

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING JUNE 30, 2010

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2010

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Malloy, Lynch, Bienvenue, LLP

Certified Public Accountants & Advisors

99 Longwater Circle, Suite 200, Norwell, MA 02061
Telephone (781) 871-5850 Fax (781) 871-5840

9 Baystate Court, Brewster, MA 02631
Telephone (508) 255-2240 Fax (508) 255-2351
Internet: www.mlbcpa.net

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of East Bridgewater, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Bridgewater, Massachusetts' management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2010, on our consideration of the Town of East Bridgewater, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule and the schedule of funding progress on the accompanying pages 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.

Malloy Lynch, Bienvenue LLP
March 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis June 30, 2010

As management of the Town of East Bridgewater, Massachusetts (the Town), we offer readers of the of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2010.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38.5 million (net assets). Of this amount, approximately \$8.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The total cost of all Town services for fiscal year 2010 was \$47.4 million.
- As of the end of the current fiscal year, unreserved fund balance for the general fund was \$1,667,348 or approximately 4.1% of general fund expenditures.

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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) budgetary comparison statements, and 4) notes to financial statements.

Government-Wide 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.

Statement of Net Assets: The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The reader should consider other non-financial factors, such as the condition of the Town's infrastructure and changes to the property tax base, in order to assess the overall health of the Town.

Statement of Activities: The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes, or earned but unused sick and vacation time). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the government wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges. The governmental activities of the Town include the broad functions of general government, public safety, education, public works, health and human services, culture and recreation, and the major services provided within each functional category.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

Fund Financial Statements

A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities, the Town uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements. All of the Town funds can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near term inflows and outflows of resources to be spent. The focus is also on the balances left at the end of the fiscal year available for spending. This information is useful in evaluating the Town's near term financing requirements. This approach is the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

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. This comparison will assist the reader in understanding the long-term impact of the government's near term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate the comparison. The reconciliation is presented on the page immediately following the governmental funds financial statements.

The Town maintains several governmental funds. Of the funds three (3) are considered major funds (general fund, stabilization fund, and septic loan repayment fund) and are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are aggregated and shown as other governmental funds.

The basic governmental fund financial statements can be found on the accompanying pages of this report.

Proprietary Funds: Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. These funds measure economic resources using the full accrual basis of accounting. The Town maintains two types of proprietary funds.

Enterprise funds are used to report activities that the government operates more like a business. These activities become the government's business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and solid waste activities.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the Town's functions and activities. The full accrual basis of accounting is used for fiduciary funds.

The fiduciary fund financial statements provide separate information for private purpose trust funds and agency funds. The fiduciary fund financial statements can be found on the accompanying pages of this report.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

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 the accompanying pages of this report.

Government Wide Financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of East Bridgewater, assets exceeded liabilities by \$29.0 and \$9.5 million for the governmental and business-type activities, respectively at the close of the most recent fiscal year as demonstrated in the following tables.

	FY 2010	FY 2009
	Governmental	Governmental
	Activities	Activities
Current assets	\$ 18,984,215	\$ 20,847,893
Capital assets	30,024,380	30,375,709
Total assets	<u>\$ 49,008,595</u>	<u>\$ 51,223,602</u>
Current liabilities	\$ 4,432,402	\$ 5,172,217
Long-term liabilities	15,564,936	15,473,097
Total liabilities	<u>19,997,338</u>	<u>20,645,314</u>
Net assets:		
Capital assets, net of related debt	19,431,401	18,798,286
Restricted	5,241,680	5,401,021
Unrestricted	<u>4,338,176</u>	<u>6,378,981</u>
Total net assets	<u>\$ 29,011,257</u>	<u>\$ 30,578,288</u>

Included within the governmental activity current assets, unrelated to capital assets, are \$3,182,222 in cash, \$6,613,096 in investments, \$9,161,826 in receivables, net of allowances for uncollectible accounts and \$27,071 due from agency funds. Receivables consist primarily of approximately \$1.5 million of sewer betterment, \$3.8 million of property taxes, excise, charges for services and other, and \$3.9 million of intergovernmental receivables. Intergovernmental receivables include state highway construction grants, veteran benefit receivable, school building assistance reimbursement and other federal and state town and school grants.

Governmental activity long-term liabilities include \$11.4 million in general obligation bonds, of which approximately \$1.6 million has been classified as current because it is due within fiscal year 2011. Long-term liabilities also include \$1.3 million for compensated absences, \$3.9 million for other post employment benefits, \$0.5 million for landfill closure and monitoring liability, and \$0.1 million for capital leases.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

	FY 2010	FY 2009	
	Business-type <u>Activities</u>	Business-type <u>Activities</u>	Percent <u>Change</u>
Current assets	\$ 5,052,164	\$ 5,608,571	-9.9%
Capital assets	18,578,276	17,096,999	8.7%
Total assets	<u>\$ 23,630,440</u>	<u>\$ 22,705,570</u>	4.1%
Current liabilities	\$ 5,001,735	\$ 3,640,423	37.4%
Long-term liabilities	9,094,746	9,569,710	-5.0%
Total liabilities	14,096,481	13,210,133	6.7%
Net assets:			
Capital assets, net of related debt	5,043,562	7,880,515	-36.0%
Unrestricted	4,490,397	1,614,922	178.1%
Total net assets	<u>\$ 9,533,959</u>	<u>\$ 9,495,437</u>	0.4%

The largest portion of the Town's total net assets \$24.5 million (63.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets, \$5.2 million (13.6%) represents resources that are subject to restrictions placed on how they may be used. The remaining balance of unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors, is \$8.8 million (22.9%) of total net assets.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets.

