agencies except the Board of Education submit estimates and expenditures to the Town Finance Director.
- By January 31 The Finance Director reviews the budget request together with estimates of receipts and expenditures for the current year with the First Selectman and the budget requesting agency.
- By March 15 The First Selectman submits to the Board of Finance estimated revenue and expenditures for the current fiscal year and expenditure requests including Education and revenue estimates for the ensuing fiscal year. The First Selectman includes the Education Budget as requested by the Board of Education. Any reductions to the Education Budget are recommended by the Board of Finance.
- By March 31 The Board of Finance holds one or more public hearing to review the requested budgets and make reductions they deem advisable.
- By April 10 The Board of Finance adopts a proposed budget and holds one or more public hearings.
- By April 15 The Board of Finance adopts a recommended budget and submits it to the Representative Town Meeting.
- On the First Tuesday in May The Representative Town Meeting adopts the budget for the fiscal year beginning July 1.
- By June 1 The Board of Finance sets the tax rate for the fiscal year beginning July 1. Westport's finances are under the direction of a full-time Finance Director who also serves as the Purchasing Authority/Treasurer. The Town utilizes in-house computer capabilities, line-item budgeting and double-entry bookkeeping.

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2011, the financial statements of the various funds of the Town were audited by McGladrey & Pullen, LLP. Included in this Official Statement and made a part hereof as Appendix A are the "2011 General Purpose Financial Statements" as of June 30, 2011, together with the opinion thereon rendered by McGladrey & Pullen. McGladrey & Pullen has not been engaged to perform and has not performed, since the state of its report included herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen also has not performed any procedures relating to this official statement. McGladrey & Pullen has not been asked nor have they given their permission to include there audit report in the Official Statement.

Liability Insurance

See footnote number 12 in Appendix A "Notes to General Purpose Financial Statements."

Pensions

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.

The Town has actuarial reports prepared every other year. The most recent actuarial report was prepared as of July 1, 2011. Based upon that report, the actuarial value of assets and actuarial accrued liabilities (in thousands) were as follows:

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

As of March 31, 2012, the Town's Pension Plan assets totaled \$202,892,387. For Fiscal Year 2011, the Town made the Actuarially Required Contribution ("ARC") to the Plan. For Fiscal Year 2012, the Town has budgeted the ARC to the Plan and has made the payment to the Plan. The Town expects to continue to make the ARC to the Plan in future years. For a description of the Town Pension Plan, see footnote number 11 in Appendix A "Notes to General Purpose Financial Statements."

Other Post Employment Benefits

The Town provides post-retirement benefits for certain employees eligible for current and future health and life insurance through a single employee defined plan. As of June 30, 2009, the actuarial accrued liability was estimated to be \$77,145,000 for all employees except for employees of the Board of Education and \$7,358,000 for the certified employees of the Board of Education.

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.

Restatement of OPEB Liability. During the preparation of a new actuarial report for June 30, 2011, it was determined that the previous valuation had omitted certain employees of the Board of Education and the Westport Public Library. The current OPEB valuation, as of July 1, 2011, includes 441 additional members. The prior valuation of the OPEB liability as of July 1, 2009 did not include liability for such employees. A separate valuation estimated this liability to be \$7,358,000 as of June 30, 2011. As a result, the calculation of long-term liabilities in the Governmental Activities Statements in the Town's financial statements for its fiscal year ended June 30, 2010 were understated by approximately \$6,600,000. The effect of such restatement was to reduce the net assets of the Town as previously reported as of June 30, 2010 from approximately \$213,200,001 to \$206,600,000.

Investment Policy

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 Asset Management (formerly MBIA Class) - an investment fund which, according to the firm, invests only in: (a) high grade short-term 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 investment of each of the six Pension 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 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. For a description of the Town’s Pension Plan, see Note No. 11 and supplementary information to the Town’s Audited Financial Statements regarding general purpose financial statements at June 30, 2011. Please refer to Note No. 4 to the Town’s Audited Financial Statements regarding the Town’s cash and cash equivalent investments and investment policies at June 30, 2010.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis),
and Adopted Budget (Budgetary Basis)

