

FINAL OFFICIAL STATEMENT DATED JUNE 12, 2018

NEW MONEY ISSUE: Book-Entry-Only

RATING: Moody's Investors Service: "Aaa"

In the opinion of Bond Counsel, 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"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; such interest is, however, included in adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date, as described under TAX EXEMPTION herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is 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 in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See TAX EXEMPTION herein.



Town of Westport, Connecticut **\$16,135,000** **General Obligation Bonds, Issue of 2018**

Dated: Date of Delivery

Due: Serially on June 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 December 15, 2018 and semiannually thereafter on June 15 and December 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, and Certifying Agent for the Bonds will be U.S. Bank National Association of Hartford, Connecticut.

Maturity Schedule and Amounts

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2019	\$ 800,000	5.000%	1.420%	961301C22	2029*	\$ 800,000	3.000%	2.700%	961301D47
2020	800,000	5.000%	1.610%	961301C30	2030*	815,000	3.000%	2.800%	961301D54
2021	800,000	5.000%	1.740%	961301C48	2031*	815,000	3.000%	2.900%	961301D62
2022	800,000	5.000%	1.830%	961301C55	2032	815,000	3.000%	3.000%	961301D70
2023	800,000	5.000%	1.930%	961301C63	2033	815,000	3.000%	3.050%	961301D88
2024	800,000	2.000%	2.120%	961301C71	2034	815,000	3.000%	3.100%	961301D96
2025	800,000	2.125%	2.240%	961301C89	2035	815,000	3.125%	3.150%	961301E20
2026*	800,000	3.000%	2.350%	961301C97	2036	815,000	3.125%	3.200%	961301E38
2027*	800,000	3.000%	2.500%	961301D21	2037	815,000	3.250%	3.250%	961301E46
2028*	800,000	3.000%	2.600%	961301D39	2038	815,000	3.250%	3.300%	961301E53

* Priced assuming redemption on June 15, 2023; however, any such redemption is at the option of the Town.

UBS FINANCIAL SERVICES INC.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, 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 June 21, 2018.

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.

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.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, June 12, 2018 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the First Selectman, Town Hall, 110 Myrtle Avenue, Westport, Connecticut, 06880.
Issuer:	Town of Westport, Connecticut (the "Town").
Issue:	\$16,135,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	Date of Delivery.
Principal and Interest Due:	Principal is due serially June 15, 2019 through June 15, 2038. Interest is due June 15 and December 15 in each year until maturity, commencing December 15, 2018.
Purpose:	The Bond proceeds will be used to fund various school renovation and construction, general purpose and sewer/waterline construction projects.
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "Aaa" by Moody's Investors Service.
Bond Insurance:	The Town has not purchased a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC).
Tax Exemption:	See "Tax Exemption" herein.
Bank Qualification:	The Bonds <u>shall NOT</u> 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 of interest expense allocable to the Bonds.
Continuing Disclosure:	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, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Phone: (203) 878-4945.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about June 21, 2018 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Mr. Gary Conrad, Finance Director, Town Hall, 110 Myrtle Avenue, Westport, Connecticut 06880. Telephone (203) 341-1080.

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 \$16,135,000 General Obligation Bonds, Issue of 2018 (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 certain 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.

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

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as municipal advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town with the help of the Municipal Advisor. The Municipal 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 Municipal 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 \$16,135,000 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 December 15, 2018 and semiannually thereafter on June 15 and December 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 day of May and November 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

Bonds maturing on or before June 15, 2023 are not subject to redemption prior to maturity. Bonds maturing on June 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after June 15, 2023, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or 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>Redemption Dates</u>	<u>Redemption Prices</u>
June 15, 2023 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 not less than thirty (30) days prior to the redemption date to the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. 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 Bonds 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 a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of Bonds 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 interest 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 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, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of the State of Connecticut, as amended, and certain bond resolutions adopted by the Town at various Representative Town Meetings. The Bonds are being issued to finance school, general purpose and sewer projects as described in "Proceeds of this Issue" on the next page.

Proceeds of this Issue

It is expected that proceeds from the Bonds will fund the following projects, as described below:

Project	Authorized	The Bonds
Marina Slope Stabilization.....	\$ 800,000	\$ 35,000
DPW Dump Trucks.....	850,000	20,000
Joanne Cir, Acorn La Sanitary Sewer.....	835,000	735,000
Staples HS Pool & Locker Room.....	1,323,000	60,000
Compo Beach South Walkways/Restrooms	70,000	70,000
Fire Pumper	625,000	615,000
Library Renovation	5,000,000	5,000,000
Compo Basin Dredging ¹	1,265,000	421,000
Parks & Recreation Bunker Improvements Longshore... ²	1,070,000	170,000
Pump Station #2 Force Main Sewer Line Replacement.....	2,500,000	2,300,000
Senior Center Enhancement and Expansion Construction.....	3,900,000	3,900,000
Clinton, Fillow, Richmondville et al Sewer Extension Design.....	99,000	99,000
Clinton, Fillow, Richmondville et al Sewer Extension Construction.....	2,750,000	2,000,000
Elm Street Roadway, Sidewalks, Lighting and Underground Utilities.....	950,000	200,000
Repair Headwall and Three Culverts on Canal Road.....	360,000	360,000
Combination Garbage and Recycling Truck for P&R.....	150,000	150,000
Total	\$ 22,547,000	\$ 16,135,000

¹ Debt service incurred by Town for this project will be funded as follows: 80% by users and 20% via general Town taxation.

² Supported 100% by user fees.

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 S&P Global 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 Bonds 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.

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 the Town 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 with respect to the Bonds 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 the Town 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 the Town, 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 the Town 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 the Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Town 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 the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town 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.

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 as well as other bankruptcy, insolvency, moratorium and other similar laws affecting creditors rights heretofore or 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 OR NOTES

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.

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 the occurrence of certain 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). Over the last five years, the Town has not failed to comply, in all material respects, with any of its obligations under any continuing disclosure agreement for the benefit of holders of its debt obligations.

Ratings

The Town has received a “Aaa” rating from Moody’s Investors Service, Inc. (“Moody’s”) 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 required.

Tax Exemption

Federal Taxes. In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of the federal alternative minimum tax; such interest is, however, included in adjusted current earnings of certain corporations for purposes of the federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date. Public Law No. 115-97, enacted on December 22, 2017, repeals the alternative minimum tax on corporations for taxable years beginning on or after January 1, 2018.

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.

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 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.

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 and Certifying Agent

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

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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>Position</i>	<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	Jim Marpe	Elected	4 years	4.5 Years	Retired
Second Selectman	Jennifer Tooker	Elected	4 years	1 Year	Insurance Executive
Third Selectman	Melissa Kane	Elected	4 years	1 Year	Small Business Owner
Chairman, Board of Finance ...	Brian Stern	Elected	4 years	2.5 Years	Retired
Finance Director	Gary G. Conrad ¹	Appointed	Indefinite	6.5 Years	Finance Director, Town of Westport
Superintendent of Schools	Colleen Palmer	Appointed	Indefinite	2 Years	Superintendent of Schools, Weston, CT
Dir. of Public Works	Peter A. Ratkiewich	Appointed	Indefinite	1 Year	Town Engineer, Town of Westport
Town Attorney.....	Ira W. Bloom	Appointed	Coterminous with First Selectman	19.5 Years	Attorney, Bercham, Moses & Devlin

¹ Mr. Conrad was previously the Chief Financial Officer for the Town of New Canaan for 18 years.

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 60 sworn officers and 17.5 civilian employees.

Fire. Fire protection is provided by a paid professional staff consisting of 64 sworn officers and firefighters and 7 civilian employees. 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, 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 52 full time equivalent employees and 50 pieces of equipment.

Sewers. The Water Pollution Control Facility treats the wastewater 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 54 units for families that are income eligible for the Low Income Housing Tax Credit program, and reconstruction was completed in December 2015. 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 commissioners 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. The Norwalk Transit District receives subsidies from the State and Federal governments, as well as the Town, in addition to 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 ten municipalities that has entered into a Municipal Service Agreement ("MSA") with the Bridgeport Resco Company, L.P. for the disposal of solid waste. 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. The Facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day.

For Fiscal Year 2017, each Participating Municipality was billed a fixed charge of \$61.22 per ton of Municipal Solid Waste (MSW) actually delivered by or on behalf of each Participating Municipality. For Fiscal Year 2018, the fixed charge is \$62.00.

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 ten “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 Shelton, 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, 2016 through June 30, 2017 the Town’s recycling program retrieved approximately 3,255 tons of recyclables to the Shelton processing facility.

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

<u>Historical</u>				
School Year	PreK-5	6-8	9-12	Total
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	2,573	1,358	1,839	5,770
2012-2013	2,537	1,380	1,882	5,799
2013-2014	2,537	1,391	1,837	5,765
2014-2015	2,492	1,402	1,855	5,749
2015-2016	2,500	1,362	1,888	5,750
2016-2017	2,380	1,370	1,854	5,604
2017-2018	2,400	1,338	1,890	5,628
<u>Projected</u>				
School Year	Pre K-5	6-8	9-12	Total
2018-2019	2,311	1,309	1,876	5,496
2019-2020	2,264	1,299	1,844	5,407
2020-2021	2,250	1,247	1,831	5,328
2021-2022	2,204	1,239	1,789	5,232

Source: Town of Westport, Superintendent’s Office

School Facilities

School	Grades	Date Occupied	Additions & Major Renovations	10/1/2017 Enrollment ¹	Capacity ¹
Staples	9-12	1958/59	1973, 1979, 1985, 2006	1,890	1,800
Coleytown Middle	6-8	1965	1964, 1998, 1999	483	600
Bedford Middle School	6-8	2001	2000	855	800
Long Lots	K-5	1954	1957, 1962, 1971, 1979	542	667
Coleytown Elementary	K-5	1953	1960, 1973/74, 1994, 1997	378	600
Kings Highway	K-5	1926	1966/67, 1993/94	472	600
Greens Farms	K-5	1927, 1999	1950, 1998/99	425	550
Saugatuck Elementary	K-5	1937	1966/67, 2002	484	575
Total				5,529	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

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Employee Relations and Collective Bargaining

Municipal Employees ¹

	2018	2017	2016	2015	2014
General Government ²	290	289	288	287	288
Board of Education	923	927	924	926	914
Total	1,213	1,216	1,212	1,213	1,202

¹ Excludes part-time.

² Excludes Library.

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
The Westport Education Association (Teachers)	563	6/30/2019
National Association of Government Employees (Custodian)	56	6/30/2019
Westport Association of Educational Secretaries	42	6/30/2019
Westport Paraprofessional Association (Teachers' Aides)	139	6/30/2019
Westport Intermediate Administrators Association	44	6/30/2020
AFSCME 1303-225 Maintenance	8	6/30/2019
AFSCME 1303-153 Nurses	21	6/30/2019
Non-Bargaining Employees	49	N/A
Total Board of Education Employees	922	
Town Groups		
Westport Police Association	53	6/30/2020
AFSCME 1303-385 (DPW)	30	6/30/2018 ¹
International Association of Firefighters AFL-CIO	58	6/30/2021
Westport Municipal Employees Association	54	6/30/2021
AFSCME Local #1303-157 Council #4 (Prof. Library Employees)	24	6/30/2020
AFSCME Local #1303-194 Council 4	21	6/30/2019
Non Bargaining Employees (Library) . ²	76	N/A
Non-Bargaining Employees	72	N/A
Total General Government Employees	388	

¹ In negotiation.

² Includes part-time.

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	
2016 ³	27,511	4.2%	1,228.2
2010	26,391	3.9%	1,178.2
2000	25,391	4.0%	1,133.5
1990	24,410	-3.5%	1,089.7
1980	25,290	-7.4%	1,129.0
1970	27,318	-	1,219.6

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

² Per square mile: 22.4 square miles.

³ American Community Survey 2012-2016

Age Distribution of the Population

Age	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,590	5.8%	188,812	5.3%
5 to 9 years	2,165	7.9	210,557	5.9%
10 to 14 years	2,411	8.8	228,543	6.4%
15 to 19 years	2,200	8.0	252,522	7.0%
20 to 24 years	1,021	3.7	242,007	6.7%
25 to 34 years	1,457	5.3	438,471	12.2%
35 to 44 years	3,061	11.1	439,606	12.3%
45 to 54 years	5,139	18.7	545,977	15.2%
55 to 59 years	2,184	7.9	263,778	7.4%
60 to 64 years	1,909	6.9	223,274	6.2%
65 to 74 years	2,333	8.5	303,959	8.5%
75 to 84 years	1,348	4.9	163,137	4.5%
85 years and over	693	2.5	87,927	2.5%
Total.....	27,511	100%	3,588,570	100%

Median Age (Years) 2016..... 44.7 40.6

Source: American Community Survey 2012-2016

Income Distribution

Income	Town of Westport		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	178	2.4%	29,623	3.3%
10,000 - 14,999.....	13	0.2	17,060	1.9%
15,000 - 24,999.....	54	0.7	44,354	5.0%
25,000 - 34,999.....	200	2.7	54,456	6.1%
35,000 - 49,999.....	178	2.4	81,300	9.1%
50,000 - 74,999.....	368	5.0	137,336	15.4%
75,000 - 99,999.....	524	7.1	124,033	13.9%
100,000 - 149,999.....	1,017	13.9	186,214	20.8%
150,000 - 199,999.....	734	10.0	96,075	10.7%
200,000 and over.....	4,073	55.5	123,962	13.9%
Total.....	7,339	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016

Income Levels

	Town of Westport	State of Connecticut
Per Capita Income, 2016.....	\$ 100,501	\$ 39,906
Per Capita Income, 2010.....	\$ 86,590	\$ 36,412
Median Family Income, 2016.....	\$ 224,720	\$ 91,274
Percent Below Poverty (Families), 2016	3.00%	7.30%

Source: American Community Survey 2012-2016

Educational Attainment Persons 25 Years and Older

	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	94	0.5%	103,279	4.2%
9th to 12th grade.....	155	0.9	139,653	5.7
High School graduate.....	1,876	10.4	673,220	27.3
Some college, no degree.....	1,487	8.2	427,232	17.3
Associate's degree	566	3.1	184,426	7.5
Bachelor's degree.....	6,900	38.1	524,370	21.3
Graduate or professional degree.....	7,046	38.9	413,949	16.8
Total.....	18,124	100.0%	2,466,129	100.0%
Total high school graduate or higher (%)....		98.6%		90.1%
Total bachelor's degree or higher (%).....		76.9%		38.0%

Source: American Community Survey 2012-2016

Major Employers As of May 2018

Employer	Type of Business	Number of Employees
Bridgewater Associates.....	Financial Services	1,583
Town of Westport Board of Education	Municipal School System	923
Westport/Weston YMCA.....	Health Club	442
Town of Westport	Municipal Government	290
Greens Farm Academy	Prep School	223
Hall-Brooke Foundation	Health Facility	210
Terex Corporation.....	Financial Services	200
Westport Healthcare Center.....	Health Facility	174
Gault Inc.....	Energy Distribution/Masonry Supplies	85
Ed Mitchell, Inc.....	Retail Apparel	75

Source: Town of Westport Finance Department.

Employment by Industry

Sector	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	30	0.2%	7,209	0.4%
Construction.....	267	2.2	101,497	5.7
Manufacturing.....	455	3.7	190,713	10.6
Wholesale trade.....	469	3.8	45,110	2.5
Retail trade.....	868	7.1	193,853	10.8
Transportation warehousing, and utilities.....	317	2.6	66,516	3.7
Information.....	424	3.5	42,374	2.4
Finance, insurance, real estate, and leasing....	3235	26.5	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	2583	21.2	206,042	11.5
Education, health and social services.....	2,289	18.8	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	652	5.3	153,754	8.6
Other services (except public admin.).....	452	3.7	81,588	4.5
Public Administration.....	160	1.3	66,291	3.7
Total Labor Force, Employed.....	12,201	100%	1,793,688	100.0%

Source: American Community Survey 2012-2016

Employment Data

Period	Percentage Unemployed				
	Town of Westport		Town of Westport	Bridgeport-Stamford Labor Market	State of Connecticut
	Employed	Unemployed			
April 2018.....	12,123	356	2.9	4.3	4.3
Annual Average					
2017.....	12,323	474	3.7	4.7	4.7
2016.....	12,138	485	3.8	5.2	5.3
2015.....	11,984	510	4.1	5.5	5.6
2014.....	12,181	597	4.7	6.2	6.7
2013.....	11,700	714	10.1	8.3	7.9
2012.....	11,850	763	10.0	8.4	8.3
2011.....	12,041	767	10.1	8.8	8.8
2010.....	12,055	732	10.8	9.4	9.0
2009.....	12,093	802	8.9	8.3	8.2
2008.....	12,543	388	6.5	5.8	5.7

Source: State of Connecticut, Department of Labor.