The Town's governmental activities' net assets decreased by \$1,567,031 and business-type activities' net assets increased by \$38,522 during fiscal 2010. A summary of revenues and major functional expenditures is presented below.

Revenues:

- ◆ Property taxes represent approximately 47% of the Town's governmental activities revenue. Property tax growth represents a combination of an annual increase, allowed in the levy under Proposition 2 ½, and new growth.
- ◆ Operating grants and contributions make up the second largest governmental activities' revenue representing nearly 38% of the Town's total revenue. The largest proportion of this revenue, nearly \$11.9 million represents Chapter 70 school aid and other educational grants received from the Commonwealth and federal government.
- ◆ Charges for services represent approximately 6.9% of the Town's governmental activities' total revenue. The Town's governmental activities include human services charges for services (septic betterments) of approximately \$271,000, public safety charges for services (ambulance) of \$585,000, education charges for services of \$1,263,000 and various other charges for services of \$860,000.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

- ◆ Charges for services for the Town's business-type activities of \$2,640,730, represent 5.8% of total Town revenue. Charges for services related to the water fund and solid waste fund are \$2,153,791 and \$486,939 respectively.

Expenses:

- ◆ Employee benefit costs rose approximately 13.5% due to rising health insurance costs.
- ◆ Business-type activities' operational expenses increased remained fairly constant from prior year.

Governmental activities:

Summary of Schedule of Governmental Activities For the Years Ended June 30, 2010 and 2009

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>% Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 2,979,171	\$ 2,383,475	25.0%
Operating grants and contributions	16,384,623	16,591,171	-1.2%
Capital grants and contributions	<u>153,064</u>	<u>285,072</u>	-46.3%
Total program revenues	19,516,858	19,259,718	1.3%
General Revenues:			
Property taxes levied	20,434,178	19,172,468	6.6%
Excise taxes	1,337,256	1,330,622	0.5%
Penalties and interest on taxes	274,563	172,112	59.5%
Grants and contributions not restricted	1,438,264	1,736,690	-17.2%
Investment income	194,347	227,909	-14.7%
Miscellaneous	<u>35,543</u>	<u>318,381</u>	-88.8%
Total general revenues	23,714,151	22,958,182	3.3%
Total Revenues	43,231,009	42,217,900	2.4%
Expenses:			
General government	15,036,586	14,002,818	7.4%
Public safety	4,523,571	4,710,544	-4.0%
Education	21,002,484	21,529,350	-2.4%
Public works	2,276,542	2,403,917	-5.3%
Health and human services	674,705	600,818	12.3%
Culture and recreation	501,633	631,455	-20.6%
Interest	513,004	498,828	2.8%
State and county charges	<u>269,515</u>	<u>268,213</u>	0.5%
Total Expenses	44,798,040	44,645,943	0.3%
Transfers:			
Transfer to water enterprise fund		(50,000)	-100.0%
Transfer from solid waste fund		<u>768</u>	100.0%
Changes in net assets	\$ (1,567,031)	\$ (2,477,275)	-36.7%

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

Business-type activities:

	FY 2010 Business-type Activities	FY 2009 Business-type Activities	% Change
Operating revenues:			
Charge for services/departamental and other	\$ 2,640,730	\$ 2,766,873	-4.6%
Total operating revenues	2,640,730	2,766,873	-4.6%
Expenses:			
Salaries and wages	525,504	526,816	-0.2%
Operating expenses	1,449,281	1,485,829	-2.5%
Depreciation	458,999	469,197	-2.2%
Total operating expenses	2,433,784	2,481,842	-1.9%
Operating Income (Loss)	206,946	285,031	-27.4%
Non-operating income (expense)			
Investment income	12,281	71,931	-82.9%
Interest expense	(180,705)	(230,413)	-21.6%
Total non-operating revenue (expense), net	(168,424)	(158,482)	6.3%
Transfers:			
Transfer from special revenue fund		50,000	100.0%
Transfer to general fund		(768)	-100.0%
Changes in net assets	\$ 38,522	\$ 175,781	-78.1%

Financial Analysis of the Government's Fund Financial Statements

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 financial requirements. In particular, unreserved 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 June 30, 2010 and 2009, the Town's governmental funds reported combined ending fund balances of \$7,438,808 and \$7,382,557, an increase of \$56,251 and a decrease of \$1,684,209 in 2010 and 2009 respectively. As of June 30, 2010 and 2009, approximately \$6.9 and \$6.7 million constitutes unreserved fund balance, of this amount \$800,000 and \$1,386,200 has been appropriated for the next fiscal year, respectively. The remainder of the fund balance is reserved to indicate it is not available for new spending because it has already been committed to liquidate contracts; continued appropriations for capital outlay and improvement purposes; non-current loans receivable and non expendable permanent fund balances.

The general fund is the chief operating fund of the Town. At June 30, 2010 and 2009, unreserved fund balance of the general fund is \$1,667,348 and \$1,568,536 respectively. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.1% and 4.1% of total general fund expenditures, while total fund balance represents 5.3% and 5.8% at June 30, 2010 and 2009, respectively.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. During 2002, the Government Finance Officers Association (GFOA) issued a recommendation that at a minimum, general purpose governments, regardless of size maintain unreserved fund balance in their general fund of no less than five to fifteen percent of regular general fund operating revenues, or no less than one to two months' of regular general fund operating expenditures. As of June 30, 2010 and 2009, the Town's unreserved fund balance is 4.2% and 4.1% of the general fund operating revenues.

The total general fund balance of the Town decreased by \$107,564 or 4.8% during 2010 and decreased by \$1,047,429 or 31.8% during 2009. For 2010, general fund expenditures increased approximately 4.7% and revenues increased approximately 5.0%. Net transfers for 2010 resulted in a net transfer in of \$518,215. Net transfers for 2009 resulted in a net transfer out to other funds of \$336,125.