Revenues:	Budget	Actual	Actual	Actual	Actual
	2011-12^{1,2}	2010-11	2009-10	2008-09	2007-08
Taxes - Current & Delinquent	\$ 158,675,899	\$ 161,327,432	\$ 155,340,454	\$ 151,452,153	\$ 141,064,308
Intergovernmental	3,727,400	4,500,989	3,432,537	4,257,651	3,725,314
Permits, Licenses and Fees	4,622,000	14,184,482	12,097,830	11,302,441	12,883,626
Investment Income	125,000	149,225	333,985	1,071,988	1,716,100
Charges for Services	3,036,000	6,069,137	1,954,346	1,499,082	2,664,444
Parks & Recreation	4,700,311	4,395,073	4,548,826	4,299,726	4,694,198
Fund Balance	3,450,000	-	-	-	-
Total Revenues	178,336,610	190,626,338	177,707,978	173,883,041	166,747,990
Expenditures:					
General government	4,997,808	6,153,978	5,147,835	5,213,041	5,298,538
Public Safety	18,038,922	17,644,796	17,142,831	18,519,353	16,375,992
Public Works	8,186,261	7,865,687	8,579,860	8,523,264	8,961,383
Public Health	462,459	942,487	919,000	462,459	380,154
Human Services	963,989	545,299	462,525	1,024,276	882,509
Library	4,214,815	4,144,510	4,068,152	3,978,035	3,940,588
Parks and Recreation	4,138,365	4,188,641	4,098,980	4,543,422	4,278,881
Board of Education	98,713,501	108,169,179	102,371,249	96,336,567	94,663,527
Insurance and Benefits	21,491,466	21,328,147	14,759,082	13,135,461	10,195,795
Capital Outlay	508,535	533,195	540,721	6,065,576	1,591,594
Debt Service	16,738,564	16,962,326	17,463,833	16,786,513	17,291,633
Total Expenditures	178,454,685	188,478,245	175,554,068	174,587,967	163,860,594
Revenues over (under) expenditures	(118,075)	2,148,093	2,153,910	(704,926)	2,887,396
Other Financing Sources Uses:					
Proceeds of Refunding Bonds	-	13,235,000	19,575,000	-	-
Payment to Refunding Escrow	-	(14,476,654)	(21,374,493)	-	-
Premiums on Bonds Issued	-	1,383,715	1,947,544	-	-
Bonds Issuance Costs	-	(133,855)	-	-	-
Operating Transfers In	552,500	556,616	1,021,000	386,308	775,846
Operating Transfers (Out)	(434,425)	(355,800)	(394,025)	(982,204)	(1,415,577)
Total other Financing Sources (uses)	118,075	209,022	775,026	(595,896)	(639,731)
Revenues and other financing sources over (under) expenditures and other financing uses	-	2,357,115	2,928,936	(1,300,822)	2,247,665
Fund Balance, beginning	N/A	27,148,851³	22,231,965	23,532,787	21,285,122
Fund Balance, ending	N/A	\$ 29,505,966	\$ 25,160,901	\$ 22,231,965	\$ 23,532,787

¹ Budgetary Basis.

² Subject to Audit.

³ As restated based on the change in fund type classification per implementation of GASB Statement No. 54.

Analysis of General Fund Equity

	Budget	Actual		Actual	Actual	Actual
	2011-12	2010-11¹		2009-10	2008-09	2007-08
Reserved:.....				\$ 1,168,017	\$ 1,175,140	\$ 836,896
Restricted.....	N/A	214,547	Designated for:			
Committed.....	N/A	601,408	Continuing Appropriations....	2,340,233	3,067,304	3,881,113
Assigned.....	N/A	7,398,103	Subsequent Year's Budget.....	2,500,000	2,200,000	2,900,000
Unassigned.....	N/A	21,291,908	Undesignated.....	19,152,651	15,789,521	15,914,778
Total Fund Balance	N/A	\$ 29,505,966		\$ 25,160,901	\$ 22,231,965	\$ 23,532,787

¹ Starting with the year ending June 30, 2011, there was a change in fund type classification per implementation of GASB Statement No. 54.

VII. Legal And Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and will render its opinion in substantially the form included in this Official Statement as Appendix B.