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Age Distribution of Housing

Year Built	Town of Westport		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,989	18.6%	334,202	22.4%
1940 to 1969.....	4,488	42.0	533,202	35.7
1970 to 1979.....	1,098	10.3	200,614	13.4
1980 to 1989.....	998	9.3	190,755	12.8
1990 to 1999.....	570	5.3	113,584	7.6
2000 or 2009.....	954	8.9	104,308	7.0
2010 or later.....	583	5.5	17,133	1.1
Total Housing Units.....	10,680	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Housing Inventory

Housing Units	Town of Westport		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	9,197	86.1%	882,236	59.1%
1-unit, attached.....	532	5.0	80,639	5.4
2 units.....	247	2.3	123,152	8.2
3 or 4 units.....	282	2.6	130,686	8.7
5 to 9 units.....	150	1.4	82,581	5.5
10 to 19 units.....	81	0.8	56,858	3.8
20 or more units.....	115	1.1	125,758	8.4
Mobile home.....	76	0.7	11,534	0.8
Boat, RV, van, etc.....	-	-	354	0.0
Total Inventory.....	10,680	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Westport		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	107	1.3%	24,343	2.7%
\$50,000 to \$99,000.....	21	0.3	29,703	3.3
\$100,000 to \$149,999.....	29	0.4	81,158	9.0
\$150,000 to \$199,000.....	120	1.5	139,979	15.5
\$200,000 to \$299,999.....	195	2.4	246,071	27.3
\$300,000 to \$499,999.....	513	6.3	233,345	25.9
\$500,000 to \$999,999.....	2,695	33.1	104,952	11.7
\$1,000,000 or more.....	4,457	54.8	40,672	4.5
Total.....	8,137	100.0%	900,223	100.0%
Median Value.....	\$1,087,700		\$269,300	

Source: American Community Survey 2012-2016

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
2017	54	1	3,467	3,522	\$ 112,160,000
2016	77	15	4,200	4,292	202,301,000
2015	97	-	4,513	4,610	148,514,000
2014	102	16	4,969	5,087	157,412,675
2013	83	7	5,534	5,624	147,156,012
2012	77	2	4,713	4,792	110,952,000
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	-	3,804	3,897	169,305,137

¹ Includes additions, alterations, swimming pools, etc.

Source: Town of Westport, Building Department.

Land Use Summary

Type of Land Use	2018	
	Land Area in Use (Acres)	% of Total Town Area
Total Residential	8,590	65.8
Total Business & Commercial	415	7.0
Roads	1,844	13.6
Total Developed Land	10,849	87.0
Open Space and Recreation	1,929	11.0
Total Undeveloped Land	342	2.6
Estimated Total Land in Use	12,800¹	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 320 acres more than the 12,800 acres listed due to differing methodologies used in the research.

Source: Planning and Zoning Staff, 2018 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 Appeals 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 is in the process of finalizing its most recent revaluation as of October 1, 2015. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must next revalue all real estate in 2020 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. The Assessor's office has the ability to download permit data from the building department and to concisely track and assess the improvements associated with these permits.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-66l of the General Statutes, as amended ("Section 4-66l"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2017 assessment year (fiscal year 2018-19) is 16.88.

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 and personal property 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.

Section 4-66l creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary

of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or apyments of unfunded pension liabilities.

**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	Exemptions Veterans Relief and Elderly	Net Taxable Grand List
2017 ¹	81.9	12.4	2.7	3.0	\$ 11,200,588,967	\$ 8,599,860	\$ 11,191,989,107
2016	82.0	12.3	2.7	3.0	11,032,756,167	8,237,683	11,024,518,484
2015 ²	82.1	12.3	2.6	3.0	10,902,600,260	9,552,583	10,893,047,677
2014 ¹	81.1	12.8	2.9	3.2	10,098,851,450	9,146,450	10,089,705,000
2013	81.1	12.7	3.0	3.2	9,942,602,295	9,958,715	9,932,643,580
2012	81.9	12.0	2.9	3.2	9,811,830,760	12,250,000	9,799,580,760
2011	81.9	12.1	2.7	3.3	9,655,423,370	12,655,030	9,642,768,340
2010 ²	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

¹ Subject to Board of Appeals adjustments and anticipated final filings for veterans and elderly tax relief programs.

² Revaluation.

Source: Town of Westport Assessor's Office

Exempt Property

Public	As of 10/1/17 ¹
Town of Westport	\$ 515,199,100
State of Connecticut	182,955,900
Other Governments	618,800
Sub-Total Public	\$ 698,773,800
Private	
Scientific, Educational, Historical & Charitable	\$ 226,203,200
Cemeteries	52,107,600
Churches	83,366,800
Veteran's Organizations & other	51,375,200
Sub-Total Private	413,052,800
Total Exempt Property	\$ 1,111,826,600
Percent Net Taxable Grand List	9.93%

¹ Based on Net Taxable Grand List of October 1, 2017 of \$11,191,989,107.

Source: Town of Westport, Assessor's Office

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 6/30/17
2018 ¹	\$ 11,024,518,484	16.86	\$ 186,030,540	<i>n/a</i>		<i>In Collection</i>	
2017	10,893,047,677	16.86	183,629,029	\$ 1,481,001	99.19	0.81	0.81
2016	10,089,705,000	18.09	182,900,833	1,936,489	99.00	1.00	0.67
2015	9,932,643,580	17.94	178,586,783	2,580,023	98.56	1.44	0.64
2014	9,795,395,274	18.07	177,111,673	2,570,232	98.52	1.48	0.58
2013	9,642,768,340	17.91	172,375,496	2,633,550	98.46	1.54	0.55
2012	9,543,327,815	17.43	166,067,052	2,868,465	98.26	1.74	0.55
2011	10,910,243,025	14.85	161,361,769	2,872,347	98.22	1.78	0.55
2010	10,761,544,025	14.41	154,608,436	2,682,428	98.27	1.73	0.48
2009	10,621,452,279	14.41	152,132,101	2,463,478	98.38	1.62	0.46

¹ Subject to audit.

Source: Town of Westport, Tax Collector's Office and Town's Audit Reports.

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Eversource.....	Utility	\$ 136,098,970	1.22%
60 Nyala Farms Road LLC.....	Commercial Real Estate	89,277,600	0.80%
Equity One Westport Vill. Center.....	Commercial Real Estate	35,051,200	0.31%
Bedford Square Assoc LLC.....	Commercial Real Estate	26,964,700	0.24%
Byelas LLC.....	Commercial Real Estate	24,424,500	0.22%
Campana 125 LLC.....	Commercial Real Estate	20,767,800	0.19%
285 & 355 Riverside LLC.....	Commercial Real Estate	20,177,600	0.18%
SL Greens Farms Rd LLC.....	Commercial Real Estate	19,937,500	0.18%
Heyman Ronnie F Trustee.....	Residential	19,508,800	0.17%
Bridgewater Associates Inc.....	Commercial Real Estate	17,712,920	0.16%
Total		\$ 409,921,590	3.66%

¹ Based on Net Taxable Grand List of October 1, 2017 of \$11,191,989,107.

Source: Town of Westport, Assessor's Office

V. Debt Summary

Principal Amount of Indebtedness As of June 21, 2018 (Pro Forma)

Long-Term Debt

Date	Purpose	Interest Rate %	Original Issue	Outstanding ³	Fiscal Year of Maturity
02/27/09	Sewers: CWF State Loan 550-DC ²	2.00	\$ 28,413,485	\$ 15,824,898	2029
08/26/09	Refunding of Public Imp. (A & B)	3.00 - 5.00	1,169,000	33,000	2023
08/26/09	Refunding of Schools (A & B)	3.00 - 5.00	17,920,000	4,705,000	2023
08/26/09	Refunding of Sewers (A & B) ¹	3.00 - 5.00	486,000	12,000	2023
11/23/10	Refunding of Public Improvement	2.00 - 4.00	1,801,000	974,000	2022
11/23/10	Refunding of Schools	2.00 - 4.00	11,094,000	7,029,000	2022
11/23/10	Refunding of Sewers ¹	2.00 - 4.00	340,000	207,000	2022
05/25/12	Refunding of Public Improvement	2.00 - 4.00	3,142,000	2,462,000	2026
05/25/12	Refunding of Schools	2.00 - 4.00	9,692,000	8,445,000	2026
05/25/12	Refunding of Sewers ¹	2.00 - 4.00	376,000	313,000	2026
02/07/13	Schools	2.00 - 2.50	3,346,000	2,310,000	2033
02/07/13	Sewers ²	2.00 - 2.50	3,644,000	2,730,000	2033
05/23/13	Refunding of Pub. Imp. Bonds	1.75 - 5.00	5,327,000	1,632,000	2022
05/23/13	Refunding of School Bonds	1.75 - 5.00	21,506,000	7,706,000	2022
05/23/13	Refunding of Sewers ¹	1.75 - 5.00	1,627,000	432,000	2022
12/03/15	Refunding of Pub. Imp. Bonds	2.00 - 4.00	530,000	369,000	2030
12/03/15	Refunding of School Bonds	2.00 - 4.00	4,360,000	3,772,000	2030
12/03/15	Refunding of Sewers ¹	2.00 - 4.00	3,590,000	3,134,000	2030
03/03/16	Public Improvement	2.00 - 2.80	2,061,000	1,780,000	2036
03/03/16	School	2.00 - 2.80	954,000	858,000	2036
03/03/16	Sewers ¹	2.00 - 2.80	2,205,000	1,982,000	2036
11/04/16	Refunding of Pub. Imp. Bonds	2.00 - 4.00	1,481,000	915,000	2020
11/04/16	Refunding of School Bonds	2.00 - 4.00	10,073,000	6,226,000	2020
11/04/16	Refunding of Sewers ¹	2.00 - 4.00	321,000	199,000	2020
05/19/17	Public Improvement	2.00 - 5.00	5,699,500	5,148,000	2037
05/19/17	School	2.00 - 5.00	1,014,500	960,000	2037
05/19/17	Sewers ¹	2.00 - 5.00	186,000	177,000	2037
	Sub-Total		\$ 142,358,485	\$ 80,334,898	
	This Issue				
06/21/18	Public Improvement	2.00 - 5.00	\$ 10,941,000	\$ 10,941,000	2038
06/21/18	School	2.00 - 5.00	60,000	60,000	2038
06/21/18	Sewers ¹	2.00 - 5.00	5,134,000	5,134,000	2038
	Total This Issue		\$ 16,135,000	\$ 16,135,000	
	Grand Total		\$ 158,493,485	\$ 96,469,898	

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 taxation.

³ Excludes refunded bonds and Energy Savings Improvement Program lease entered into on October 18, 2017 in the amount of \$6,715,000.

**Short-Term Debt
As of June 21, 2018
(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 June 21, 2018
(Pro Forma)**

Fiscal Year	Existing Debt ¹			Pro-forma		Cumulative Principal Retired (%)
	Principal	Interest	Total	This Issue	Total Principal	
2019	\$ 13,715,162	\$ 2,565,524	\$ 16,280,686	\$ 800,000	\$ 14,515,162	15.05
2020	12,038,525	2,049,786	14,088,311	800,000	12,838,525	28.35
2021	10,252,460	1,593,752	11,846,211	800,000	11,052,460	39.81
2022	8,716,978	1,224,383	9,941,361	800,000	9,516,978	49.68
2023	7,417,093	934,568	8,351,661	800,000	8,217,093	58.19
2024	5,792,815	681,821	6,474,636	800,000	6,592,815	65.03
2025	5,814,158	496,428	6,310,586	800,000	6,614,158	71.88
2026	3,716,133	358,209	4,074,342	800,000	4,516,133	76.57
2027	3,033,754	282,314	3,316,067	800,000	3,833,754	80.54
2028	2,982,033	218,653	3,200,686	800,000	3,782,033	84.46
2029	1,715,786	164,155	1,879,942	800,000	2,515,786	87.07
2030	1,280,000	132,285	1,412,285	815,000	2,095,000	89.24
2031	760,000	106,910	866,910	815,000	1,575,000	90.87
2032	760,000	87,090	847,090	815,000	1,575,000	92.51
2033	760,000	67,050	827,050	815,000	1,575,000	94.14
2034	450,000	46,790	496,790	815,000	1,265,000	95.45
2035	450,000	34,060	484,060	815,000	1,265,000	96.76
2036	450,000	21,110	471,110	815,000	1,265,000	98.07
2037	230,000	7,475	237,475	815,000	1,045,000	99.16
2038	-	-	-	815,000	815,000	100.00
Total	\$ 80,334,898	\$ 11,072,364	\$ 91,407,262	\$ 16,135,000	\$ 96,469,898	

¹ 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 June 21, 2018
(Pro Forma)

Long-Term Debt Outstanding: ¹		
Public Improvement (Includes this issue)	\$	24,254,000
Schools (Includes this issue)		42,071,000
Sewers (Includes this issue)		30,144,898
Total Long-Term Debt		<u>96,469,898</u>
Short-Term Debt		<u>-</u>
Total Direct Debt		96,469,898
Underlying Debt		<u>-</u>
Total Overall Debt		96,469,898
Less: School Construction Grants (as of 6/30/2017) ²	(493,336)	
Sewer Assessment Receivable (as of 6/30/2017) ³	(8,409,642)	(8,902,978)
Total Overall Net Debt		<u>\$ 87,566,920</u>

¹ Excludes refunded bonds and Energy Savings Improvement Program lease entered into on October 18, 2017 for \$6,715,000.

² Includes actual school building grants receivable for previously issued school bonds.

³ Sewer debt paid by assessments levied against benefited property owners.

Current Debt Ratios
As of June 21, 2018
(Pro Forma)

Population ¹	27,511
Net Taxable Grand List (10/1/17)	\$11,191,989,107
Estimated Full Value (70%)	\$15,988,555,867
Equalized Net Taxable Grand List (10/1/15) ²	\$15,522,449,617
Income per Capita (2010) ³	\$86,590
Income per Capita (2016) ¹	\$100,501

	Total Overall Debt	Total Overall Net Debt
	\$96,469,898	\$87,566,920
Per Capita	\$3,506.59	\$3,182.98
Ratio to Net Taxable Grand List	0.86%	0.78%
Ratio to Estimated Full Value	0.60%	0.55%
Ratio to Equalized Grand List	0.62%	0.56%
Debt per Capita to Income per Capita 2010	4.05%	3.68%
Debt per Capita to Income per Capita 2016	3.49%	3.17%

¹ U.S. Census Bureau, American Community Survey, 2012-2016.

² Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce Bureau of the Census 2010.

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.

Statement of Debt Limitation As of June 21, 2018 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2017	\$ 184,711,812
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	74,917
Base for Debt Limitation Computation	<u>\$ 184,786,729</u>

Debt Limitation:	General Purposes	Schools	Sewers	Urban Renewal	Past Pension
2 1/4 times base	\$ 415,770,140	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	831,540,281	-	-	-
3 3/4 times base	-	-	692,950,234	-	-
3 1/4 times base	-	-	-	600,556,869	-
3 times base	-	-	-	-	554,360,187
Total Debt Limitation	<u>415,770,140</u>	<u>831,540,281</u>	<u>692,950,234</u>	<u>600,556,869</u>	<u>554,360,187</u>
Less Indebtedness: ¹					
Outstanding Bonds	13,313,000	42,011,000	11,073,898 ²	-	-
Bonds: This Issue	10,941,000	60,000	- ²	-	-
Authorized But Unissued Debt	8,695,000	536,000	- ²	-	-
Total Indebtedness	<u>32,949,000</u>	<u>42,607,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: School Grants Receivable ³	-	(493,336)	-	-	-
Net Debt for Calculation of Debt Limitation.....	<u>32,949,000</u>	<u>42,113,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding And Authorized Debt	<u>\$ 382,821,140</u>	<u>\$ 789,426,617</u>	<u>\$ 692,950,234</u>	<u>\$ 600,556,869</u>	<u>\$ 554,360,187</u>

¹ Excludes refunded bonds and Energy Savings Improvement Program lease entered into on October 18, 2017 in the amount of \$6,715,000.

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$13,202,000 of outstanding bonds, \$4,399,000 of bonds in this issue, and authorized and unissued of \$1,143,125.

³ Principal portion of approved school construction grants receivable over the terms of outstanding school bonds.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$1,293,507,103.