Property tax growth represents a combination of the annual increase allowed in the levy by proposition 2 ½ and new growth. The Town's total levy grew 4.2% and 4.6% in 2010 and 2009 (including new growth), not maximizing the allowable under proposition 2 ½.

General Fund Budgetary Highlights

The difference between the original budget of \$36,712,406 and the final budget of \$36,423,230 is due to approximately \$184,000 of additional appropriations at special Town meetings, less approximately \$473,000 in encumbrances being carried over to the subsequent fiscal year.

The Town incurred snow and ice deficits in the amount of approximately \$299,000, contributing to the over expenditure in public works appropriations. This amount is included as a general fund unreserved fund balance to be raised on the fiscal 2011 tax rate recapitulation sheet.

Capital Asset and Debt Administration

Governmental Activities

Capital Assets: The Town's investment in capital assets for governmental activities as of June 30, 2010 and 2009 amounts to \$30,024,380 and \$30,375,709 which is net of accumulated depreciation of \$41,152,650 and \$39,532,782. The investment in capital assets includes land; buildings; improvements; machinery and equipment and infrastructure.

The table below represents a summary of the Town's capital assets by category (in millions):

	Governmental Activities	
	2010	2009
Land	\$ 4.9	\$ 4.9
Construction in progress	0.2	
Works of art and historical treasures	0.1	0.1
Buildings and improvements	9.0	9.4
Machinery and equipment	2.2	2.3
Infrastructure	13.6	13.7
	<u>\$ 30.0</u>	<u>\$ 30.4</u>

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

Capital asset events during 2010 include the following:

- Improvements to town roads
- Purchase of an ambulance
- Purchase of a police cruiser
- Sachem rock construction project
- School security cameras

Capital asset events during 2009 include the following:

- Improvements to town roads
- Purchase of a fire department vehicles
- Purchase of a police cruiser
- School information technology and security improvements

Business-type Activities

Capital Assets: The Town's investment in capital assets for business-type activities as of June 30, 2010 and 2009 amounts to \$18,578,276 and \$17,096,999 which is net of accumulated depreciation of \$8,168,920 and \$7,709,921. The investment in capital assets includes land; buildings; improvements; machinery and equipment and infrastructure.

The table below represents a summary of the Town's business-type activities capital assets by category (in millions):

	Business-type Activities	
	<u>2010</u>	<u>2009</u>
Land	\$ 0.19	\$ 0.19
Construction in progress	1.94	
Buildings and improvements	0.53	0.56
Machinery and equipment	0.01	0.02
Infrastructure (mains, wells, tanks, meters, valves)	15.90	16.32
	<u>\$ 18.57</u>	<u>\$ 17.09</u>

Capital asset events during 2010 include the following:

- Construction of water filtration system

Capital asset events during 2009 include the following:

- Construction of water filtration system

Long Term Debt

Governmental Activities

At June 30, 2010 and 2009, the Town's governmental activities had total bonded debt outstanding of \$11,384,901 and \$13,005,240, respectively. This debt is a general obligation of the Town's governmental activities.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2010

The Town's governmental activities had short-term notes of \$1,481,000 at June 30, 2010 and \$1,431,000 at June 30, 2009. Current year short-term debt consisted of borrowing \$1,081,000 for general obligations and \$400,000 for septic loans.

Business-type Activities

At June 30, 2010 and 2009, the Town's business-type activities had total bonded debt outstanding of \$9,523,370 and \$9,991,351, respectively. This debt is supported by water rates.

The Town's business-type activities had short-term notes of \$4,292,347 at June 30, 2010 and \$2,948,560 at June 30, 2009. Current year short-term debt consisted of borrowing related to the water filtration project.

The Town of East Bridgewater maintains bond rating with Moody's Investor Service of Aa3.

Economic Factors and Next Year's Budgets and Rates

The Town has increased its property tax levy by 3.78% which includes new growth.

The operating budget decreased 1.2% over the FY 10 budget.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional information should be addressed to Town of East Bridgewater, Attn: Town Administrator, 175 Central Street, East Bridgewater, MA 02333.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Net Assets