Litigation

The Town Attorney has advised that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is his opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents Furnished At Delivery

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. Certificates on behalf of the Town, signed by the First Selectman and Finance Director which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the Contract of Purchase was executed and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
2. A signed copy of the Official Statement;
3. Signature and No Litigation Certificates stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
4. Certificates evidencing execution, delivery and receipt of payment for the Bonds;
5. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport, Connecticut, in substantially the form attached hereto as Appendix B;
6. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C;
7. An executed Escrow Agreement; and
8. Any other documents required by the Bond Purchase Agreement.

A transcript of the proceedings taken by the Town with respect to the Bonds will be kept on file at the offices of U.S. Bank National Association and will be available for examination upon reasonable notice.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$15,286,759.55, (consisting of the principal amount of \$13,210,000.00, plus original issue premium of \$2,142,809.55 and less Underwriter's discount of \$66,050.00).

The Underwriter will be obligated to purchase all of the Bonds, if any such Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the offering prices or yields set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Distribution Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Bonds. Under the Distribution Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF WESTPORT, CONNECTICUT

By: /s/ GORDON F. JOSELOFF
GORDON F. JOSELOFF, *First Selectman*

By: /s/ GARY CONRAD
GARY CONRAD, *Finance Director*

May 15, 2012

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Appendix A

2011 General Purpose Financial Statements Excerpted from the Town's Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Westport, Connecticut for the fiscal year ended June 30, 2011. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, 53 River Street, Suite #1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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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	<u>204,691</u>	<u>195,306</u>
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	<u>200,999</u>	<u>197,757</u>
Increase (decrease) in net assets	3,692	(2,451)
Net Assets, beginning	<u>206,575</u>	<u>209,026</u>
Net Assets, ending	<u>\$ 210,267</u>	<u>\$ 206,575</u>

* 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

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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

	Governmental Activities
	Internal Service Funds
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	5,701,152
Total contributions	<u>16,141,152</u>
Investment Income	
Net appreciation in fair value of investments	26,252,665
Interest and dividends	5,404,819
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	458,575
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>\$ 71,060,887</u>	<u>\$ 1,055,075</u>	<u>\$ 5,283,077</u>	<u>\$ 20,076,579</u>	<u>\$ 44,646,156</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	<u>\$ 10,145,690</u>	<u>\$ 10,145,690</u>

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	<u>\$ 556,616</u>	<u>\$ 355,800</u>	<u>\$ 280,000</u>	<u>\$ 1,192,416</u>

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	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial cost method	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	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	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	<u>\$ 62,645,152</u>	<u>\$ 49,421,630</u>	<u>\$ 13,211,329</u>	<u>\$ 46,686,809</u>	<u>\$ 22,552,747</u>	<u>\$ 6,152,331</u>	<u>\$ 200,669,998</u>

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**

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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	Percentage	Annual	Percentage	Annual	Percentage
	Required Contribution	Contributed	Required Contribution	Contributed	Required Contribution	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	Percentage	Annual	Percentage
	Required Contribution	Contributed	Required Contribution	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.

Appendix B

Form of Opinion of Bond Counsel

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**FORM OF OPINION OF BOND COUNSEL
TOWN OF WESTPORT, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS,
ISSUE OF 2012**

May ___, 2012

Westport Town Hall
110 Myrtle Avenue
Westport, Connecticut 06880

We have acted as Bond Counsel to the Town of Westport, Connecticut (the "Town") in connection with the issuance by the Town of its \$13,210,000 General Obligation Refunding Bonds, Issue of 2012, dated May 25, 2012 (the "Bonds"). In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated May 25, 2012 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated May 15, 2012 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE TOWN OF WESTPORT, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$13,210,000 Town of Westport, Connecticut
General Obligation Refunding Bonds, Issue of 2012
dated May 25, 2012**

This Continuing Disclosure Agreement (“Agreement”) is made as of May ____, 2012, by the Town of Westport, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$13,210,000 General Obligation Refunding Bonds, Issue of 2012, dated May 25, 2012 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated May 15, 2012 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. the Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is

not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Westport Town Hall, 110 Myrtle Avenue, Westport, Connecticut 06880. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of

the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to any repository under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF WESTPORT, CONNECTICUT

By: _____
Gordon F. Joseloff, First Selectman

By: _____
Gary Conrad, Finance Director

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