**Authorized but Unissued Debt
As of June 21, 2018
(Pro Forma)**

<i>Project</i>	<i>Amount Authorized</i>	<i>Previously Bonded, Paid- down, or Funded by Other Sources</i>	<i>This Issue: The Bonds</i>	<i>Authorized But Unissued Debt</i>
Sewer ext Joanne Circle, Et al.....	\$ 56,000	\$ 56,000	\$ -	\$ -
Staples Tennis Court.....	320,000	297,000	-	23,000
Marina Slope Stabilization.....	800,000	662,000	35,000	103,000
Town Hall Roof.....	586,000	389,000	-	197,000
Buckley Avenue Sewer Ext.....	2,113,000	1,975,000	-	138,000
Big Pines Road Water Main Ext.....	245,000	230,000	-	15,000
Wakeman Town Farm Rehabilitation.....	560,000	560,000	-	-
DPW Dump Trucks.....	800,000	740,000	-	60,000
Compo Beach Master Plan Phase 1.....	185,500	185,500	-	-
DPW Dump Trucks.....	850,000	785,000	20,000	45,000
Joanne Cir, Acorn La Sanitary Sewer.....	835,000	100,000	735,000	-
Police RRP Lot 1 Saugatuck.....	1,503,249	1,503,249	-	-
Staples HS Pool & Locker Room.....	1,323,000	750,000	60,000	513,000
Coleytown El School Cabinet/Plumbing.....	127,000	127,000	-	-
Coleytown El School Roof.....	137,500	137,500	-	-
Energy Savings Initiative.....	8,245,000	1,530,000	-	6,715,000
Saugatuck Island Bridge Replacement.....	670,000	600,000	-	70,000
Compo Beach South Walkways/Restrooms.....	70,000	-	70,000	-
Fire Pumper.....	625,000	-	615,000	10,000
Library Renovation.....	5,000,000	-	5,000,000	-
Compo Basin Dredging.....	1,265,000	844,000	421,000	-
Centralized Dispatch Center for Fire/Police.....	1,420,000	-	-	1,420,000
Wakeman Town Farm Rehabilitation.....	325,000	325,000	-	-
Parks & Recreation Bunker Improvements Longshore.....	1,070,000	900,000	170,000	-
Pump Station #2 Force Main Sewer Line Replacement.....	2,500,000	-	2,300,000	200,000
Senior Center Enhancement and Expansion Construction.....	3,900,000	-	3,900,000	-
Senior Center Enhancement and Expansion Furniture.....	75,000	-	-	75,000
Clinton, Fillow, Richmondville et al Sewer Extension Design.....	99,000	-	99,000	-
Clinton, Fillow, Richmondville et al Sewer Extension Construction.....	2,750,000	-	2,000,000	750,000
Quarter Mile Road Water Line Extension.....	170,125	130,000	-	40,125
Elm Street Roadway, Sidewalks, Lighting and Underground Utilities.....	950,000	750,000	200,000	-
Repair Headwall and Three Culverts on Canal Road.....	360,000	-	360,000	-
Combination Garbage and Recycling Truck for P&R.....	150,000	-	150,000	-
Total	\$ 40,085,374	\$ 13,576,249	\$ 16,135,000	\$ 10,374,125

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

Long-Term Debt	2017	2016	2015	2014	2013
Bonds	\$ 94,137,259	\$ 100,942,368	\$ 108,845,768	\$ 121,612,981	\$ 134,649,531
Short-Term Debt					
Bond Anticipation Notes	-	-	-	-	-
Totals	\$ 94,137,259	\$ 100,942,368	\$ 108,845,768	\$ 121,612,981	\$ 134,649,531

Ratio 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 Debt¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Actual Value (%)	Population²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt Per Capita to Per Capita Income (%)³
2017	2015	\$ 10,893,048	\$ 15,561,497	\$ 94,137,259	0.86	0.60	27,511	3,422	3.40
2016	2014	10,089,705	14,413,864	100,449,032	1.00	0.70	27,511	3,651	3.63
2015	2013	9,932,644	14,189,491	107,513,128	1.08	0.76	27,511	3,908	3.89
2014	2012	9,799,581	13,999,401	119,990,232	1.22	0.86	27,511	4,362	4.34
2013	2011	9,642,768	13,775,383	133,240,067	1.38	0.97	26,769	4,977	4.95

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

² U.S. Census Bureau, American Community Survey, 2012-2016.

³ U.S. Census Bureau, American Community Survey, 2012-2016: Income Per Capita \$100,501.

**Ratio of Total Debt Service Expenditures
to Total General Fund Expenditures and Transfers Out
Last Five Fiscal Years**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of Total Debt Service Expenditures To Total General Fund Expenditures
2018 ²	\$ 13,533,307	\$ 204,240,189	6.63%
2017	14,278,330	228,245,399	6.26%
2016	14,776,280	216,656,900	6.82%
2015	14,637,174	215,737,738	6.78%
2014	14,904,920	210,440,210	7.08%
2013	16,196,111	200,569,679	8.08%

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 hearings 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, 2017, the financial statements of the various funds of the Town were audited by RSM US LLP. Included in this Official Statement and made a part hereof as Appendix A are the "2017 General Purpose Financial Statements" as of June 30, 2017, together with the opinion thereon rendered by RSM US LLP. RSM US LLP 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. RSM US LLP also has not performed any procedures relating to this official statement. RSM US LLP has not been asked nor have they given their permission to include their audit report in the Official Statement.

Liability Insurance

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

Capital Improvement Plan

Uses	Fiscal Year					Total
	2018	2019	2020	2021	2022	
Town Facilities.....	\$ 4,465,000	\$ 5,000,000	\$ 7,655,000	\$ 2,950,000	\$ 600,000	\$ 20,670,000
Saugatuck Transit Oriented Design	-	-	\$ 2,225,000	\$ 1,675,000	-	3,900,000
Downtown.....	950,000	756,500	1,560,000	5,180,000	1,430,000	9,876,500
Library.....	5,000,000	-	-	-	-	5,000,000
Police.....	63,000	700,000	-	800,000	-	1,563,000
Fire.....	625,000	3,170,000	208,000	3,000,000	2,200,000	9,203,000
Emergency Management.....	-	-	9,500,000	-	-	9,500,000
Public Works.....	4,376,000	3,810,000	11,760,000	5,140,000	655,000	25,741,000
Parks and Recreation.....	643,000	3,425,000	4,780,000	5,025,000	1,500,000	15,373,000
Board of Education.....	8,445,000	1,797,312	600,000	976,700	1,785,000	13,604,012
Total.....	\$ 24,567,000	\$ 18,658,812	\$ 38,288,000	\$ 24,746,700	\$ 8,170,000	\$ 114,430,512
Sources						
Bonds.....	\$ 15,926,000	\$ 13,962,312	\$ 20,035,000	\$ 19,101,700	\$ 6,140,000	\$ 75,165,012
Energy Lease.....	8,245,000	-	-	-	-	8,245,000
Capital & Non-Recurring.....	333,000	3,736,500	4,763,000	1,325,000	300,000	10,457,500
Operating Capital - Town.....	63,000	-	70,000	50,000	-	183,000
Operating Capital - BOE.....	-	-	-	-	-	-
Sewer Reserve.....	-	460,000	2,150,000	1,090,000	300,000	4,000,000
Grant.....	-	500,000	11,250,000	2,980,000	1,430,000	16,160,000
Private, State and Town.....	-	-	20,000	200,000	-	220,000
Total.....	\$ 24,567,000	\$ 18,658,812	\$ 38,288,000	\$ 24,746,700	\$ 8,170,000	\$ 114,430,512

Pensions

The Town maintains seven contributory pension plans covering substantially all full-time employees and noncertified Board of Education employees. Five pension plans are single-employer contributory defined benefit plans and two plans are contributory defined contribution plans which are part of the Town's financial reporting entity and are accounted for in seven pension trust funds: police, fire, public works, municipal interim, non-union defined benefit plans and two defined contribution trust funds: Town of Westport Defined Contribution Retirement Plan and Town of Westport 401(k) Plan. The defined contribution plan covers all new non-bargaining employees of the Town, Library and Board of Education that were hired after December 31, 2011, all new Department of Public Works union employees hired after April 1, 2012 and all new municipal employees hired after July 14, 2017. 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 total pension payments from the five defined benefit plans to retirees, widows and beneficiaries for Fiscal Year 2017 were \$14,565,916.

As of June 30, 2017, the fair market value of the assets held in trust in these five (5) pension plans was \$299,663,730.

The Town has actuarial reports prepared every year. The most recent actuarial report was prepared as of July 1, 2017. Based upon that report, the actuarial value of assets and actuarial accrued liabilities (in thousands) are shown on the following page.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
Police						
July 1, 2017	\$ 89,601,072	\$ 107,252,990	\$ (17,651,918)	83.54%	\$ 5,823,825	303.10%
Fire						
July 1, 2017	74,827,787	84,226,671	(9,398,884)	88.84%	4,539,391	207.05%
Public Works						
July 1, 2017	19,022,552	18,203,051	819,501	104.50%	1,569,740	-52.21%
Municipal						
July 1, 2017	71,379,280	68,299,217	3,080,063	104.51%	15,940,230	-19.32%
Non-Union						
July 1, 2017	36,149,935	43,865,042	(7,715,107)	82.41%	6,111,431	126.24%

For Fiscal Year 2017, the Town made the Actuarially Determined Contribution (“ADC”), previously termed the Annual Required Contribution, to the Plan. For Fiscal Year 2018, the Town has budgeted the Actuarially Determined Contribution to the Plan and has made the payment to the Plan. The Town expects to continue to make the Actuarially Determined Contribution to the Plan in future years. For a description of the Town Pension Plan, see footnote number 9 in Appendix A “Notes to Financial Statements.”

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

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

The two Defined Contribution Plans are self-directed by the participant. The Investment Committee for these Plans has adopted an investment policy that offers a mix of assets for individuals to choose including target funds, bond and equity funds.

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 July 1, 2015, the actuarial accrued liability was estimated to be \$115,510,000 for all employees.

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
6/30/2017	\$ 10,274,970	\$ 10,129,566	98.58%	\$ 20,728,104
6/30/2016	9,582,214	9,656,580	100.78%	20,582,700
6/30/2015	10,265,164	10,298,472	100.32%	20,657,066
6/30/2014	11,801,000	11,101,000	94.07%	20,690,374
6/30/2013	10,701,000	9,119,626	85.22%	19,990,374
6/30/2012	9,989,000	8,755,000	87.65%	18,409,000
6/30/2011	9,144,000	6,080,000	66.49%	17,175,000

*Amounts adjusted for OPEB inclusion of BOE employees.

For Fiscal Year 2018 the Town has budgeted the ADC to the Plan and has made the payment to the Plan. The Town expects to continue to make the ADC to the Plan in future years. For more information see footnote number 9 in Appendix A “Notes to Financial Statements.”

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. 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.

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

	Adopted Budget 2017-18 ¹	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Revenues:					
Property Taxes.....	\$185,142,131	\$184,527,068	\$185,227,581	\$179,504,226	\$178,097,978
Intergovernmental	752,292	2,007,352	3,565,024	4,106,375	4,098,193
Permits, Licenses and Fees	5,000,000	5,924,507	19,320,656	20,619,771	20,023,267
State On-Behalf Payments	-	20,752,000	-	-	-
Investment Income	160,000	91,829	129,918	159,949	74,808
Charges for Services	3,146,600	7,222,352	5,825,683	5,971,685	5,728,640
Parks & Recreation	5,525,576	5,090,521	5,032,528	4,941,234	4,286,485
Total Revenues	199,726,599	225,615,629	219,101,390	215,303,240	212,309,371
Expenditures:					
General government	5,788,397	5,737,735	5,710,581	5,714,451	5,320,124
Public Safety	20,243,645	20,469,110	20,048,436	19,517,990	18,949,983
Public Works	9,584,573	10,130,727	9,301,477	9,593,368	9,138,504
Public Health	547,789	547,789	542,402	529,263	490,398
Human Services	1,100,505	1,156,060	1,158,617	1,167,283	1,281,327
Library	4,900,096	4,755,561	4,702,998	4,588,170	4,463,377
Parks and Recreation	5,372,291	5,171,485	4,720,834	4,755,132	4,572,698
Board of Education	114,884,536	137,433,650	126,750,713	125,459,324	121,252,479
Benefits and other.....	25,489,589	25,216,164	25,443,018	26,351,531	27,920,503
Debt Service	13,533,307	14,278,330	14,776,280	14,637,174	14,904,920
Capital Outlay	927,296	1,092,560	1,387,742	1,799,890	745,107
Total Expenditures	202,372,024	225,989,171	214,543,098	214,113,576	209,039,420
Revenues over (under) expenditures.....	(2,645,425)	(373,542)	4,558,292	1,189,664	3,269,951
Other Financing Sources Uses:					
Proceeds of Refunding Bonds	-	11,875,000	8,480,000	-	-
Payment to Refunding Escrow	-	(12,467,357)	(8,806,210)	-	-
Premiums on Bonds Issued	-	1,233,252	529,263	-	-
Operating Transfers In	887,000	437,056	437,039	363,039	483,039
Operating Transfers (Out)	(1,868,165)	(2,256,228)	(2,113,802)	(1,624,162)	(1,400,790)
Total other Financing Sources (uses)	(981,165)	(1,178,277)	(1,473,710)	(1,261,123)	(917,751)
Revenues and other financing sources over (under) expenditures and other financing uses.....	(3,626,590)	(1,551,819)	3,084,582	(71,459)	2,352,200
Fund Balance, beginning	37,348,936	38,900,755	35,816,173	35,887,632	33,535,432
Fund Balance, ending	\$ 33,722,346	\$ 37,348,936	\$ 38,900,755	\$ 35,816,173	\$ 35,887,632

¹ Budgetary basis and subject to audit.

Analysis of General Fund Equity

	Adopted Budget 2017-18 ¹	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Nonspendable.....	N/A	\$ 606,686	\$ 404,147	\$ 358,000	\$ -
Restricted.....	N/A	487,965	491,129	411,931	274,652
Committed.....	N/A	573,081	372,382	419,970	290,922
Assigned.....	N/A	9,619,196	10,114,752	9,840,556	9,189,698
Unassigned.....	N/A	26,062,008	27,518,345	24,785,716	26,132,360
Total Fund Balance.....	N/A	\$ 37,348,936	\$ 38,900,755	\$ 35,816,173	\$ 35,887,632

¹ Budgetary basis and subject to audit.

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

The original purchaser of the Bonds, as appropriate, will be furnished the following documentation after the Bonds are issued:

1. Signature and No Litigation Certificate 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.
2. Receipt for the purchase price of the Bonds.
3. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, in substantially the form attached hereto as Appendix B.
4. Executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
5. Certificate on behalf of the Town, signed by the First Selectman and Finance Director, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds were accepted 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.
6. The Town of Westport has prepared an Official Statement dated June 12, 2018. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The copies of the Official Statement will be made available to the successful bidder within seven business days of the acceptance of the bids on the Bonds at the office of the Town's financial advisor.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Paying Agent, U.S. Bank National Association, Corporate Trust Department, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

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/ JAMES S. MARPE
JAMES S. MARPE, *First Selectman*

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

June 12, 2018

Appendix A

2017 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, 2017. 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, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite #1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Westport, Connecticut (the Town) as of and for the fiscal year ended June 30, 2017, and the related notes thereto which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the pension and OPEB related schedules as listed in the table of contents, and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 22, 2017

TOWN OF WESTPORT, CONNECTICUT
Management's Discussion and Analysis - *unaudited*
June 30, 2017
(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, 2017. 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 2018, the Town has continued to enjoy growth in the housing and commercial markets. The net 2016 Grand list has increased by 1.4% over net 2015 Grand list, which will result in a larger tax base for fiscal year 2018. Some challenges the Town may face include declining non-tax revenue sources, significant reduction of state grant monies due to Connecticut's financial crisis and increasing cost of employee benefits.

Financial Highlights – Primary Government

The Town's net position increased as a result of this year's operations. The assets and deferred outflows of the Town of Westport exceeded its liabilities and deferred inflows at the close of fiscal year 2017 by \$ 229,776 (net position). Of this amount, \$ 28,349 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the end of the current fiscal year, the Town of Westport's governmental funds reported combined ending fund balances of \$ 54,790. The Board of Finance has recommended the maintenance of a General Fund unassigned fund balance range of 9.00-11.00% of the annual General Fund expenditures.

As of the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,062, a decrease of \$1,456 from the prior year. The major reason for this decrease is that grant monies were drastically reduced due to the state's financial crisis. In addition, the planned use of \$ 4,250 has been classified as assigned fund balance for use in the 2017/2018 General Fund Budget to reduce taxes. This unassigned general fund balance at June 30, 2017 is 11.4% of general fund expenditures and operating transfers out.

The Town's long-term obligations experienced a net decrease of approximately \$24,350 during the fiscal year. The Town's net pension liability decreased by \$22,927. General obligation bonds payable decreased by \$6,805.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 can be found on pages 13-14 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 four categories: governmental funds, proprietary funds, internal service 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-two (22) 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, Sewer Operating Fund and the Capital Nonrecurring Fund. Eleven (11) special revenue funds, five (5) capital project funds, two (2) permanent funds and one (1) debt service fund are combined into aggregate nonmajor 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, the sewer operating fund, railroad parking fund and Wakeman farm 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 15-17 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 and Workers' Compensation claims, and Board of Education Medical Insurance. 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 18-20 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 Town maintains three different types of fiduciary funds. The pension trust funds and OPEB trust fund are used to report resources held in trust for retirees and beneficiaries covered by the Town's five pension plans and OPEB plan. The agency funds report resources held by the Town in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary fund financial statements can be found on pages 21-22 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 23-66 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, and General Fund and Sewer Operating Fund Budget information. This information can be found on pages 67-81 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 position may serve over time as a useful indicator of a government's financial position. The Town of Westport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$229,776 at the close of the most recent fiscal year. This is an increase of \$1,719 from the previous year net position.

TOWN OF WESTPORT, CONNECTICUT SUMMARY STATEMENT OF NET POSITION June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Current and other assets	\$ 99,218	\$ 95,030
Capital assets	292,478	295,054
Total assets	391,696	390,084
Deferred pension expense	3,368	19,688
Deferred charge on refunding	2,369	2,807
Total deferred outflows of resources	5,737	22,495
Long-term liabilities	147,613	171,962
Other liabilities	12,224	9,880
Total liabilities	159,837	181,842
Advance tax collections	203	941
Deferred pension credit	7,617	1,739
Total deferred inflows of resources	7,820	2,680
Net position:		
Net Investment in capital assets	194,977	191,337
Restricted	6,450	1,448
Unrestricted	28,349	35,272
Total net position	\$ 229,776	\$ 228,057

The largest portion of the Town's net position (85%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding and related deferred inflows and outflows. 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.