June 30, 2010

	Primary Government		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,182,222	\$ 1,729,083	\$ 4,911,305
Investments	6,613,096	1,795,123	8,408,219
Receivables	9,161,826	1,500,569	10,662,395
Inventories		27,389	27,389
Due from agency funds	27,071		27,071
Capital assets, net of accumulated depreciation	30,024,380	18,578,276	48,602,656
Total assets	<u>\$ 49,008,595</u>	<u>\$ 23,630,440</u>	<u>\$ 72,639,035</u>
<u>LIABILITIES</u>			
Accounts payable, wages and other current liabilities	\$ 981,232	\$ 150,287	\$ 1,131,519
Provision for refund of paid taxes	154,056		154,056
Accrued interest	126,397	83,235	209,632
Notes payable	1,481,000	4,292,347	5,773,347
Noncurrent liabilities			
Due within one year	1,689,717	475,866	2,165,583
Due in more than one year	15,564,936	9,094,746	24,659,682
Total liabilities	<u>19,997,338</u>	<u>14,096,481</u>	<u>34,093,819</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	19,431,401	5,043,562	24,474,963
Restricted	5,241,680		5,241,680
Unrestricted	4,338,176	4,490,397	8,828,573
Total net assets	<u>29,011,257</u>	<u>9,533,959</u>	<u>38,545,216</u>
Total liabilities and net assets	<u>\$ 49,008,595</u>	<u>\$ 23,630,440</u>	<u>\$ 72,639,035</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government							
Governmental activities							
General government	\$ 15,036,586	\$ 324,534	\$ 3,961,195	\$	\$ (10,750,857)	\$	\$ (10,750,857)
Public safety	4,523,571	800,789	49,447		(3,673,335)		(3,673,335)
Education	21,002,484	1,262,766	11,919,383		(7,820,335)		(7,820,335)
Public works	2,276,542	1,199	2,800	153,064	(2,119,479)		(2,119,479)
Health and human services	674,705	548,819	53,475		(72,411)		(72,411)
Culture and recreation	501,633	41,064	22,327		(438,242)		(438,242)
Interest	513,004		375,996		(137,008)		(137,008)
State and county charges	269,515				(269,515)		(269,515)
Total governmental activities	44,798,040	2,979,171	16,384,623	153,064	(25,281,182)		(25,281,182)
Business-type activities							
Water	1,724,093	2,153,791				429,698	429,698
Solid waste	890,396	486,939				(403,457)	(403,457)
Total business-type	2,614,489	2,640,730				26,241	26,241
Total primary government	\$ 47,412,529	\$ 5,619,901	\$ 16,384,623	\$ 153,064	(25,281,182)	26,241	(25,254,941)
General revenues							
Property taxes, net of allowances for uncollectibles					20,434,178		20,434,178
Excise taxes					1,337,256		1,337,256
Penalties and interest on taxes					274,563		274,563
Grants and contributions not restricted to specific programs					1,438,264		1,438,264
Investment income					194,347	12,281	206,628
Miscellaneous					35,543		35,543
Total general revenues and special items					23,714,151	12,281	23,726,432
Change in net assets					(1,567,031)	38,522	(1,528,509)
Net assets - beginning of year					30,578,288	9,495,437	40,073,725
Net assets - end of year					\$ 29,011,257	\$ 9,533,959	\$ 38,545,216

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Balance Sheet - Governmental Funds

June 30, 2010

	<u>General</u>	<u>Stabilization</u>	<u>Septic Loan Repayments</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 235,860	\$	\$ 1,582,236	\$ 1,364,126	\$ 3,182,222
Investments	2,678,162	2,707,291		1,227,643	6,613,096
Receivables	6,882,221		1,872,900	538,328	9,293,449
Due from other funds	27,071				27,071
Total assets	<u>\$ 9,823,314</u>	<u>\$ 2,707,291</u>	<u>\$ 3,455,136</u>	<u>\$ 3,130,097</u>	<u>\$ 19,115,838</u>
<u>LIABILITIES</u>					
Accounts payable, wages, and other current liabilities	\$ 879,114	\$	\$	\$ 102,118	\$ 981,232
Provision for refund of paid taxes	154,056				154,056
Deferred revenue	6,649,514		1,872,900	538,328	9,060,742
Notes payable			400,000	1,081,000	1,481,000
Total liabilities	<u>7,682,684</u>		<u>2,272,900</u>	<u>1,721,446</u>	<u>11,677,030</u>
<u>FUND BALANCES</u>					
Reserved for:					
Encumbrances and continued appropriations	473,282				473,282
Unreserved					
General fund	1,667,348				1,667,348
Special revenue funds		2,707,291	1,182,236	2,556,155	6,445,682
Capital projects funds				(1,338,031)	(1,338,031)
Permanent funds				190,527	190,527
Total fund balances	<u>2,140,630</u>	<u>2,707,291</u>	<u>1,182,236</u>	<u>1,408,651</u>	<u>7,438,808</u>
Total liabilities and fund balances	<u>\$ 9,823,314</u>	<u>\$ 2,707,291</u>	<u>\$ 3,455,136</u>	<u>\$ 3,130,097</u>	<u>\$ 19,115,838</u>

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

Total fund balances of governmental funds	\$ 7,438,808
Capital assets used in governmental activities are not financial resources and not reported in funds.	
The cost of the assets is \$71,177,030, net accumulated depreciation of \$41,152,650.	30,024,380
Accounts receivable are not available to pay for current-period expenditures and are deferred in funds, net of uncollectibles	8,929,119
Long-term liabilities, net of deferred costs, are not due and payable in the current period and are not included in funds.	(17,254,653)
Reporting of liabilities on full accrual basis requires associated interest, net of subsidies, be accrued.	(126,397)
Net assets of governmental activities	<u>\$ 29,011,257</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Stabilization</u>	<u>Septic Loan Repayments</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$20,168,392	\$	\$	\$	\$ 20,168,392
Excise taxes	1,328,640				1,328,640
Licenses and permits	207,600				207,600
Penalties and interest	274,563				274,563
Investment income	22,186	104,910		67,251	194,347
Charges for services			269,543	1,787,525	2,057,068
Fees and fines	119,230			8,656	127,886
Departmental and other	278,864			91,085	369,949
Intergovernmental	17,333,735			2,322,429	19,656,164
Total revenues	<u>39,733,210</u>	<u>104,910</u>	<u>269,543</u>	<u>4,276,946</u>	<u>44,384,609</u>
Expenditures					
Current:					
General government	13,222,817			114,365	13,337,182
Public safety	4,351,055			181,233	4,532,288
Education	18,080,046			2,409,454	20,489,500
Public works	1,463,914			733,513	2,197,427
Human services	564,318		279,161	45,766	889,245
Culture and recreation	440,343			53,808	494,151
State and county assessments	269,515				269,515
Debt Service:					
Principal	1,480,041		152,069		1,632,110
Interest and other charges	486,940				486,940
Total Expenditures	<u>40,358,989</u>		<u>431,230</u>	<u>3,538,139</u>	<u>44,328,358</u>
Revenues over (under) expenditures	<u>(625,779)</u>	<u>104,910</u>	<u>(161,687)</u>	<u>738,807</u>	<u>56,251</u>
Other financing sources (uses)					
Transfers in from other funds	721,384			203,169	924,553
Transfers out to other funds	(203,169)			(721,384)	(924,553)
Total other financing sources and (uses)	<u>518,215</u>			<u>(518,215)</u>	
Revenues and other financing sources (under) expenditures and other financing uses	<u>(107,564)</u>	<u>104,910</u>	<u>(161,687)</u>	<u>220,592</u>	<u>56,251</u>
Fund balances, beginning of year	<u>2,248,194</u>	<u>2,602,381</u>	<u>1,343,923</u>	<u>1,188,059</u>	<u>7,382,557</u>
Fund balances, end of year	<u>\$ 2,140,630</u>	<u>\$ 2,707,291</u>	<u>\$ 1,182,236</u>	<u>\$ 1,408,651</u>	<u>\$ 7,438,808</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010

Revenues and other financing sources expenditures and other financing uses - governmental funds	\$ 56,251
Governmental funds report outlays for capital assets as expenditures, however, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense in the Statement of Activities.	
Capital outlays during the fiscal year	1,424,324
Depreciation recorded for the fiscal year	(1,775,653)
Revenues are recognized on the modified accrual basis of accounting in the fund financial statements, but are recognized on the accrual basis of accounting in the government-wide financial statements.	
Net change in deferred revenue	(1,155,586)
Net change in allowance for uncollectible accounts	1,985
The issuance and repayment of long-term debt are recorded as other financing sources or uses in the fund financial statements, but have no effect on net assets in the government-wide financial statements. Also, governmental funds report issuance costs, premiums, discounts, and similar items as expenditures when paid, whereas these amounts are deferred and amortized on a government-wide basis.	
Principal and other payments on long-term debt	1,620,339
The fund financial statements record interest on long-term debt when due and revenue from related subsidies when received. The government-wide financial statements report interest on long-term debt and revenue on subsidies when incurred.	
Accrued interest expense	(14,291)
Certain liabilities are not funded through the use of current financial resources and, therefore, are not reported in the fund financial statements, however, these liabilities are reported in the government-wide financial statements. The net change in these liabilities is reflected as an expense in the Statement of Activities. Changes in liabilities is reflected as an expense in the Statement of Activities. Changes in liabilities are as follows:	
Other Post Employment Benefits	(1,625,679)
Capital Lease principal payments	32,329
Compensated absences	(171,750)
Landfill closure and monitoring	40,700
Change in net assets of governmental activities	<u>\$ (1,567,031)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Net Assets - Proprietary Funds

June 30, 2010

	Business-Type Activities		
	<u>Water</u>	<u>Solid Waste</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,637,989	\$ 91,094	\$ 1,729,083
Investments	821,227	973,896	1,795,123
Receivables, net of allowances for uncollectibles	1,361,586	138,983	1,500,569
Inventory		27,389	27,389
Capital assets, net of accumulated depreciation	18,569,776	8,500	18,578,276
Total assets	<u>\$ 22,390,578</u>	<u>\$ 1,239,862</u>	<u>\$ 23,630,440</u>
<u>LIABILITIES</u>			
Accounts payable, wages and other current liabilities	\$ 86,226	\$ 64,061	\$ 150,287
Accrued interest	83,235		83,235
Notes payable	4,292,347		4,292,347
Noncurrent liabilities:			
Due within one year	475,866		475,866
Due in more than one year	9,091,891	2,855	9,094,746
Total liabilities	<u>14,029,565</u>	<u>66,916</u>	<u>14,096,481</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	5,035,062	8,500	5,043,562
Unrestricted	3,325,951	1,164,446	4,490,397
Total net assets	<u>8,361,013</u>	<u>1,172,946</u>	<u>9,533,959</u>
Total liabilities and net assets	<u>\$ 22,390,578</u>	<u>\$ 1,239,862</u>	<u>\$ 23,630,440</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
June 30, 2010

	Business-Type Activities		
	<u>Water</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating revenues			
Charges for services, departmental and other	\$ 2,153,791	\$ 486,939	\$ 2,640,730
Total operating revenues	<u>2,153,791</u>	<u>486,939</u>	<u>2,640,730</u>
Operating expenses			
Salaries and wages	450,939	74,565	525,504
Expenses	635,150	814,131	1,449,281
Depreciation	457,299	1,700	458,999
Total operating expenses	<u>1,543,388</u>	<u>890,396</u>	<u>2,433,784</u>
Operating income (loss)	610,403	(403,457)	206,946
Non operating revenues (expenses)			
Interest income	6,678	5,603	12,281
Interest expense	(180,705)		(180,705)
Total non-operating revenue (expenses), net	<u>(174,027)</u>	<u>5,603</u>	<u>(168,424)</u>
Change in net assets	436,376	(397,854)	38,522
Net assets at beginning of year	7,924,637	1,570,800	9,495,437
Net assets at end of year	<u>\$ 8,361,013</u>	<u>\$ 1,172,946</u>	<u>\$ 9,533,959</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2010