The Town also has \$6,450 of restricted net position. The largest portion of restricted net position relates to the net pension asset in the Municipal Pension Plan of \$3,686 and the net pension asset of \$1,521 in the Public Works plan. The balance of \$1,243 represents amounts restricted for debt service and the permanent trust funds.

The Town's unrestricted net position of \$28,349 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 position. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net position by \$1,719, thereby accounting for a 0.75% growth. The increase of \$1,719 of net position is due to better than expected revenues in the property taxes, and income from financing activities, offset by significant reductions in grant monies from the state.

**TOWN OF WESTPORT, CONNECTICUT
SUMMARY STATEMENT OF ACTIVITIES
Years Ended June 30, 2017 and 2016**

	2017	2016
Revenues:		
Charges for services	\$ 25,018	\$ 26,331
State on-behalf pension revenue	20,752	11,880
Operating grants and contributions	3,678	7,635
Capital grants and contributions	1,282	1,455
General Revenues:		
Property taxes	185,801	183,053
Grants and contributions not restricted to specific programs	298	83
Unrestricted investment earnings	280	275
Total revenues	237,109	230,712
Expenses:		
General government	11,280	11,228
Public safety	37,099	38,054
Public works	22,646	20,053
Health and human services	2,856	2,866
Library	5,258	4,797
Education	124,082	123,692
State on-behalf pension expense	20,752	11,880
Parks and recreation	8,598	8,025
Debt service	2,819	3,085
Total expenses	235,390	223,680
Increase in net position	1,719	7,032
Net Position, beginning	228,057	221,025
Net Position, ending	\$ 229,776	\$ 228,057

Key elements of this increase are as follows:

Seventy-eight percent (78%) of the revenues of the Town were derived from property taxes, followed by nineteen percent (19%) from program revenues, then three percent (3%) from grants and contributions, investment earnings and other sources. The decrease in grant monies compared to last year shows how revenue was negatively impacted by the state's fiscal crisis.

Expenses and Program Revenues – Government-Wide Activities

Major revenue factors included:

Property taxes collected increased by \$ 2,748 (1.5%) in comparison to the prior fiscal year. Property tax revenues recorded for the fiscal year 2017 were impacted by an increase in the Town's net taxable grand of 7.8% due to a revaluation in 2015. The tax rate decreased to a mill rate of 16.86 mills. Total collections

for the year exceeded budgetary expectations by 0.85%. Similarly interest and liens increased by 21% in the Tax Collections Office.

Intergovernmental revenues were down 49% mainly due to State of CT budget cuts. Building permit revenues decreased by 43% due to a decrease in construction projects. Similarly, Planning and Zoning experienced a 20% decrease.

Investment earnings increased to \$280 in the fiscal year from \$275 in the prior fiscal year due to positive economic conditions.

Major expense factors include:

For Governmental Activities, 64% of the Town's expenses relate to education and library, 16% relate to public safety, 1% to health and welfare, 10% relate to public works/operations, 4% to Parks and Recreation activities, 1% to principal and interest payments on the Town's long-term debt, and the remaining 4% relates to government and community services, administration and other areas.

Pension funding decreased due to a decrease in the actuarial required contribution.

Education expenses increased by \$390 for fiscal year salaries and benefits.

Debt service decreased by \$266 due to refunding and a new debt issue with favorable interest rates.

Insurance costs increased by approximately \$31 due to increased claims and higher workers compensation costs.

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 \$54,791, a decrease of \$595 as of June 30, 2017. This decrease is due to the timing of spending on bond proceeds received in the prior fiscal year for certain Capital Project Funds expended in the current fiscal year and the planned use of General Fund balance in the fiscal year.

General fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$26,062 (compared to \$27,518 in the prior year), while total fund balance reached \$37,349. 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 11.4% of total general fund expenditures and operating transfers out, while total fund balance represents 16.4% of that same amount. The unassigned fund balance of the Town's general fund decreased by \$1,456 during the current fiscal year. The Board of Finance has recommend a target unassigned General Fund Balance of approximately 9-11% of General Fund expenditures.

Sewer operating fund. The fund balance has increased by \$198.

Internal service funds. The Town maintains three Internal Service funds with a net position of \$4,764.

Fiduciary funds. The Net Pension liability/ (asset) for all five of the plans approximates \$18,974.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$752 and can be summarized as follows:

\$426 for various union contract settlements;

\$141 increase allocated to Board of Education for capital;

\$88 for various capital projects;

\$87 to the Westport Transit District;

\$10 for Historic District, Bridge Street National Register District nomination.

Revenue	Estimated Revenue	Actual Revenue	Increase/(Decrease)
Property Taxes	\$ 181,870,719	\$ 183,408,351	\$ 1,537,632
Licenses, Permits, Fees & Other	\$ 8,575,677	\$ 9,852,680	\$ 1,277,003
Education	\$ 2,423,133	\$ 852,893	\$ (1,570,240)

Property Tax revenue exceeded expectations due a recent revaluation. Licenses and Permit revenue were less than forecasted due to changes in the real estate market. Recent debt financing resulted in a premium of approximately \$500.

Some of the major savings on the expense side are personnel related, with several departments experiencing vacancies and personnel changes during the year. The Police Department was under budget by \$123 in overtime accounts. Fire exceeded its budget by \$137 due to extra overtime resulting from nine retirements in June. Public Works experienced savings of \$309 due to locked in fuel costs at lower rates and savings on electricity, lower storm related costs and savings from single-stream recycling. The Board of Education had a budget surplus of \$600 due to savings in salary and purchased service accounts, \$327 of the BOE budget surplus was transferred to BOE carryover account. Parks and Recreation had \$300 in savings with lower than expected spending in guest services, beach and pool and miscellaneous programs, along with reduced gasoline costs in boating. Pension costs were \$534 less than budgeted due to a reduced estimate from the actuaries, as well as pension-related fees being absorbed by the trust. Insurance expenses were down \$1,100 due to reduced medical and workers compensation insurance costs.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$292,478 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and infrastructure.

TOWN OF WESTPORT, CONNECTICUT CAPITAL ASSETS, NET OF DEPRECIATION

	Governmental Activities	
	2017	2016
Land	\$ 33,817	\$ 33,817
Buildings and system	182,505	189,753
Improvements other than buildings	9,045	8,382
Machinery and equipment	9,924	8,859
Infrastructure	52,783	53,652
Construction in Progress	4,404	591
Total	\$ 292,478	\$ 295,054

Major Capital Asset events during the current fiscal year included the following:

Noresco Energy Initiative project construction in progress of \$1,282.

Wakeman Town Farm Renovation construction in progress of \$782.

Saugatuck Island Bridge project construction in progress of \$710.

Joanne Circle Sewer project construction in progress of \$700.

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

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$94,137, a decrease of \$7,904 from the prior year. Of this amount, \$76,935 comprises debt backed by the full faith and credit of the government, and \$17,202 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	
	2017	2016
General obligation bonds	\$ 76,935	\$ 76,202
Public improvement bonds with government commitment	17,202	24,740
Total	\$ 94,137	\$ 100,942

The Town's total outstanding debt decreased by \$6,805 in the current year due to regularly scheduled principal reductions on existing outstanding debt. The Town issued general obligation refunding bonds in the amount of \$11,875 in fiscal year 2017 replacing series 2006. This resulted in a net present value savings of \$601. The Town also issued general obligation bonds of \$6,900 representing various public improvement, school and sewer projects with maturities through 2037.

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 \$1,293,507 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, 2017 is 4.5 percent and compares favorably to the State's average unemployment rate of 5.1 percent and the Fairfield County Labor Market of 5.0 percent.

For the FY 17-18 budget, we have significantly reduced the revenue budget for State grants. With uncertainty at the State level, the Town has budgeted approximately \$314,000 in State grant monies for FY17-18 versus the latest State budgeted revenue estimates of \$940,000.

All of these factors were considered in preparing the Town of Westport's annual budget. In January 2012, the Board of Finance recommended 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.

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Basic Financial Statements

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Town of Westport, Connecticut

**Statement of Net Position
June 30, 2017**

	Primary Government <u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 55,315,359
Investments	12,314,030
Prepaid expenses	606,686
Receivables (net of allowance for collection losses):	
Property taxes	15,188,127
Sewer	8,409,642
Intergovernmental and other	1,667,436
Pension asset	5,208,242
Restricted cash	15,359
Long-term intergovernmental receivable	493,336
Capital assets, non-depreciable	38,221,640
Capital assets, net of accumulated depreciation	254,256,756
Total assets	<u><u>391,696,613</u></u>
Deferred Outflows of Resources	
Deferred pension expense	3,367,887
Deferred charge on bond refunding	2,369,275
Total deferred outflows of resources	<u><u>5,737,162</u></u>
Liabilities	
Accounts payable and accruals	9,192,907
Accrued interest payable	1,032,697
Unearned revenues	1,998,466
Long-term liabilities:	
Due within one year	15,959,918
Due in more than one year	131,653,473
Total liabilities	<u><u>159,837,461</u></u>
Deferred Inflows of Resources	
Advanced tax collections	203,177
Deferred pension credit	7,616,700
	<u><u>7,819,877</u></u>
Net Position	
Net investment in capital assets	194,977,352
Restricted for:	
Debt Service	1,225,189
Board of Education	14,717
Human Services and Pensions	5,210,422
Unrestricted	28,348,757
Total net position	<u><u>\$ 229,776,437</u></u>

See notes to financial statements.

Town of Westport, Connecticut

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government services	\$ 11,280,500	\$ 2,236,264	\$ 626,748	\$ -	\$ (8,417,488)
Public safety	37,098,744	4,831,821	109,556	-	(32,157,367)
Public works	22,645,981	7,820,506	523,940	1,030,223	(13,271,312)
Public health	547,789	-	-	-	(547,789)
Human services	2,307,889	145,581	26,489	-	(2,135,819)
Library	5,257,678	-	-	-	(5,257,678)
Parks and recreation	8,597,191	5,356,015	-	-	(3,241,176)
Education	144,834,354	25,380,094	2,391,433	251,973	(116,810,854)
Interest on long-term debt	2,820,510	-	-	-	(2,820,510)
Total primary government	\$ 235,390,636	\$ 45,770,281	\$ 3,678,166	\$ 1,282,196	(184,659,993)

General revenues:	
Property taxes	185,800,799
Grants and contributions not restricted to specific programs	297,963
Unrestricted investment earnings	280,402
Total general revenues	<u>186,379,164</u>
Change in net position	1,719,171
Net position - beginning	<u>228,057,266</u>
Net position - ending	<u>\$ 229,776,437</u>

See notes to financial statements.

Town of Westport, Connecticut

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Sewer Operating Fund	Capital and Nonrecurring Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 38,037,114	\$ 250	\$ 4,230,371	\$ 8,774,165	\$ 51,041,900
Investments	4,719,396	-	6,369,445	1,225,189	12,314,030
Prepaid expenses	606,686	-	-	-	606,686
Receivables (net of allowances for collection losses):					
Property taxes	15,188,127	-	-	-	15,188,127
Sewer	-	8,409,642	-	-	8,409,642
Intergovernmental and other	907,641	-	291,371	415,406	1,614,418
Restricted cash	-	-	-	15,359	15,359
Due from other funds	228,649	1,783,272	374,365	2,395,500	4,781,786
Total assets	\$ 59,687,613	\$ 10,193,164	\$ 11,265,552	\$ 12,825,619	\$ 93,971,948
Liabilities					
Accounts payable and accruals	\$ 3,947,620	\$ 40,643	\$ 109,176	\$ 2,226,686	\$ 6,324,125
Due to other funds	2,739,388	16,775	4,435,570	402,629	7,594,362
Unearned revenues	797,156	50,149	-	1,151,161	1,998,466
Total liabilities	7,484,164	107,567	4,544,746	3,780,476	15,916,953
Deferred Inflows of Resources					
Unavailable revenues - property taxes	14,077,019	-	-	-	14,077,019
Unavailable revenues - advanced tax collections	203,177	-	-	-	203,177
Unavailable revenues - sewer assessments	-	8,409,642	-	-	8,409,642
Unavailable revenues - school construction grant	493,336	-	-	-	493,336
Unavailable revenues - other	80,981	-	-	-	80,981
Total deferred inflows of resources	14,854,513	8,409,642	-	-	23,264,155
Fund Balances					
Nonspendable	606,686	-	-	16,897	623,583
Restricted	487,965	-	-	1,935,903	2,423,868
Committed	573,081	1,675,955	6,720,806	8,781,986	17,751,828
Assigned	9,619,196	-	-	-	9,619,196
Unassigned	26,062,008	-	-	(1,689,643)	24,372,365
Total fund balances	37,348,936	1,675,955	6,720,806	9,045,143	54,790,840
Total liabilities, deferred inflows of resources and fund balances	\$ 59,687,613	\$ 10,193,164	\$ 11,265,552	\$ 12,825,619	

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

Capital assets, net of accumulated depreciation of \$230,660,095 purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	292,478,396
Other long-term assets are not available, and therefore are not recognized in the funds.	23,060,978
Deferred charge on bond refundings	2,369,275
Net deferred inflows/outflows due to pension liabilities	(4,248,813)
Pension asset	5,208,242
Internal service funds are used by management to charge the costs of Risk Management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	4,763,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(147,613,391)
Accrued interest payable is not reported in the funds.	(1,032,697)

Net position of governmental activities \$ 229,776,437

See notes to financial statements.

Town of Westport, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017**

	General Fund	Sewer Operating Fund	Capital and Nonrecurring Funds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 184,527,068	\$ -	\$ -	\$ -	\$ 184,527,068
Sewer assessments and usage	-	4,321,715	-	-	4,321,715
Intergovernmental	2,007,352	148,417	1,030,223	2,447,362	5,633,354
Permits, fees and other	5,924,507	17,331	51,577	3,650,858	9,644,273
State on-behalf payments	20,752,000	-	-	-	20,752,000
Income from investments	91,829	-	77,869	110,704	280,402
Charges for services	7,222,352	-	-	1,045	7,223,397
Parks and recreation fees	5,090,521	-	-	-	5,090,521
Total revenues	225,615,629	4,487,463	1,159,669	6,209,969	237,472,730
Expenditures:					
Current:					
General government	5,737,735	-	-	174,352	5,912,087
Public safety	20,469,110	-	-	2,412,464	22,881,574
Public works	10,130,727	2,161,363	-	-	12,292,090
Public health	547,789	-	-	-	547,789
Human services	1,156,060	-	-	27,786	1,183,846
Library	4,755,561	-	-	-	4,755,561
Parks and recreation	5,171,485	-	-	111,885	5,283,370
Education	137,433,650	-	-	1,827,389	139,261,039
Benefits and other	25,216,164	-	-	-	25,216,164
Debt service:					
Principal	11,439,918	1,935,193	-	-	13,375,111
Interest and other charges	2,838,412	544,132	-	-	3,382,544
Capital outlay	1,092,560	31,508	2,753,303	7,640,366	11,517,737
Total expenditures	225,989,171	4,672,196	2,753,303	12,194,242	245,608,912
Excess (deficiency) of revenue over (under) expenditures	(373,542)	(184,733)	(1,593,634)	(5,984,273)	(8,136,182)
Other financing sources (uses):					
Payment to escrow	(12,467,357)	-	-	-	(12,467,357)
Issuance of debt	11,875,000	-	785,000	6,115,000	18,775,000
Bond premium	1,233,252	-	-	-	1,233,252
Transfers in	437,056	383,136	1,652,075	221,017	2,693,284
Transfers out	(2,256,228)	-	-	(437,056)	(2,693,284)
Total other financing sources (uses)	(1,178,277)	383,136	2,437,075	5,898,961	7,540,895
Net change in fund balances	(1,551,819)	198,403	843,441	(85,312)	(595,287)
Fund balances, beginning	38,900,755	1,477,552	5,877,365	9,130,455	55,386,127
Fund balances, ending	\$ 37,348,936	\$ 1,675,955	\$ 6,720,806	\$ 9,045,143	\$ 54,790,840

See notes to financial statements.

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, 2017**

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

Net change in fund balances - total governmental funds \$ (595,287)

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. (2,575,453)

Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (362,833)

Changes in pension asset 5,121,999

Change in net deferred inflows/outflows due to pension liabilities (22,198,682)

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 position. Also, governmental funds report the effect of 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. 6,216,197

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. 17,876,117

The change in net position in governmental activities of internal service funds is reported with governmental activities. (1,762,887)

Change in net position of governmental activities. \$ 1,719,171

See notes to financial statements.

Town of Westport, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2017

	<u>Governmental Activities</u>
	Internal Service Funds
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,273,459
Accounts receivable	546,354
Due from other funds	<u>2,812,465</u>
Total assets	<u><u>7,632,278</u></u>
Liabilities	
Current liabilities:	
Accounts payable	97,147
Claims incurred but not reported	2,769,676
Due to other funds	<u>1,848</u>
Total liabilities	<u><u>2,868,671</u></u>
Net Position	
Unrestricted	<u>4,763,607</u>
Total net position	<u><u>\$ 4,763,607</u></u>

See notes to financial statements.