	<u>Business-Type Activities</u>		Total
	<u>Water</u>	<u>Solid Waste</u>	<u>Enterprise</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 2,154,308	\$ 471,452	\$ 2,625,760
Payments to vendors, including fringe benefits	(608,644)	(795,696)	(1,404,340)
Payments to employees	(451,279)	(73,322)	(524,601)
Net cash provided by (used for) operating activities	1,094,385	(397,566)	696,819
Cash flows from capital and related financing activities			
Principal payments on bonds and notes	(467,981)		(467,981)
Proceeds from issuance of debt	2,037,649		2,037,649
Construction of infrastructure, net	(1,940,275)		(1,940,275)
Paydown of bond anticipation note	(200,000)		(200,000)
Interest expense	(200,494)		(200,494)
Net cash used for capital and related financing activities	(771,101)		(771,101)
Cash flows from investing activities			
Investing activities, net	5,352	375,462	380,814
Net cash used for investing activities	5,352	375,462	380,814
Net change in cash and cash equivalents	328,636	(22,104)	306,532
Balances at the beginning of year	1,309,353	113,198	1,422,551
Balances at the end of year	\$ 1,637,989	\$ 91,094	\$ 1,729,083
Reconciliation of operating income to net cash provided by operating activities			
Operating (loss)	\$ 610,403	\$ (403,457)	\$ 206,946
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	457,299	1,700	458,999
Changes in assets and liabilities:			
User fees receivables, net of allowance for collectibles	517	(15,488)	(14,971)
Inventory		15,512	15,512
Accounts payable and other liabilities	26,166	4,167	30,333
Total adjustments	483,982	5,891	489,873
Net cash provided by (used for) operating activities	\$ 1,094,385	\$ (397,566)	\$ 696,819

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Net Assets - Fiduciary Funds

June 30, 2010

	<u>Private Purpose Trust Fund</u>	<u>Agency Accounts</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	\$ 732,934
Investments	356,570	
Receivables		27,071
Total assets	<u>\$ 356,570</u>	<u>\$ 760,005</u>
<u>LIABILITIES</u>		
Guaranteed deposits	\$	\$ 730,559
Due to General Fund		27,071
Due to student groups		2,375
Total liabilities		760,005
<u>NET ASSETS</u>		
Held in trust	<u>356,570</u>	
Total liabilities and net assets	<u>\$ 356,570</u>	<u>\$ 760,005</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS
Statement of Changes in Net Assets - Fiduciary Funds
For the Year Ended June 30, 2010

	<u>Private Purpose</u> <u>Trust Funds</u>
Additions	
Contributions and donations	\$ 600
Interest and dividends	4,416
Total additions	<u>5,016</u>
Deductions	
Scholarships and awards	<u>13,199</u>
Total deductions	<u>13,199</u>
Change in net assets	(8,183)
Net assets at beginning of year	<u>364,753</u>
Net assets at end of year	<u><u>\$ 356,570</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Note 1. Organization and Reporting Entity

A. Organization

The Town of East Bridgewater, Massachusetts (the "Town"), was incorporated in 1825. The Town operates under a Town Meeting form of government. The Town's major operations include police and fire protection, education, parks, library and recreation, public works and general administrative services. In addition, the Town owns and operates a water system and solid waste disposal and recycling services.

B. Reporting Entity

General

The accompanying financial statements present the Town of East Bridgewater (the primary government) and its component units. Component units are included in the reporting entity if their operational and financial relationships with the Town are significant. Pursuant to these criteria, the Town of East Bridgewater did not identify any component units requiring inclusion in the accompanying financial statements.

Joint Ventures

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The following is a list of the Town's joint ventures, their purpose, and the annual assessment/payments made by the Town in 2010. Financial statements may be obtained from each the joint ventures by contacting each of them directly. The Town does not have an equity interest in any joint venture.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2010 Assessment</u>
Southeastern Regional School District 250 Foundry Street, Easton, MA 02375	To provide vocational education	\$ 625,566
Massachusetts Bay Transit Authority 45 High Street, Boston, MA 02110	To provide regional transportation	\$ 88,395

Related Organizations

Board members for the East Bridgewater Housing Authority are elected by Town voters; thus, the Town has no accountability for these organizations.

Note 2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town is discussed below.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's police and fire protection, parks, library and recreation, public works, educational, and general administrative services are classified as governmental activities. The Town's water and solid waste -- disposal and recycling services are classified as business-type activities.

Government-wide Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets (net of related debt); restricted net assets, and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. Gross expenses (including depreciation) are reduced on the Statement of Activities by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue.

Certain costs, such as pension benefits, property, liability and health insurance, state assessments, among others are not allocated among the Town's functions and are included in general government expenses in the Statement of Activities.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- General fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

- Stabilization fund is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations.
- Septic loan repayment fund is a special revenue fund used to account for the repayments of Title V septic loans issued to residents for community septic management.

Nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column of the governmental funds financial statements. The following describes the general use of these fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. Currently, the Town does not utilize a debt service fund.
- Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- Permanent funds are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or establishes fees and charges based on a pricing policy designed to recover similar costs. These fees and charges are considered operating revenue.
- Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Town on a cost-reimbursement basis. Currently, the Town does not utilize internal service funds.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the Town:

- Private purpose trust funds account for resources legally held in trust for the benefit of persons and organizations other than the Town. Since these funds cannot be used for providing Town services, they are excluded from the Town's government-wide financial statements.
- Agency funds are used to hold funds on behalf of parties other than the Town, including federal and state agencies and public school student activities. Agency funds are custodial in nature and do not involve measurement of results of operations.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurement and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and property tax revenues are considered available if they are collected within 60 days after fiscal year end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

C. Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" include all demand, savings accounts of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in these Notes.

D. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

E. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The Town classifies outstanding personal property taxes and motor vehicle excise three years or more as uncollectible for financial reporting purposes. The Town estimates 30% of current ambulance charges and amounts more than one year outstanding to be uncollectible. Outstanding real estate taxes are secured by tax liens, and therefore considered to be fully collectable, except for certain parcels, specifically identified, which have been set up as uncollectible. Outstanding water charges are also subject to lien procedures; accordingly, such amounts are considered to be fully collectible.

F. Inventories

Inventory items are valued at the lower of cost (first in, first out) or market.

G. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

➤ Buildings and Improvements	40 years
➤ Improvements	10-50 years
➤ Machinery and Equipment	3-20 years
➤ Utility System	10-50 years
➤ Infrastructure	30-50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term obligations consist primarily of notes and bonds payable, capital leases payable, accrued compensated absences, and post closure monitoring costs for municipal landfills.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

I. Compensated Absences

The Town's policies and provisions of bargaining unit contracts regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

J. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

- Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Permanent fund balances are classified as reserved and are further classified between expendable and non-expendable portions. Proprietary fund equity is classified the same as in the government-wide statements.

K. Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results will differ from those estimates.

L. Total columns

The total column presented on the government-wide financial statements represents consolidated financial information.

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

Note 3. Stewardship, Compliance and Accountability

A. Property tax calendar and limitations

Real and personal property taxes are based on values assessed as of each January 1, and are normally due on a quarterly basis during the year. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to lien, interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

A statewide property tax limitation statute known as “Proposition 2 ½” limits the property tax levy to an amount equal to 2 ½ % of the value of all taxable property in the Town. A secondary limitation is that no levy in a fiscal year may exceed the preceding year’s allowable tax levy by more than 2 ½ %, plus taxes levied on certain property newly added to the tax rolls (“new growth”). Certain Proposition 2 ½ taxing limitations can be overridden by a town-wide referendum vote.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

B. Budgetary basis of accounting

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 ½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Board of Selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by vote of Town Meeting. All general fund and enterprise fund functions are budgeted; the town does not have legally adopted annual budgets for its special revenue funds. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). A comparison of the budget to actual amounts on a "budgetary basis" is provided as required supplementary information to provide a meaningful comparison with the budget.

C. Fund equities

Operations of the various Town funds for fiscal year 2010 were funded in accordance with the General Laws of Massachusetts. The Town classifies fund equity in the fund financial statements as either reserved or unreserved fund balance. Unreserved fund balance is further broken down between designated and undesignated.

Fund balance reserved for encumbrances and continued appropriations consists of the budgeted amounts carried over to the next fiscal year for operating costs committed at June 30. Encumbrances outstanding at year-end are reported as a reservation of fund balance and do not constitute expenditures or liabilities.

Fund balance designated for expenditure consists of available funds (free cash) and other available funds from unreserved fund equity appropriated by Town Meeting action to be used in funding next year's operations.

Deficit fund equity consists of the excess of expenditures over appropriations, in the General Fund. Bond Anticipation Note proceeds are not permanent funding and therefore do not represent a funding source for capital projects. Capital Project Fund deficits will occur and will be funded in future years through the issuance of long-term debt.

At June 30, 2010 the Town had the following general fund equities in the fund financial statements:

Reserved for encumbrances and continued appropriations	\$ 473,282
Unreserved:	
Undesignated	1,166,705
Designated for expenditure	800,000
Unprovided abatements and exemptions	(62)
Designated for snow and ice deficit	(299,295)
Total unreserved	<u>1,667,348</u>
Total General Fund Equities	<u>\$ 2,140,630</u>

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

All other governmental fund balances are reported on the fund basis Balance Sheet as Unreserved Fund Balance, reported in their respective fund types.

D. Restricted Net Assets

Certain net assets reported as special revenue funds in the Town's fund basis Balance Sheet including the Town's Stabilization Fund and insurance reimbursement funds are classified as unrestricted net assets because they are available for appropriation to fund the general operations of the Town.

Restricted net assets on the government-wide statement of net assets consist of the following:

Special Revenue Funds:	
Ambulance fees	\$ 1,011,814
Septic loan fund	2,655,135
Other special revenue funds	1,362,438
Capital Project Funds:	21,766
Permanent Funds:	
Expendable	94,256
Non-expendable	<u>96,271</u>
Total restricted net assets	<u>\$ 5,241,680</u>

Note 4. Cash and investments

Massachusetts General Laws, Chapter 44, Section 54 and 55, place certain limitations on cash deposits and investments available to the Town. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The Town may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof, and having a maturity from date of purchase of one year or less. The Town may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The Town may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

The Town does not have a formal deposit policy for custodial credit risk. At June 30, 2010 deposits totaled \$7,061,801 and had a carrying amount of \$5,644,239. Of the deposit amounts, \$6,032,166 was exposed to custodial credit risk at June 30, 2010 because it was uninsured and uncollateralized. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

As of June 30, 2010, the Town had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit/ Quality Ratings</u>	<u>Weighted Average Days to Maturity</u>
Primary Government				
Massachusetts Municipal				
Depository Trust (MMDT)	\$ 107,026	\$ 107,026	N/A	N/A
Treasury/Agency securities	2,893,888	2,802,020	AAA - Aaa	65 - 2690 days
Money market funds	2,026,211	2,026,211	N/A	N/A
Mutual funds	581,327	580,175	N/A	3376 days
Corporate bonds	79,432	74,869	A	1 day
Certificates of deposit	<u>2,720,335</u>	<u>2,724,780</u>	N/A	6 - 365 days
Total Primary Government				
Investments (non-fiduciary)	8,408,219	8,315,081		
Fiduciary Funds				
Treasury/Agency securities	302,078	299,290	Aaa	1734 - 2128 days
Money market funds	44,539	44,539	N/A	N/A
Mutual funds	<u>9,953</u>	<u>9,685</u>	N/A	1 day
Total Fiduciary Fund Investments	<u>356,570</u>	<u>353,514</u>		
Grand Total Investments	<u>\$ 8,764,789</u>	<u>\$ 8,668,595</u>		

Custodial credit risk for investments is the risk that, in the event of the failure of the counter party 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 does not have an investment policy covering custodial credit risk.

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The Town has an investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates. The approximate maturities of the Town's debt investments are disclosed in the above table.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government and certain of its agencies are not considered to have credit risk and therefore no rating is disclosed in the above table. Equity securities and equity mutual funds are not rated as to credit risk. The Town has an investment policy which limits its investment choices.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have an investment policy which covers foreign currency risk.