Town of Westport, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2017

	Governmental Activities
	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 28,121,202
Total operating revenues	<u>28,121,202</u>
Operating expenses:	
Claims incurred	28,163,025
Administration	1,833,317
Total operating expenses	<u>29,996,342</u>
Operating loss	<u>(1,875,140)</u>
Nonoperating revenues:	
Interest income	112,253
Total nonoperating revenues	<u>112,253</u>
Change in net position	(1,762,887)
Net position, beginning	<u>6,526,494</u>
Net position, ending	<u>\$ 4,763,607</u>

See notes to financial statements.

Town of Westport, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017

	Governmental Activities
	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from charges for services	\$ 27,888,554
Cash paid to vendors and beneficiaries	<u>(29,417,926)</u>
Net cash (used in) operating activities	<u>(1,529,372)</u>
Cash flows from investing activities:	
Interest on cash and cash equivalents	<u>112,253</u>
Net cash provided by investing activities	<u>112,253</u>
Net decrease in cash and cash equivalents	(1,417,119)
Cash and cash equivalents:	
Beginning	<u>5,690,578</u>
Ending	<u><u>\$ 4,273,459</u></u>
Reconciliation of operating loss in net cash (used in) operating activities:	
Operating loss	\$ (1,875,140)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(375,649)
Decrease in due from other funds	143,001
Increase in due to other funds	25
Increase in accounts payable	22,989
Increase in claims payable	<u>555,402</u>
Net cash (used in) operating activities	<u>\$ (1,529,372)</u>

See notes to financial statements.

Town of Westport, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2017

	Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 4,100,996	\$ 3,547,749
Investments: (Note 3)		
Common stock	20,104,042	-
Mutual funds	158,505,580	-
Other fixed income securities	61,231,098	-
Alternative investments	107,975,403	-
Total investments	<u>347,816,123</u>	<u>-</u>
Due from others	-	1,959
Pending sales	310,373	-
Total assets	<u>352,227,492</u>	<u>3,549,708</u>
Liabilities		
Due to student groups	-	602,282
Payable to others	-	2,947,426
Total liabilities	<u>-</u>	<u>3,549,708</u>
Net position - restricted for benefits	<u>\$ 352,227,492</u>	<u>\$ -</u>

See notes to financial statements.

Town of Westport, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2017

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 14,142,724
Plan members	<u>6,745,156</u>
Total contributions	<u>20,887,880</u>
Investment income:	
Net appreciation in fair value of investments	37,238,920
Interest and dividends	<u>7,700,620</u>
Net investment income	<u>44,939,540</u>
Total additions	<u>65,827,420</u>
Deductions:	
Benefits	19,224,201
Management fees and other payments	<u>561,564</u>
Total	<u>19,785,765</u>
Change in net position	46,041,655
Net position - restricted for benefits:	
Beginning of year	<u>306,185,837</u>
End of year	<u><u>\$ 352,227,492</u></u>

See notes to financial statements.

Town of Westport, Connecticut

Notes to Financial Statements

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, and there are no agencies or entities in which should be presented within the Town.

Accounting standards adopted in the current year: GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences, pension liabilities, 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**, a special revenue fund, accounts for the revenues collected by the Town from sewer assessment and usage charges billed to taxpayers and expenditures related thereto.

The **Capital Nonrecurring Fund**, a capital projects fund, accounts for the revenues collected by the Town from Federal and State grants, investment earnings and operating transfers from the General Fund.

Additionally, the Town reports the following proprietary and fiduciary 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. The Agency Funds include Student Activities Fund, P&Z Escrow Fund, Senior Citizen Escrow Fund, Tri-Centennial Fund, Performance Bonds Fund and Hillspoint School Escrow Fund.

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, treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Investments: Investments are stated 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, Capital Nonrecurring Funds and Trust Funds.

Fair value: The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 3 for additional information regarding fair value.

Property taxes and sewer assessments: 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.

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 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 acquisition 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 expenditure when purchased and no depreciation expense is reported.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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: Receivables for the primary government, which include property taxes receivable, are reported net of allowance of \$202,394 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.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

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 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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.

Governmental fund and governmental 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.

Funding policy: The Town makes annual contributions based upon management's decisions. These contributions have been substantially the amount recommended by the Town's funding schedule.

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 that are not related, restricted or committed resources, are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Town of Westport, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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

Net investment in capital assets: This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position: 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.

Unrestricted net position: This category represents the net position of the Town, which is 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) in the form of a resolution. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

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. Under the Town's adopted policy, the Board of Finance has the authority to authorize the Director of Finance to assign amounts for a specific purpose.

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.

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.

Town of Westport, Connecticut

Notes to Financial Statements

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 position: The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. 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	\$ (94,137,259)
Add: Issuance premium	(5,733,060)
Claims and judgments	(675,000)
Compensated absences	(2,157,557)
Net pension liability	(24,182,411)
OPEB obligation	<u>(20,728,104)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (147,613,391)</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 the government-wide statement of activities: The governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) includes reconciliation between net changes in fund balances – total governmental funds, and changes in net position 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:

Capitalized capital outlay	\$ 9,770,405
Depreciation expense	(12,116,491)
Net loss on disposal of capital assets	<u>(229,367)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,575,453)</u>

Town of Westport, Connecticut

Notes to Financial Statements

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

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 position. Also, governmental funds report the effect of 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:	
Deferred premiums	\$ (151,446)
Deferred charge on refunding	(437,466)
General obligation debt issued	(18,775,000)
Principal repayments:	
General obligation debt	<u>25,580,109</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 6,216,197</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	\$ 36,214
Decrease in accrued interest	180,053
Decrease in net pension liability	17,805,254
Increase in OPEB obligation	<u>(145,404)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 17,876,117</u>

Note 3. Cash, Cash Equivalents 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. Eligible investments for Connecticut municipalities are determined by C.G.S. Section 7-400 and 7-402.

Town of Westport, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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 seven 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 Investment Committee has currently allocated a target of 62.50% of fund assets to equities with the balance invested in fixed income, alternative investments 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, 2017, \$57,177,942 of the Town's bank balance of \$64,531,047 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

Note 3. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2017:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 62,979,463
Total cash and cash equivalents	<u>62,979,463</u>
Investments:	
General fund:	
Other fixed income securities	4,719,396 *
Total government investments	<u>4,719,396</u>
Capital and nonrecurring fund:	
Common stock	2,726,370
Mutual funds	835,947
U.S. government securities	1,911,786 *
Other fixed income securities	895,342 *
Total government investments	<u>6,369,445</u>
Debt service fund:	
U.S. government securities	1,225,189 *
Total government investments	<u>1,225,189</u>
Pension trust funds:	
Common stock	18,140,355 *
Mutual funds - equity funds	116,454,874
Other fixed income securities	61,231,098 *
Alternative investments	99,484,340
Total pension investments	<u>295,310,667</u>
OPEB trust fund:	
Common stock	1,963,687 *
Mutual funds - equity funds	42,050,706
Alternative investments	8,491,063
Total OPEB investments	<u>52,505,456</u>
Total investments	<u>360,130,153</u>
Total cash, cash equivalents and investments	<u>\$ 423,109,616</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

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Statement of net position:

Cash and cash equivalents	\$ 55,330,718
Investments	12,314,030
	<u>67,644,748</u>

Fiduciary funds:

Cash and cash equivalents	7,648,745
Investments	347,816,123
	<u>355,464,868</u>
Total cash, cash equivalents and investments	<u>\$ 423,109,616</u>

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	\$ 3,136,975	\$ 123,613	\$ 1,751,037	\$ 829,545	\$ 432,780
Other fixed income securities	66,845,836	65,950,494	113,545	555,212	226,585
Total	69,982,811	<u>\$ 66,074,107</u>	<u>\$ 1,864,582</u>	<u>\$ 1,384,757</u>	<u>\$ 659,365</u>

Investments not subject to interest rate risk:

Common stock	22,830,412
Alternative investments	107,975,403
Common stock mutual funds	159,341,527
	<u>360,130,153</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

Note 3. Cash, Cash Equivalents and Investments (Continued)

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.

<u>Average Rating</u>	<u>Other Fixed Income Securities</u>
A+	\$ 116,656
A	111,145
A-	443,851
BBB+	223,690
Unrated	65,950,494
	<u>\$ 66,845,836</u>

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2017:

Investment Instruments Measured at Fair Value

	<u>Fair Value Measurements Using</u>			
	<u>June 30, 2017</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Observable Inputs (Level 3)</u>
Investments by fair value level:				
Stocks	\$ 22,830,412	\$ 22,825,779	\$ 4,633	\$ -
Mutual funds	159,341,527	159,341,527	-	-
Debt securities:				
U.S. government securities	3,136,975	3,136,975	-	-
Corporate bonds	66,845,836	66,845,836	-	-
Total debt securities	<u>69,982,811</u>	<u>69,982,811</u>	-	-
Total investments by fair value level	<u>252,154,750</u>	<u>252,150,117</u>	4,633	-
Investments measured at the net asset level (NAV):				
Venture capital funds (including private equity and hedge funds)	89,508,042			
Real estate funds	<u>18,467,361</u>			
Total investments measured at the NAV	<u>107,975,403</u>			
Total investments measured at fair value	<u>\$ 360,130,153</u>			

Town of Westport, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Debt and equity securities: Debt and equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

Venture capital investments: Venture capital investments, classified in Level 3, are valued using either a discounted cash flow or market-comparable companies' technique.

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Venture capital funds (including private equity and hedge funds)	\$ 89,508,042	\$ -	Quarterly	Various
Real estate funds	18,467,361	-	Quarterly	30 days
Total investments measured at the NAV	<u>\$ 107,975,403</u>			

Real estate funds: This type includes nine real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 7 to 10 years. Twenty percent of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

Town of Westport, Connecticut

Notes to Financial Statements

Note 4. Unearned Revenue/Unavailable Revenue

Governmental funds report deferred inflow of resources from unavailable 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 unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenue	Unearned Revenue
General fund:		
Taxes and accrued interest on delinquent property taxes	\$ 14,077,019	\$ -
Advance tax collections	203,177	-
School construction receivable	493,336	-
Other	80,981	797,156
Sewer operating fund:		
Fees and accrued interest on delinquent sewer fees	8,409,642	50,149
Nonmajor funds:		
Railroad parking permits	-	1,151,161
	<u>\$ 23,264,155</u>	<u>\$ 1,998,466</u>

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ 228,649	\$ 2,739,388
Sewer operating fund	1,783,272	16,775
Capital nonrecurring fund	374,365	4,435,570
Non-major governmental funds	2,395,500	402,629
Internal service funds	2,812,465	1,848
Agency Fund	1,959	-
Total	<u>\$ 7,596,210</u>	<u>\$ 7,596,210</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.

Town of Westport, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers during the year ended June 30, 2017 were as follows:

	Transfers In				Totals
	General Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Other Governmental Funds	
Transfers out:					
General fund	\$ -	\$ 383,136	\$ 1,652,075	\$ 221,017	\$ 2,256,228
Nonmajor and other funds	437,056	-	-	-	437,056
Total	<u>\$ 437,056</u>	<u>\$ 383,136</u>	<u>\$ 1,652,075</u>	<u>\$ 221,017</u>	<u>\$ 2,693,284</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.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 33,817,349	\$ -	\$ -	\$ -	\$ 33,817,349
Construction in progress	591,080	5,060,946	(20,077)	(1,227,658)	4,404,291
Total capital assets, not being depreciated	<u>34,408,429</u>	<u>5,060,946</u>	<u>(20,077)</u>	<u>(1,227,658)</u>	<u>38,221,640</u>
Capital assets, being depreciated:					
Land improvements	21,388,429	1,509,164	-	-	22,897,593
Buildings and improvements	315,744,447	170,429	-	-	315,914,876
Machinery and equipment	28,512,881	2,567,811	(1,211,823)	477,951	30,346,820
Infrastructure	114,545,800	462,055	-	749,707	115,757,562
Total capital assets being depreciated	<u>480,191,557</u>	<u>4,709,459</u>	<u>(1,211,823)</u>	<u>1,227,658</u>	<u>484,916,851</u>
Less accumulated depreciation for:					
Land improvements	13,006,903	845,714	-	-	13,852,617
Buildings and improvements	125,991,782	7,418,443	-	-	133,410,225
Machinery and equipment	19,653,935	1,771,236	(1,002,533)	-	20,422,638
Infrastructure	60,893,517	2,081,098	-	-	62,974,615
Total accumulated depreciation	<u>219,546,137</u>	<u>12,116,491</u>	<u>(1,002,533)</u>	<u>-</u>	<u>230,660,095</u>
Total capital assets, being depreciated, net	<u>260,645,420</u>	<u>(7,407,032)</u>	<u>(209,290)</u>	<u>1,227,658</u>	<u>254,256,756</u>
Governmental activities capital assets, net	<u>\$ 295,053,849</u>	<u>\$ (2,346,086)</u>	<u>\$ (229,367)</u>	<u>\$ -</u>	<u>\$ 292,478,396</u>

Town of Westport, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities:

General government services	\$ 280,165
Public safety	1,028,176
Public works, including depreciation of general infrastructure assets	3,842,851
Human services	115,396
Library	240,985
Parks and recreation	957,433
Education	5,651,485
Total depreciation expense – governmental activities	<u>\$ 12,116,491</u>

Note 7. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds and notes	\$ 100,942,368	\$ 18,775,000	\$ 25,580,109	\$ 94,137,259	\$ 13,802,361
Add deferred amounts:					
Premiums	5,581,614	1,233,252	1,081,806	5,733,060	-
Total bonds payable	<u>106,523,982</u>	<u>20,008,252</u>	<u>26,661,915</u>	<u>99,870,319</u>	<u>13,802,361</u>
Claims and judgments	675,000	-	-	675,000	-
Compensated absences	2,193,771	2,157,557	2,193,771	2,157,557	2,157,557
Net pension liability	41,987,665	-	17,805,254	24,182,411	-
OPEB obligations	<u>20,582,700</u>	<u>145,404</u>	<u>-</u>	<u>20,728,104</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 171,963,118</u>	<u>\$ 22,311,213</u>	<u>\$ 46,660,940</u>	<u>\$ 147,613,391</u>	<u>\$ 15,959,918</u>

Town of Westport, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

Bonds and notes: As of June 30, 2017, the outstanding long-term indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
Public Improvement refunding bond; due 2/1/20; annual principal payments ranging from \$354,000 to \$566,000; plus interest due semi-annually at 2.00% to 4.00%.	\$ 1,481,000
School refunding bond, due 2/1/20; annual principal ranging from \$2,409,000 to \$3,847,000; plus interest due semi-annually at 2.00% to 4.00%.	10,073,000
Sewer refunding bond; due 2/1/20; annual principal payments ranging from \$77,000 to \$122,000 plus interest due semi-annually at 2.00% to 4.00%.	321,000
Sewer WPCF; issue of \$21,310,112; due 9/1/28; monthly principal payments ranging from \$85,299 to \$106,624. Interest due monthly at 2.5%.	12,901,694
Public Improvement WPCF; issue of \$7,103,371 due 9/1/28; monthly principal payments ranging from \$28,433 to \$35,541. Interest due monthly at 2.5%.	4,300,565
School refunding bond Series A; issue of \$12,866,000 due 2/1/23; annual principal payments ranging from \$1,565,000 to \$1,575,000 plus semi-annual interest at 3.00% to 5.00%	4,705,000
Sewer refunding bond Series A; issue of \$334,000 due 2/1/23; annual principal payments of \$4,000 plus semi-annual interest at 3.00% to 5.00%.	12,000
Public Improvement refunding bond Series A; issue of \$475,000 due 2/1/23; annual principal payments of \$11,000 plus semi-annual interest at 3.00% to 5.00%.	33,000
Sewer refunding bond; due 11/1/21; annual principal payments ranging from \$51,000 to \$52,000, plus interest due semi-annually at 2% to 4%.	259,000
School refunding bond; due 11/1/21; annual principal payments ranging from \$1,755,000 to \$1,768,000, plus interest due semi-annually at 2% to 4%.	8,797,000
Public improvement refunding bond; due 11/1/21; annual principal payments ranging from \$243,000 to \$245,000, plus interest due semi-annually at 2% to 4%.	1,219,000
Public improvement refunding bond; due 7/15/2025; annual principal payments from \$215,000 to \$460,000, plus semi-annual interest at 2.00% to 4.00%.	2,679,000
Sewer refunding bond; due 7/15/2025; annual principal payments from \$20,000 to \$71,000, plus semi-annual interest at 2.00% to 4.00%.	333,000

Town of Westport, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

	<u>Outstanding Amount</u>
School refunding bond; due 7/15/2025; annual principal payment from \$395,000 to \$2,154,000, plus semi-annual interest at 2.00% to 4.00%.	\$ 8,843,000
School bond; due 2/1/2033; annual principal payments ranging from \$128,000 to \$208,000, plus semi-annual interest at 2.00% to 2.55%.	2,518,000
Sewer bond; due 2/1/2033; annual principal payments of \$182,000, plus semi-annual interest at 2.00% to 2.55%.	2,912,000
Public improvement refunding bond; due 8/15/2021; annual principal payments ranging from \$248,000 to \$536,000, plus semi annual interest at 1.75% to 5.00%.	2,168,000
School refunding bond; due 8/15/2021; annual principal payments ranging from \$705,000 to \$2,509,000, plus semi annual interest at 1.75% to 5.00%.	10,215,000
Sewer refunding bond; due 8/15/2021; annual principal payments ranging from \$62,000 to \$148,000, plus semi annual interest at 1.75% to 5.00%.	557,000
Sewer refunding bond; due 7/15/2029; annual principal payments ranging from \$184,000 to \$243,000, plus semi annual interest at 2.00% to 4.00%.	3,406,000
School refunding bond; due 7/15/2029; annual principal payments ranging from \$272,000 to \$347,000, plus semi annual interest at 2.00% to 4.00%.	4,119,000
Public improvement refunding bond; due 7/15/2029; annual principal payments ranging from \$37,000 to \$96,000, plus semi annual interest at 2.00% to 4.00%.	465,000
Sewer bond; due 2/1/2036; annual principal payments ranging from \$109,000 to \$111,000 plus semi annual interest at 2.00% to 2.80%.	2,093,000
School bond; due 2/1/2036; annual principal payments ranging from \$45,000 to \$49,000, plus semi annual interest at 2.00% to 2.80%.	907,000
Public improvement bond; due 2/1/2036; annual principal payments ranging from \$66,000 to \$140,000, plus semi annual interest at 2.00% to 2.80%.	1,920,000
Sewer bond; due 5/15/2037; annual principal payments ranging from \$45,000 to \$50,000 plus semi annual interest at 2.00% to 5.00%.	921,000
School bond; due 5/15/2037; annual principal payments ranging from \$50,000 to \$55,000, plus semi annual interest at 2.00% to 5.00%.	1,014,500
Public improvement bond; due 5/15/2037; annual principal payments ranging from \$130,000 to \$515,000, plus semi annual interest at 2.00% to 5.00%.	<u>4,964,500</u>
Amount to be financed and paid through the General Fund and Sewer Operating Fund.	<u><u>\$ 94,137,259</u></u>

Town of Westport, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

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

	Principal	Interest	Total
2018	\$ 13,802,361	\$ 3,044,342	\$ 16,846,703
2019	13,715,162	2,565,524	16,280,686
2020	12,038,525	2,049,787	14,088,312
2021	10,252,460	1,593,752	11,846,212
2022	8,716,978	1,224,383	9,941,361
2023-2027	25,773,953	2,753,340	28,527,293
2028-2032	7,497,820	709,093	8,206,913
2033-2037	2,340,000	176,485	2,516,485
	<u>\$ 94,137,259</u>	<u>\$ 14,116,706</u>	<u>\$ 108,253,965</u>

2016 general obligation refunding bond - in-substance defeasance: On November 4, 2016, the Town issued \$11,875,000 of general obligation refunding bonds with an average interest rate of 3.9%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the Town dated 2006 (the Refunded Bonds). Net proceeds of \$12,467,000 (after payment of expenses of \$128,000), was placed in an irrevocable trust under an Escrow Agreement dated November 4, 2016 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 prices of the Refunded 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 \$601,000, and a cash savings of \$605,000 between the old debt payments and the new debt payments.

At June 30, 2017, there was \$0 in escrow. The balance of the defeased bonds was \$12,205,000 at June 30, 2017. 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. At June 30, 2017, there was \$7,744,844 in escrow. As of June 30, 2017, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$34,555,000.

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, 2017 was approximately \$258,000. Additional reimbursements of principal and interest aggregating approximately \$526,000 are expected to be received through the bonds' maturity dates.

Town of Westport, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

Debt limitation: The Town's statement of debt limitation under Connecticut General Statutes, Section 7-374(b) as of June 30, 2017 is as follows:

Total tax collections (including interest and lien fees and net of refunds and adjustments) for the year ended June 30, 2017 \$ 184,711,812

Reimbursement for revenue loss:
 Tax relief for elderly 74,917
 Base \$ 184,786,729

The Connecticut General Statutes provide that authorized debt of the Town shall not exceed seven times the above base cash receipts, or \$1,293,507,103, 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	\$ 415,770,140	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	831,540,281	-	-	-
3-3/4 times base	-	-	692,950,234	-	-
3-1/4 times base	-	-	-	600,556,869	-
3 times base	-	-	-	-	554,360,187
Total debt limitation	<u>415,770,140</u>	<u>831,540,281</u>	<u>692,950,234</u>	<u>600,556,869</u>	<u>554,360,187</u>
Indebtedness:					
Bonds and notes payable	14,929,500	51,191,500	28,016,259	-	-
Bonds authorized but unissued; issue dates not yet established	15,686,000	596,000	-	-	-
Construction grants	-	(493,300)	-	-	-
Total indebtedness	<u>30,615,500</u>	<u>51,294,200</u>	<u>28,016,259</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 385,154,640</u>	<u>\$ 780,246,081</u>	<u>\$ 664,933,975</u>	<u>\$ 600,556,869</u>	<u>\$ 554,360,187</u>

Compensated absences: Included in long-term obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of \$2,157,557 as of June 30, 2017. The general fund has typically been used to liquidate the liability for compensated absences.

Town of Westport, Connecticut

Notes to Financial Statements

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 net position for approximately \$675,000. 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 Wheelabrator Bridgeport, L.P. pursuant to which it participates with nine other Connecticut municipalities (the nine constituting the Contracting Municipalities), in the Greater Bridgeport Regional Solid Waste Interlocal Committee.

Under the Service Agreement, each Town is required to deliver, or cause to be delivered, to the System, all solid waste under the control of the municipality. The participating municipalities will be charged \$60.00 per ton for every ton up to 175,000 tons.

Note 9. Employee Retirement Plans

Plan description: The Town maintains seven contributory pension plans covering substantially all full-time employees and noncertified Board of Education employees. Five pension plans are single-employer contributory defined benefit plans and two plans are contributory defined contribution plans which are part of the Town's financial reporting entity and are accounted for in seven pension trust funds: police, fire, public works, municipal interim, non-union defined benefit plans and two defined contribution trust funds: Town of Westport Defined Contribution Retirement Plan and Town of Westport 401(k) Plan. The Town's General Fund contributes an amount as recommended by their actuary to fund the net pension liabilities of the 5 pension plans. The new defined contribution plan covers all new non-bargaining employees of the Town, Library and Board of Education that were hired after December 31, 2011 and all new Department of Public Works union employees hired after April 1, 2012. 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.

As of July 1, 2016, the Plan's membership consisted of:

	Police	Fire	Public Works	Municipal Interim	Non-Union	Totals
Active	59	64	24	344	66	557
Terminated-vested	1	-	1	19	5	26
Members in pay status	89	60	30	245	83	507
Total	149	124	55	608	154	1,090

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

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. 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. The plans are administered by the Fire Pension Board and Police Pension Board.

Public works pension plan: All members of the Public Works Union are eligible to participate in the plan except for new employees hired after April 1, 2012 who must contribute 5% of salary to the Defined Contribution Plan as of the date the employee completes the probationary period. 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 26 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. The plan is administered by the Public Works Pension Board.

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. The plan is administered by the Municipal Pension Committee.

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.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

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, age 60 and completion of 5 Years of Service. The plan is administered by the Pension Committee.

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 to the extent service is granted under this Plan, plus 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 \$1,000 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.

For those non-bargaining employees of the Town, Board of Education and Library hired after December 31, 2011, they must become members of the Town of Westport Defined Contribution Plan and contribute a mandatory 3.5% of salary. The Town is required to also contribute 3.5% of their salary. The employee may at their discretion contribute up to an additional 1.5% in increments of .5% that the Town will match dollar for dollar. For those Department of Public Works, AFSCME Council 4, Local 1303-385 employees hired after April 1, 2012, they must become members of the Town of Westport Defined Contribution Plan after completing six months' probation. The Town and the employee are required to contribute 5% of the salary. The employee is always vested in their own contributions and vest 20% after the end of each fiscal year until completing 5 years, at which time they will be 100% vested in the Town's portion.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

**Trust Funds
Schedule of Plan Net Position
June 30, 2017**

	Pension Trust Funds					OPEB Trust	Totals
	Police	Fire	Public	Municipal	Non-Union	OPEB	
			Works				
Assets							
Cash and cash equivalents	\$ 1,248,280	\$ 1,041,488	\$ 264,950	\$ 993,729	\$ 502,856	\$ 49,693	\$ 4,100,996
Investments, at fair value:							
Common stock	5,589,374	4,663,426	1,186,357	4,449,581	2,251,617	1,963,687	20,104,042
Mutual funds	35,881,867	29,937,599	7,616,007	28,564,792	14,454,609	42,050,706	158,505,580
Other fixed Income securities	18,866,416	15,740,965	4,004,439	15,019,153	7,600,125	-	61,231,098
Alternative investments	30,652,936	25,574,905	6,506,155	24,402,151	12,348,193	8,491,063	107,975,403
Total investments	<u>90,990,593</u>	<u>75,916,895</u>	<u>19,312,958</u>	<u>72,435,677</u>	<u>36,654,544</u>	<u>52,505,456</u>	<u>347,816,123</u>
Pending sales	92,978	77,573	19,735	74,018	37,455	8,614	310,373
Total assets	<u>92,331,851</u>	<u>77,035,956</u>	<u>19,597,643</u>	<u>73,503,424</u>	<u>37,194,855</u>	<u>52,563,763</u>	<u>352,227,492</u>
Net position - restricted for benefits	<u>\$ 92,331,851</u>	<u>\$ 77,035,956</u>	<u>\$ 19,597,643</u>	<u>\$ 73,503,424</u>	<u>\$ 37,194,855</u>	<u>\$ 52,563,763</u>	<u>\$ 352,227,492</u>

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Trust Funds
Schedule of Changes in Plan Net Position
Year Ended June 30, 2017

	Pension Trust Funds					OPEB Trust	Totals
	Police	Fire	Public Works	Municipal	Non-Union	OPEB	
Additions:							
Contributions:							
Employer	\$ 2,555,374	\$ 2,052,753	\$ 226,536	\$ 1,943,110	\$ 1,681,195	\$ 5,683,756	\$ 14,142,724
Plan members	545,463	502,988	148,079	666,936	239,036	4,642,654	6,745,156
Total contributions	<u>3,100,837</u>	<u>2,555,741</u>	<u>374,615</u>	<u>2,610,046</u>	<u>1,920,231</u>	<u>10,326,410</u>	<u>20,887,880</u>
Investment income:							
Net appreciation in fair value of investments	9,925,991	8,281,630	2,106,814	7,901,871	3,998,575	5,024,039	37,238,920
Interest and dividends	2,033,874	1,567,155	427,646	1,527,997	773,826	1,370,122	7,700,620
Net investment income	<u>11,959,865</u>	<u>9,848,785</u>	<u>2,534,460</u>	<u>9,429,868</u>	<u>4,772,401</u>	<u>6,394,161</u>	<u>44,939,540</u>
Total	15,060,702	12,404,526	2,909,075	12,039,914	6,692,632	16,720,571	65,827,420
Deductions:							
Benefits	5,009,297	3,121,347	746,118	3,358,068	2,331,086	4,658,285	19,224,201
Management fees and other payments	157,876	130,002	35,802	174,885	62,999	-	561,564
Net change in net position	<u>9,893,529</u>	<u>9,153,177</u>	<u>2,127,155</u>	<u>8,506,961</u>	<u>4,298,547</u>	<u>12,062,286</u>	<u>46,041,655</u>
Net position - restricted for benefits:							
Beginning of year	<u>82,438,322</u>	<u>67,882,779</u>	<u>17,470,488</u>	<u>64,996,463</u>	<u>32,896,308</u>	<u>40,501,477</u>	<u>306,185,837</u>
End of year	<u>\$ 92,331,851</u>	<u>\$ 77,035,956</u>	<u>\$ 19,597,643</u>	<u>\$ 73,503,424</u>	<u>\$ 37,194,855</u>	<u>\$ 52,563,763</u>	<u>\$ 352,227,492</u>

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Investment Committee. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2017.

Asset Class	Pension Funds Allocation %
US Core Fixed Income	19.20%
US Inflation-Indexed Bonds	0.30%
Non-US Bonds	5.50%
US Equity Market	30.00%
US Small Caps	10.00%
Foreign Developed Equity	20.00%
Emerging Markets Equity	5.00%
US REITs	2.50%
Private Real Estate Property	2.50%
Hedge FOF Strategic	5.00%
	100.00%

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Police	Fire	Public Works	Municipal	Non-Union
Rate of return	14.47%	14.35%	14.47%	14.39%	14.47%

Net pension liability (asset) of the Town: The components of the net pension liability (asset) of the Town at June 30, 2017 were as follows:

Net Pension Liability (Asset) as of June 30, 2017	Police	Fire	Public Works	Municipal	Non-Union	Total
Total pension liability	\$ 105,901,303	\$ 82,614,945	\$ 18,076,128	\$ 69,816,697	\$ 42,228,826	\$ 318,637,899
Plan fiduciary net position	92,331,851	77,035,957	19,597,643	73,503,424	37,194,855	299,663,730
Net pension liability (asset)	13,569,452	5,578,988	(1,521,515)	(3,686,727)	5,033,971	18,974,169
Plan fiduciary net position as a percentage of total pension liability (asset)	87.19%	93.25%	108.42%	105.28%	88.08%	94.05%

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Actuarial assumptions: The total pension liability (asset) was determined by an actuarial valuation as of July 1, 2016, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2017. There have been no significant changes between the valuation date and the fiscal year end.

	Police	Fire	Public Works	Municipal	Non-Union
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment rate of return	6.125%	6.125%	6.125%	6.125%	6.125%
Projected salary increases	Service related	Service related	Age related	Service related	Age related
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%

Mortality rates were based on the RP-2000 Mortality Table for Employees, Health Annuitants and Disabled Annuitants with a generational projection to the valuation date with Scale AA.

Assumed rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2016, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Arithmetic Real Return - Portfolio	Long-Term Expected Geometric Real Return Portfolio
US Core Fixed Income	2.66%	2.52%
US Inflation-Indexed Bonds	1.95%	1.81%
Non-US Bonds	1.60%	1.01%
US Equity Market	5.15%	3.81%
US Small Caps	6.11%	4.10%
Foreign Developed Equity	5.88%	4.20%
Emerging Markets Equity	8.14%	4.79%
US REITs	5.17%	3.28%
Private Real Estate Property	3.85%	3.13%
Hedge FOF Strategic	3.49%	2.88%
Assumed inflation - Mean	2.75%	2.75%
Assumed inflation - Standard Deviation	2.00%	2.00%
Portfolio Real Mean Return	4.62%	3.88%
Portfolio Nominal Mean Return	7.39%	6.72%
Portfolio Standard Deviation	-	12.10%
Long-Term Expected Rate of Return		6.125%

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability was 6.125%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Police			Fire		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Changes in the net pension liability:						
Balances at 6/30/16	\$ 100,712,936	\$ 82,438,322	\$ 18,274,614	\$ 79,913,995	\$ 67,882,779	\$ 12,031,216
Changes for the year:						
Service cost	1,931,161	-	1,931,161	1,884,855	-	1,884,855
Interest on total pension liability	6,135,821	-	6,135,821	4,916,008	-	4,916,008
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or losses	2,130,682	-	2,130,682	(978,566)	-	(978,566)
Benefit payments	(5,009,297)	(5,009,297)	-	(3,121,347)	(3,121,347)	-
Employer contributions	-	2,555,374	(2,555,374)	-	2,052,753	(2,052,753)
Member contributions	-	545,463	(545,463)	-	502,988	(502,988)
Net investment income	-	11,801,989	(11,801,989)	-	9,718,784	(9,718,784)
Net changes	5,188,367	9,893,529	(4,705,162)	2,700,950	9,153,178	(6,452,228)
Balances at 6/30/17	\$ 105,901,303	\$ 92,331,851	\$ 13,569,452	\$ 82,614,945	\$ 77,035,957	\$ 5,578,988

	Public Works			Municipal		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Changes in the net pension liability (asset):						
Balances at 6/30/16	\$ 17,384,245	\$ 17,470,488	\$ (86,243)	\$ 68,082,616	\$ 64,996,463	\$ 3,086,153
Changes for the year:						
Service cost	336,050	-	336,050	2,581,196	-	2,581,196
Interest on total pension liability	1,062,787	-	1,062,787	4,225,325	-	4,225,325
Effect of plan changes	-	-	-	(874,950)	-	(874,950)
Effect of economic/demographic gains or losses	41,508	-	41,508	(789,011)	-	(789,011)
Benefit payments	(748,462)	(748,462)	-	(3,408,479)	(3,408,479)	-
Employer contributions	-	226,536	(226,536)	-	1,943,110	(1,943,110)
Member contributions	-	148,079	(148,079)	-	666,936	(666,936)
Net investment income	-	2,501,002	(2,501,002)	-	9,305,394	(9,305,394)
Net changes	691,883	2,127,155	(1,435,272)	1,734,081	8,506,961	(6,772,880)
Balances at 6/30/17	\$ 18,076,128	\$ 19,597,643	\$ (1,521,515)	\$ 69,816,697	\$ 73,503,424	\$ (3,686,727)

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

	Non-Union		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes in the net pension liability:			
Balances at 6/30/16	\$ 41,491,990	\$ 32,896,308	\$ 8,595,682
Changes for the year:			
Service cost	853,074	-	853,074
Interest on total pension liability	2,523,306	-	2,523,306
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(308,458)	-	(308,458)
Benefit payments	(2,331,086)	(2,331,086)	-
Employer contributions	-	1,681,195	(1,681,195)
Member contributions	-	239,036	(239,036)
Net investment income	-	4,709,402	(4,709,402)
Net changes	736,836	4,298,547	(3,561,711)
Balances at 6/30/17	\$ 42,228,826	\$ 37,194,855	\$ 5,033,971

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.125%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

Net Pension Liability (Asset)	1% Decrease 5.125%	Current Discount Rate 6.125%	1% Increase 7.125%
Police	\$ 29,399,490	\$ 13,569,452	\$ 923,258
Fire	18,605,683	5,578,988	(4,584,600)
Public Works	776,258	(1,521,515)	(3,266,117)
Municipal	4,327,678	(3,686,727)	(10,508,742)
Non-Union	9,850,486	5,033,971	1,176,764

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

For the fiscal year ended June 30, 2017, the recognized pension expense is \$7,731,000. As of June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources					
	Police	Fire	Public Works	Municipal	Non-Union	Total
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	1,787,024	-	28,537	837,011	715,315	3,367,887
Total	\$ 1,787,024	\$ -	\$ 28,537	\$ 837,011	\$ 715,315	\$ 3,367,887

	Deferred Inflows of Resources					
	Police	Fire	Public Works	Municipal	Non-Union	Total
Net difference between projected and actual earnings on pension plan investments	\$ (1,452,330)	\$ (1,192,659)	\$ (297,358)	\$ (1,145,279)	\$ (567,596)	\$ (4,655,222)
Differences between expected and actual experience	(315,437)	(1,256,297)	(306,871)	(851,530)	(231,343)	(2,961,478)
Total	\$ (1,767,767)	\$ (2,448,956)	\$ (604,229)	\$ (1,996,809)	\$ (798,939)	\$ (7,616,700)

Net deferred outflows/ (inflows)	\$ 19,257	\$ (2,448,956)	\$ (575,692)	\$ (1,159,798)	\$ (83,624)	\$ (4,248,813)
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	Police	Fire	Public Works	Municipal	Non-Union	Total
Year ended June 30:						
2018	\$ 370,284	\$ (119,843)	\$ (225,456)	\$ 113,491	\$ 290,051	\$ 428,527
2019	370,282	(119,845)	5,014	113,490	269,160	638,101
2020	(83,008)	(489,954)	(66,780)	(240,346)	(101,414)	(981,502)
2021	(1,047,085)	(1,333,209)	(288,470)	(1,022,751)	(541,421)	(4,232,936)
2022	340,050	(180,312)	-	(62,987)	-	96,751
Thereafter*	68,734	(205,793)	-	(60,695)	-	(197,754)
Total	\$ 19,257	\$ (2,448,956)	\$ (575,692)	\$ (1,159,798)	\$ (83,624)	\$ (4,248,813)

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

Connecticut State Teachers' Retirement System: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the System.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town does not have any liability related to the System.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016, using the following key actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to year 2020 using BB improvement scales.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Arithmetic Real Return - Portfolio	Long-Term Expected Geometric Real Return Portfolio
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Fixed Income (Core)	7.00%	1.30%
Inflation Linked Bonds	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investment	8.00%	4.10%
Cash	6.00%	0.40%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 234,765,070	\$ 190,290,456	\$ 152,694,166

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$190,290,456 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

Economic Assumptions

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic Assumptions

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$20,752,000 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

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.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

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, 2015 for all participants including eligible Town, Library and certified and non-certified BOE employees.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Cost Method.

Membership in the plan consisted of the following at July 1, 2015, the date of the last actuarial valuations.

	Town	BOE Certified Employees	Total
Retirees and beneficiaries receiving benefits	459	52	511
Active plan members	546	458	1,004
Deferred members	4	-	4
Total	1,005	510	1,519

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.

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
July 1, 2015	\$ 35,981,000	\$ 115,510,000	\$ (79,529,000)	31.1%	76,009,000	105

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

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

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 Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 10,274,970	\$ 10,129,566	98.58%	\$ 20,728,104
6/30/2016	9,582,214	9,656,580	100.78%	20,582,700
6/30/2015	10,265,164	10,298,472	100.32%	20,728,104

OPEB Obligation

Annual required contribution	\$ 10,394,080
Interest on net OPEB obligation	1,260,690
Adjustment to annual required contribution	<u>(1,379,800)</u>
Annual OPEB cost	10,274,970
Contributions made	<u>(10,129,566)</u>
Increase in net OPEB liability	145,404
Net OPEB obligation, beginning of year	<u>20,582,700</u>
Net OPEB obligation, end of year	<u><u>\$ 20,728,104</u></u>

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:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method:	Level Percent
Amortization period	30 Years Decreasing

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Actuarial assumptions	
Discount rate	6.125%
Salary increase rate	Various
Inflation rate	2.70%
Health cost trend rates	Town average annual healthcare cost trend rates are assumed to be as follows:
Medical inflation rate	5.30% - 4.60%
Dental inflation rate	3.00%
Ultimate inflation rate	4.60%

Investments:

Investment policy: The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	14.79%

Net OPEB liability of the Town: The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

	Net OPEB Liability as of June 30, 2017	<u>OPEB Plan</u>
Total OPEB liability		\$ 131,754,758
Plan fiduciary net position		<u>52,563,763</u>
Net OPEB liability		<u><u>79,190,995</u></u>
Plan fiduciary net position as a percentage of total OPEB liability		39.90%

The \$79,190,995 will be recognized as a liability of July 1, 2017, when GASB Statement No. 75 takes effect.

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2016, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
US Core Fixed Income	10.00%	2.65%	2.52%
US Interim Bonds	8.00%	2.16%	2.05%
US Inflation-Indexed Bonds	5.00%	1.95%	1.81%
Large Cap US Equities	33.25%	4.86%	3.61%
US Small Growth	2.00%	7.07%	4.49%
US Small Value	2.00%	5.51%	3.71%
US Growth	5.25%	5.63%	4.01%
Global Equity	13.00%	5.51%	4.10%
Foreign Developed Equity	4.00%	5.88%	4.20%
Emerging Market Equity	8.00%	8.14%	4.79%
US REIT's	2.00%	5.17%	3.28%
Private Real Estate Property	7.50%	3.85%	3.13%
	100.00%		
Assumed Inflation - Mean		2.70%	2.70%
Assumed Inflation - Standard Deviation		1.89%	1.89%
Portfolio Real Mean Return		4.67%	3.88%
Portfolio Normal Mean Return		7.39%	6.67%
Portfolio - Standard Deviation			12.50%
Long -Term Expected Rate of Return			6.125%

Discount rate: The discount rate used to measure the total OPEB liability was 6.125%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Town of Westport, Connecticut

Notes to Financial Statements

Note 9. Employee Retirement Plans (Continued)

	1.0% Decrease 5.125%	Current Healthcare Cost Trend Rates 6.125%	1.0% Increase 7.125%
Net OPEB liability as of June 30, 2017	\$57,535,257	\$79,190,995	\$106,822,574

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability of the City, calculated using the discount rate of 6.125%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

	1% Decrease 5.125%	Current Discount Rate 6.125%	1% Increase 7.125%
Net OPEB Liability			
OPEB Plan	\$ 99,749,778	\$ 79,190,995	\$ 62,513,431

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. The Town plan included individual stop loss coverage for claims in excess of \$175,000 for the month of July 2017. Effective August 1, 2017, the Town contracted with Transamerica for its stop-loss coverage. Claims in excess of \$175,000 are covered by the stop-loss insurance. The Town no longer carries an individual stop loss provision nor does the Town have an Aggregate loss Stop Loss provision. 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.

The Town's approximate maximum exposure for the year ended June 30, 2017 was approximately \$7,785,000 of which approximately \$7,785,000 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.

Town of Westport, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

The Board of Education’s approximate maximum exposure for the year ended June 30, 2017 was approximately \$16,391,000 of which approximately \$15,337,000 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 out of pocket 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 \$1,172,218 for fiscal year 2017.

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

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:				
2017	\$ 1,262,274	\$ 9,323,017	\$ (8,783,923)	\$ 1,801,368
2016	1,198,816	10,489,688	(10,426,230)	1,262,274
Board of Education:				
2017	\$ 952,000	\$ 17,606,219	\$ (17,589,911)	\$ 968,308
2016	952,000	17,485,020	(17,485,020)	952,000

Town of Westport, Connecticut

Notes to Financial Statements

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2017:

Governmental funds:

Municipal Improvements Fund Phase II	\$ 1,689,643
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The Town anticipates financing the Governmental deficits in the funds through authorized bond issues/revenues and grants.

Town of Westport, Connecticut

Notes to Financial Statements

Note 12. Fund Balance

Below is a table of fund balance categories and classifications in accordance with GASB Statement No. 54 at June 30, 2017 for the Town governmental funds:

	General Fund	Sewer Operating Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds
Fund balances (deficits):				
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ -	\$ 16,897
Prepaid expenses	606,686	-	-	-
Total non-spendable	606,686	-	-	16,897
Restricted:				
General government	17,474	-	-	60,039
Debt service	-	-	-	1,225,189
Public safety	71,088	-	-	27,640
Public works- road improvements	23,886	-	-	495,382
Human services	279,668	-	-	-
Education	55,353	-	-	127,653
Parks and recreation	40,496	-	-	-
Total restricted	487,965	-	-	1,935,903
Committed:				
General government- insurance reserve and other road funds	151,149	-	-	1,685,356
Public safety- off duty fund	99,208	-	-	984,093
Parks and recreation	58,450	-	-	194,088
Capital projects	-	-	6,720,806	1,844,684
Railroad parking capital projects	-	-	-	226,781
Human services	-	-	-	19,769
Education- school projects	-	-	-	1,114,682
Sewer operations	-	1,675,955	-	-
Sewer capital projects	264,274	-	-	-
Sewer capital reserves	-	-	-	2,712,533
Total committed	573,081	1,675,955	6,720,806	8,781,986
Assigned:				
General government***	1,013,382	-	-	-
Public safety	60,872	-	-	-
Public works*	260,693	-	-	-
Education**	2,619,633	-	-	-
Parks and recreation	175,161	-	-	-
Human services	1,455	-	-	-
Future bond payments	1,238,000	-	-	-
Future Appropriations	4,250,000	-	-	-
Total assigned	9,619,196	-	-	-
Unassigned	26,062,008	-	-	(1,689,643)
Total fund balance	\$ 37,348,936	\$ 1,675,955	\$ 6,720,806	\$ 9,045,143

* All assigned funds related to public works for the related to encumbrances for ongoing Town road improvement projects.

** Included in the assigned funds related to education is approximately \$1.2 million in encumbrances for BOE operations.

*** Included in the assigned funds related to general government is approximately \$737,052 relating to Reserves for future Heart & Hypertension claims with remaining balance for encumbrances related to general government operations.

Town of Westport, Connecticut

Notes to Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements

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, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide: • Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. • Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. • Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Town of Westport, Connecticut

Notes to Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*. This Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Required Supplementary
Information - *unaudited***

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Town of Westport, Connecticut

**Required Supplementary Information - unaudited
Schedule of Investment Returns
Last Four Fiscal Years***

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income, for:				
Police	14.47%	-0.07%	3.33%	16.55%
Fire	14.35%	-0.07%	3.34%	16.51%
Public Works	14.47%	-0.07%	3.27%	16.51%
Municipal Interim	14.39%	-0.07%	3.30%	16.22%
Non-Union	14.47%	-0.07%	3.38%	16.13%
OPEB Plan	14.79%	n/a	n/a	n/a

*Note - This schedule is intended to show ten years of information. Additional information will be added as it become available.

Town of Westport, Connecticut

Required Supplementary Information – unaudited
 Schedule of Employer Contributions – Pension Trust Funds
 Last Ten Fiscal Years

	Schedule of Contributions -Police									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,691,004	\$ 2,725,575	\$ 2,841,811	\$ 2,793,151	\$ 2,297,852	\$ 2,312,683	\$ 1,922,000	\$ 1,239,465	\$ 815,000	\$ 792,258
Contributions in relation to the actuarially determined contribution	2,555,374	2,725,575	2,918,811	2,478,948	2,297,852	2,336,000	2,100,000	913,000	36,052	34,500
Contribution deficiency (excess)	\$ 135,630	\$ -	\$ (77,000)	\$ 314,203	\$ -	\$ (23,317)	\$ (178,000)	\$ 326,465	\$ 778,948	\$ 757,758
Covered-employee payroll	\$ 5,603,837	\$ 5,363,703	\$ 5,367,727	\$ 5,075,048	\$ 5,338,349	\$ 5,294,796	\$ 4,126,571	\$ 4,465,940	N/A	N/A
Contributions as a percentage of covered-employee payroll	45.60%	50.82%	54.38%	48.85%	43.04%	44.12%	50.89%	20.44%	N/A	N/A

	Schedule of Contributions -Fire									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,152,383	\$ 2,239,366	\$ 2,407,768	\$ 2,389,263	\$ 1,870,427	\$ 1,310,377	\$ 1,534,510	\$ 1,034,423	\$ 93,395	\$ 771,469
Contributions in relation to the actuarially determined contribution	2,052,753	2,239,366	2,407,768	1,962,573	1,870,427	1,946,736	1,675,000	895,000	143,738	95,625
Contribution deficiency (excess)	\$ 99,630	\$ -	\$ -	\$ 426,690	\$ -	\$ (636,359)	\$ (140,490)	\$ 139,423	\$ (50,343)	\$ 675,844
Covered-employee payroll	\$ 5,256,316	\$ 5,140,048	\$ 5,184,152	\$ 5,075,235	\$ 4,655,430	\$ 4,641,204	\$ 3,817,411	\$ 4,413,566	N/A	N/A
Contributions as a percentage of covered-employee payroll	39.05%	43.57%	46.44%	38.67%	40.18%	41.94%	43.88%	20.28%	N/A	N/A

(Continued)

Town of Westport, Connecticut

Required Supplementary Information – unaudited
 Schedule of Employer Contributions – Pension Trust Funds (Continued)
 Last Ten Fiscal Years

	Schedule of Contributions - Public Works									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 184,442	\$ 247,130	\$ 446,200	\$ 410,976	\$ 406,370	\$ 362,891	\$ 378,249	\$ 243,485	\$ 123,709	\$ 118,381
Contributions in relation to the actuarially determined contribution	226,536	247,130	405,720	453,170	406,370	337,000	365,000	124,000	49,234	53,958
Contribution deficiency (excess)	\$ (42,094)	\$ -	\$ 40,480	\$ (42,194)	\$ -	\$ 25,891	\$ 13,249	\$ 119,485	\$ 74,475	\$ 64,423
Covered-employee payroll	\$ 1,611,537	\$ 1,698,394	\$ 1,770,145	\$ 1,732,762	\$ 1,810,736	\$ 1,671,941	\$ 1,701,718	\$ 1,790,720	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.06%	14.55%	22.92%	26.15%	22.44%	20.16%	21.45%	6.92%	N/A	N/A

	Schedule of Contributions - Municipal Interim									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,117,516	\$ 2,099,055	\$ 2,262,664	\$ 2,090,487	\$ 2,024,016	\$ 1,762,414	\$ 1,619,892	\$ 1,051,966	\$ 607,323	\$ 581,171
Contributions in relation to the actuarially determined contribution	1,943,110	2,099,055	2,241,723	2,234,564	2,024,016	2,000,000	1,650,000	771,320	197,947	201,368
Contribution deficiency (excess)	\$ 174,406	\$ -	\$ 20,941	\$ (144,077)	\$ -	\$ (237,586)	\$ (30,108)	\$ 280,646	\$ 409,376	\$ 379,803
Covered-employee payroll	\$ 15,833,087	\$ 15,392,017	\$ 16,035,051	\$ 14,938,949	\$ 15,077,809	\$ 14,775,146	\$ 15,018,198	\$ 15,556,333	N/A	N/A
Contributions as a percentage of covered-employee payroll	12.27%	13.64%	13.98%	14.96%	13.42%	13.54%	10.99%	4.96%	N/A	N/A

(Continued)

Town of Westport, Connecticut

Required Supplementary Information – unaudited
 Schedule of Employer Contributions – Pension Trust Funds (Continued)
 Last Ten Fiscal Years

	Schedule of Contributions - Non-Union									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 1,313,623	\$ 1,416,354	\$ 1,470,807	\$ 1,373,057	\$ 1,195,432	\$ 2,005,359	\$ 2,143,607	\$ 1,698,683	\$ 1,376,191	\$ 1,316,929
Contributions in relation to the actuarially determined contribution	1,681,195	1,416,354	1,556,428	2,505,548	1,195,432	2,442,123	2,250,000	1,340,937	472,006	496,850
Contribution deficiency (excess)	\$ (367,572)	\$ -	\$ (85,621)	\$ (1,132,491)	\$ -	\$ (436,764)	\$ (106,393)	\$ 357,746	\$ 904,185	\$ 820,079
Covered-employee payroll	\$ 6,222,001	\$ 6,729,260	\$ 6,818,264	\$ 6,587,342	\$ 6,670,562	\$ 6,561,689	\$ 6,608,618	\$ 6,825,610	N/A	N/A
Contributions as a percentage of covered-employee payroll	27.02%	21.05%	22.83%	38.04%	17.92%	37.22%	34.05%	19.65%	N/A	N/A

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Town of Westport, Connecticut

**Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension (Asset) Liability and Related Ratios
Last Four Fiscal Years***

Changes in Net Pension Liability (Asset)	Police				Fire			
	2017	2016	2015	2014	2017	2016	2015	2014
Total pension liability (asset):								
Service cost	\$ 1,931	\$ 2,026	\$ 1,920	\$ 1,917	\$ 1,885	\$ 1,844	\$ 1,837	\$ 1,909
Interest on total pension liability (asset)	6,136	5,940	5,736	5,560	4,916	4,696	4,492	4,336
Effect of plan changes	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	2,130	(75)	(511)	(505)	(979)	(99)	(559)	(463)
Effect of assumption changes or inputs	-	-	-	-	-	-	-	-
Benefit payments	(5,009)	(4,341)	(3,934)	(3,707)	(3,121)	(2,846)	(2,855)	(2,489)
Net change in total pension liability (asset)	5,188	3,550	3,211	3,265	2,701	3,595	2,915	3,293
Total pension liability, beginning	100,713	97,163	93,952	90,687	79,914	76,319	73,404	70,111
Total pension liability (asset), ending (a)	105,901	100,713	97,163	93,952	82,615	79,914	76,319	73,404
Fiduciary net position:								
Employer contributions	2,555	2,726	2,919	2,479	2,053	2,239	2,408	1,963
Member contributions	545	553	555	542	503	489	496	482
Investment income net of investment expenses	11,803	(59)	2,716	11,607	9,718	(47)	2,195	9,321
Benefit payments	(5,009)	(4,341)	(3,934)	(3,707)	(3,121)	(2,846)	(2,856)	(2,489)
Administrative expenses	-	(179)	(179)	-	-	(146)	(145)	-
Net change in plan fiduciary net position	9,894	(1,300)	2,077	10,921	9,153	(311)	2,098	9,277
Fiduciary net position, beginning	82,438	83,738	81,661	70,740	67,883	68,194	66,096	56,819
Fiduciary net position, ending (b)	92,332	82,438	83,738	81,661	77,036	67,883	68,194	66,096
Net pension liability asset, ending = (a) - (b)	\$ 13,569	\$ 18,275	\$ 13,425	\$ 12,291	\$ 5,579	\$ 12,031	\$ 8,125	\$ 7,308
Fiduciary net position as a % of total pension liability	87.19%	81.85%	86.18%	86.92%	93.25%	84.95%	89.35%	90.04%
Covered payroll	\$ 5,604	\$ 5,364	\$ 5,368	\$ 5,075	\$ 5,256	\$ 5,140	\$ 5,184	\$ 5,075
Net pension liability (asset) as a % of covered payroll	242.13%	340.70%	250.09%	242.19%	106.15%	234.07%	156.73%	144.00%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

Public Works				Municipal Interim				Non-Union			
2017	2016	2015	2014	2017	2016	2015	2014	2017	2016	2015	2014
\$ 336	\$ 341	\$ 347	\$ 390	\$ 2,581	\$ 2,504	\$ 2,445	\$ 2,558	\$ 853	\$ 975	\$ 1,099	\$ 1,090
1,063	1,025	1,008	1,093	4,225	4,019	3,754	3,544	2,523	2,459	2,334	2,209
-	-	(1,350)	-	(875)	-	-	-	-	-	-	-
41	(268)	(833)	(61)	(789)	1,226	(342)	439	(308)	949	501	(198)
-	-	-	-	-	-	-	-	-	-	-	-
(748)	(755)	(662)	(688)	(3,408)	(3,073)	(2,896)	(2,741)	(2,331)	(2,191)	(1,816)	(1,731)
692	343	(1,490)	734	1,734	4,676	2,961	3,800	737	2,192	2,118	1,370
17,384	17,041	18,531	17,797	68,082	63,406	60,445	56,645	41,492	39,300	37,182	35,812
18,076	17,384	17,041	18,531	69,816	68,082	63,406	60,445	42,229	41,492	39,300	37,182
227	247	406	453	1,943	2,099	2,242	2,235	1,681	1,416	1,556	2,506
148	155	148	155	667	661	649	624	239	245	273	281
2,501	(13)	567	2,474	9,305	(46)	2,117	8,941	4,710	(23)	1,081	4,435
(748)	(755)	(662)	(688)	(3,408)	(3,073)	(2,897)	(2,741)	(2,331)	(2,191)	(1,816)	(1,731)
-	(38)	(39)	-	-	(139)	(139)	-	-	(71)	(71)	-
2,128	(404)	420	2,394	8,507	(498)	1,972	9,059	4,299	(624)	1,023	5,491
17,470	17,874	17,454	15,060	64,996	65,494	63,522	54,463	32,896	33,520	32,497	27,006
19,598	17,470	17,874	17,454	73,503	64,996	65,494	63,522	37,195	32,896	33,520	32,497
\$ (1,522)	\$ (86)	\$ (833)	\$ 1,077	\$ (3,687)	\$ 3,086	\$ (2,088)	\$ (3,077)	\$ 5,034	\$ 8,596	\$ 5,780	\$ 4,685
108.42%	100.49%	104.89%	94.19%	105.28%	95.47%	103.29%	105.09%	88.08%	79.28%	85.29%	87.40%
\$ 1,612	\$ 1,698	\$ 1,770	\$ 1,791	\$ 15,833	\$ 15,392	\$ 16,035	\$ 14,939	\$ 6,222	\$ 6,729	\$ 6,818	\$ 6,587
-94.42%	-5.06%	-47.06%	60.13%	-23.29%	20.05%	-13.02%	-20.60%	80.91%	127.75%	84.78%	71.12%

Town of Westport, Connecticut

**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability -
Teachers' Retirement System
Last Three Fiscal Years***

	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	190,290,456	149,932,102	138,582,181
Town's covered-employee payroll	55,104,098	55,730,568	52,518,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

* Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

Town of Westport, Connecticut

Schedules of Funding Progress and Employer Contributions - OPEB
June 30, 2017

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)
July 1, 2012	11,575,000	117,580,000	(106,005,000)	9.84%	N/A	N/A
July 1, 2013	17,830,000	107,539,000	(89,709,000)	16.58%	N/A	N/A
July 1, 2014	28,241,000	105,370,000	(77,129,000)	26.80%	N/A	N/A
July 1, 2015	35,981,000	115,510,000	(79,529,000)	31.15%	\$ 76,009,000	104.60%

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 10,394,080	\$ 10,129,566	97.46%
2016	9,656,580	9,656,580	100.00%
2015	10,298,472	10,298,472	100.00%
2014	11,797,000	11,076,700	93.89%
2013	10,666,000	9,119,626	85.50%
2012	9,930,000	8,755,000	88.17%
2011	9,013,000	6,080,000	67.46%
2010	7,614,000	3,699,999	48.60%
2009	7,064,000	4,847,000	68.61%
2008	9,613,000	1,999,999	20.80%

Town of Westport, Connecticut

Required Supplementary Information - unaudited
 Schedule of Contributions - OPEB Plan
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 10,394,080	\$ 9,656,580	\$ 10,298,472	\$ 11,797,000	\$ 10,666,000	\$ 9,930,000	\$ 9,013,000	\$ 7,614,000	\$ 7,064,000	\$ 9,613,000
Contributions in relation to the actuarially determined contribution	10,129,566	9,656,580	10,298,472	11,101,000	9,119,626	8,755,000	6,080,000	3,699,000	4,847,000	1,999,000
Contribution deficiency (excess)	\$ 264,514	\$ -	\$ -	\$ 696,000	\$ 1,546,374	\$ 1,175,000	\$ 2,933,000	\$ 3,915,000	\$ 2,217,000	\$ 7,614,000
Covered-employee payroll	\$ 76,009,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered-employee payroll	13.33%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Town of Westport, Connecticut

Required Supplementary Information - unaudited
 Schedule of Changes in the Town's OPEB Liability and Related Ratios
 Last Fiscal Year*

	OPEB Plan (in thousands)
Changes in Net OPEB Liability	2017
Total pension liability:	
Service cost	\$ 5,063
Interest	7,733
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(4,446)
Net change in total OPEB liability	8,350
Total pension liability, beginning	123,405
Total OPEB liability, ending (a)	131,755
Fiduciary net position:	
Employer contributions	10,130
Member contributions	-
Investment (loss) income net of investment expenses	6,379
Benefit payments, including refunds of member contributions	(4,446)
Administrative expenses	-
Other	-
Net change in plan fiduciary net position	12,063
Fiduciary net position, beginning	40,501
Fiduciary net position, ending (b)	52,564
Net OPEB liability, ending = (a) - (b)	\$ 79,191
Fiduciary net position as a % of total OPEB liability	39.90%
Covered payroll	\$ 76,009
Net OPEB liability as a % of covered payroll	104.19%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

Town of Westport, Connecticut
Required Supplementary Information - unaudited

**Statement of Revenues, Expenditures and Encumbrances - Budgetary Basis -
Budget and Actual - General Fund and Sewer Operating Fund
For the Year Ended June 30, 2017**

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 181,870,719	\$ 181,870,719	\$ 183,408,351	\$ 1,537,632
Education	2,423,133	2,423,133	852,893	(1,570,240)
Parks and recreation	5,227,524	5,227,524	5,106,777	(120,747)
Income from investments	125,000	125,000	91,830	(33,170)
Intergovernmental	941,960	941,960	1,185,479	243,519
Permits, fees and other	8,575,677	8,575,677	9,852,680	1,277,003
Total revenues	199,164,013	199,164,013	200,498,010	1,333,997
Expenditures:				
General government	5,882,779	6,007,924	5,738,845	269,079
Public safety and protection	20,281,725	20,501,510	20,480,555	20,955
Public works	9,418,217	9,577,101	9,267,983	309,118
Public health	547,789	547,789	547,789	-
Human services	1,112,115	1,121,226	1,077,907	43,319
Education	124,532,970	124,606,562	123,991,668	614,894
Library	4,755,561	4,755,561	4,755,561	-
Parks and recreation	5,087,136	5,161,268	4,857,430	303,838
Other	27,124,679	27,072,221	25,364,194	1,708,027
Debt service	2,827,567	2,894,567	2,870,120	-
Capital outlay	1,081,200	1,158,204	1,109,855	48,349
Total expenditures	202,651,738	203,403,933	200,061,907	3,342,026
Excess deficiency of revenues over (under) expenditures	(3,487,725)	(4,239,920)	436,103	4,676,023
Other financing sources (uses):				
Transfers in	437,000	437,000	437,056	56
Transfers out	(1,908,136)	(1,908,136)	(2,256,229)	(348,093)
Total other financing sources (uses)	(1,471,136)	(1,471,136)	(1,819,173)	(348,037)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (4,958,861)	\$ (5,711,056)	\$ (1,383,070)	\$ 4,327,986

See Note to Required Supplementary Information.

Sewer Operating Fund

Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,095,000	5,095,000	4,487,463	(607,537)
<u>5,095,000</u>	<u>5,095,000</u>	<u>4,487,463</u>	<u>(607,537)</u>
-	-	-	-
-	-	-	-
2,246,861	2,269,146	2,192,871	76,275
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,532,768	2,532,768	2,479,325	53,443
-	-	-	-
<u>4,779,629</u>	<u>4,801,914</u>	<u>4,672,196</u>	<u>129,718</u>
<u>315,371</u>	<u>293,086</u>	<u>(184,733)</u>	<u>(477,819)</u>
383,136	383,136	383,136	-
-	-	-	-
<u>383,136</u>	<u>383,136</u>	<u>383,136</u>	<u>-</u>
<u>\$ 698,507</u>	<u>\$ 676,222</u>	<u>\$ 198,403</u>	<u>\$ (477,819)</u>

Town of Westport, Connecticut

Note to Required Supplementary Information

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, 2017 aggregated approximately \$752,193 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

Note 1. Budgets and Budgetary Accounting

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	\$ 239,160,937	\$ 240,712,756	\$ 4,672,196
Special Revenue Funds rolled into the General Fund	(4,873,365)	(4,381,445)	-
State Teachers' Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(20,752,000)	(20,752,000)	-
Issuance of refunding bonds	(11,875,000)	(133,149)	-
Payment to escrow agent	-	(12,467,357)	-
Bond premium	(725,506)	-	-
Encumbrances:			
June 30, 2016	-	(2,914,746)	(8,093)
June 30, 2017	-	1,993,517	6,976
Continued in force:			
June 30, 2016	-	(367,159)	(36,248)
June 30, 2017	-	627,719	37,365
Balance, budgetary basis	<u>\$ 200,935,066</u>	<u>\$ 202,318,136</u>	<u>\$ 4,672,196</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.

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.

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Appendix B

Form of Opinion of Bond Counsel

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FORM OF OPINION OF BOND COUNSEL

June __, 2018

Town of Westport
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 \$16,135,000 General Obligation Bonds, Issue of 2018, dated June __, 2018 (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 June __, 2018 (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 with respect to matters affecting the status of interest paid on the Bonds, and (ii) continuing compliance by the Town with the procedures and covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, (i) interest on the Bonds is not included in gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018, such interest is taken into account in computing the corporation's federal alternative minimum tax liability. 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 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 in the case of 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 June __, 2018 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.

Although we have rendered an opinion that interest on the Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

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
\$16,135,000 Town of Westport, Connecticut
General Obligation Bonds, Issue of 2018
dated June __, 2018**

This Continuing Disclosure Agreement (“Agreement”) is made as of June __, 2018, by the Town of Westport, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$16,135,000 General Obligation Bonds, Issue of 2018, dated June __, 2018 (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 June __, 2018 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 the MSRB 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 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: _____
James S. Marpe, First Selectman

By: _____
Gary G. Conrad, Finance Director

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Appendix D

Notice of Sale

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NOTICE OF SALE

TOWN OF WESTPORT, CONNECTICUT
\$16,135,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018
BOOK-ENTRY ONLY
(the “Bonds”)

ELECTRONIC BIDS via *PARITY*® will be received by the **TOWN OF WESTPORT, CONNECTICUT** (the “Town”) at the Office of the First Selectman, Town Hall, 110 Myrtle Avenue, Westport, Connecticut 06880, until **11:30 A.M. (EDT), TUESDAY**

JUNE 12, 2018

(the “Bid Date”) for the purchase of all (but not less than all) of \$16,135,000 General Obligation Bonds, Issue of 2018, of the Town (the “Bonds”), when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, which mature on June 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$800,000	2029	\$800,000
2020	\$800,000	2030	\$815,000
2021	\$800,000	2031	\$815,000
2022	\$800,000	2032	\$815,000
2023	\$800,000	2033	\$815,000
2024	\$800,000	2034	\$815,000
2025	\$800,000	2035	\$815,000
2026	\$800,000	2036	\$815,000
2027	\$800,000	2037	\$815,000
2028	\$800,000	2038	\$815,000

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes, as amended. The Bonds will be dated the date of delivery, with interest payable on December 15, 2018 and semiannually thereafter on each June 15 and December 15 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated May 31, 2018.

Optional Redemption

The Bonds maturing on or before June 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing June 15, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after June 15, 2023, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
June 15, 2023 and thereafter	100%

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a 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.

Ratings

The Town has applied to Moody's Investors Service for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the rating agency or will be posted through the facilities of *PARITY*[®] prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated May 31, 2018, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser 50 copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such

event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder'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 for the Bonds.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**[®], in accordance with this Notice of Sale, until 11:30 A.M. (EDT) on Tuesday, June 12, 2018, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**[®], including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**[®] is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Rule") because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Notice of Sale.

By submitting a bid, each bidder is certifying that (i) it is an underwriter with an established industry reputation for underwriting municipal bonds, and (ii) its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the Competitive Sale Rule, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds. Phoenix Advisors will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies

the winning bidder of the award of the Bonds. Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the Competitive Sale Rule is not satisfied, the Town shall treat the first price at which 10% of a maturity of the Bonds (the "Actual Sale Rule") is sold to the Public as the issue price of that maturity. In such event, the winning bidder shall promptly advise the Town if the Bonds satisfy the Actual Sale Rule as of the Bid Date.

To satisfy the Actual Sale Rule for the Bonds, the winning bidder:

- (1) will make a bona fide offering to the Public of all of the Bonds at the Initial Offering Price and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (2) will report to the Town information regarding the actual prices at which at least 10% of each maturity of the Bonds have been sold to the Public,
- (3) will provide the Town with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Bonds, will continue until such date that 10% of each maturity of the Bonds has been sold to the Public at such sale price, and
- (4) has or will include within any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, language obligating each Underwriter to comply with the reporting requirement described above.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (2) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (4) *Underwriter* means (i) winning bidder, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost (“TIC”) to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 21, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder’s proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (EDT) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Bonds will not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York (“DTC”) or its agent via Fast Automated Securities Transfer (“FAST”) on or about June 21, 2018 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be

responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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 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 authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of October and April in each year, or the preceding business day, if such last day is not a business day).

Additional Information

For more information regarding the Bonds and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

JAMES S. MARPE
First Selectman

GARY G. CONRAD
Director of Finance

May 31, 2018