Concentration of credit risk – The Town has an investment policy which limits the amount that can be invested in any one issuer or security. Excluding U.S. Treasury securities, mutual funds and external investment pools, there are no securities or issuers which represent more than 5% of the total investments of the general fund/governmental activities and fiduciary funds respectively.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Note 5. Receivables

The Town reports the aggregate amount of receivables in the accompanying Statement of Net Assets and Balance Sheet. In addition, governmental funds report, on the Balance Sheet, deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues are also reported on the Statement of Net Assets.

The Town includes the following receivables for individual major and non-major governmental funds and fiduciary funds in the aggregate, including applicable allowances for uncollectible amounts and amounts:

<u>Receivable type</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectible</u>	<u>Net Amount</u>	<u>Deferred Revenue</u>
Real estate and personal property taxes	\$ 358,437	\$ 3,044	\$ 355,393	\$ 125,730
Tax liens, deferrals and foreclosures	2,805,461		2,805,461	2,805,461
Excise taxes	169,251	38,208	131,043	169,251
Charges for services and other	301,238	90,371	210,867	301,238
Other departmental receivables	247,333		247,333	247,333
Betterments	1,472,899		1,472,899	1,472,899
Intergovernmental				
School building assistance	3,064,728		3,064,728	3,064,728
State highway awards	125,232		125,232	125,232
Other federal and state grants	748,870		748,870	748,870
Totals	<u>\$ 9,293,449</u>	<u>\$ 131,623</u>	<u>\$ 9,161,826</u>	<u>\$ 9,060,742</u>

Receivables for the Town's business-type activities consist of the following:

<u>Receivable type</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectible</u>	<u>Net Amount</u>
Water rates and charges	\$ 1,080,582	\$	\$ 1,080,582
MWPAT draw down outstanding	281,004		281,004
Solid waste departmental	138,983		138,983
Totals	<u>\$ 1,500,569</u>	<u>\$</u>	<u>\$ 1,500,569</u>

The MWPAT draw down outstanding noted above relates to interim loans (Note 9) issued to the Town during fiscal year 2010 for the Water Filtration Project. The funds for these interim loans will be disbursed to the Town as reimbursements for the project. As of June 30, 2010 the total of the interim loans issued by MWPAT is \$4,142,347. The Town has drawn down a total of \$3,861,343, of which \$1,887,649 was received in fiscal year 2010, from the interim loans. The balance available to be drawn at June 30, 2010 is \$281,004.

Receivables of the Fiduciary Funds – Agency consisted of \$27,071, due from third parties for police and fire details.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Note 6. Capital Assets

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

<u>Governmental activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 4,943,128	\$	\$	\$ 4,943,128
Works of art and historical treasures	93,450			93,450
Construction in progress		214,541		214,541
Sub-total	5,036,578	214,541		5,251,119
Capital assets being depreciated:				
Buildings and related improvements	26,366,091	123,339		26,489,430
Equipment, vehicles and other	10,834,710	493,648	(155,785)	11,172,573
Infrastructure	27,671,112	592,796		28,263,908
Sub-total	64,871,913	1,209,783	(155,785)	65,925,911
Less accumulated depreciation:				
Land improvements	9,418	3,139		12,557
Buildings and related improvements	16,986,132	537,090		17,523,222
Equipment, vehicles and other	8,542,571	480,219	(155,785)	8,867,005
Infrastructure	13,994,661	755,205		14,749,866
Sub-total	39,532,782	1,775,653	(155,785)	41,152,650
Governmental capital assets, net	\$ 30,375,709	\$ (351,329)	\$	\$ 30,024,380

<u>Business-type activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 192,627	\$	\$	\$ 192,627
Construction in progress		1,940,276		1,940,276
Sub-total	192,627	1,940,276		2,132,903
Capital assets being depreciated:				
Buildings and related improvements	1,637,000			1,637,000
Equipment, machinery & vehicles	575,812			575,812
Infrastructure	22,401,481			22,401,481
Sub-total	24,614,293			24,614,293
Less accumulated depreciation:				
Buildings and related improvements	1,073,151	32,275		1,105,426
Equipment, machinery & vehicles	554,248	8,850		563,098
Infrastructure	6,082,522	417,874		6,500,396
Sub-total	7,709,921	458,999		8,168,920
Business-type capital assets, net	\$ 17,096,999	\$ 1,481,277	\$	\$ 18,578,276

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

Governmental activities	
General government	\$ 86,298
Public safety	307,774
Education	501,545
Public works	835,251
Culture and recreation	44,785
Total depreciation expense - governmental activities	\$ 1,775,653

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Note 7. Interfund balances and activity

Interfund balances, at June 30, 2010, consisted of \$27,071 of police and fire department details, net, paid by the General Fund. This amount has been reported as amounts due from and due to in the General Fund, and Agency Fund, respectively.

Interfund transfers, for the year ended June 30, 2010, consisted of the following:

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Major Fund Septic Loan</u>	<u>Water Enterprise Funds</u>	<u>Solid Waste Enterprise Funds</u>
Amounts transferred from Receipts Reserved for Appropriation, Revolving Funds and Other Special Revenue Funds to fund FY 2010 Operating Budget	\$ 721,384	\$ (721,384)	\$	\$	\$
Amounts transferred to Capital Stabilization Fund	(203,169)	203,169			
Totals of governmental fund basis, net	518,215	(518,215)			
Amounts transferred from Enterprise funds to fund indirect costs appropriated in general fund	217,742			(217,742)	
Amounts transferred from General Fund to Enterprise funds to correct excess transfer in FY 2009	(81,714)			81,714	
Totals on budgetary basis	<u>\$ 654,243</u>	<u>\$ (518,215)</u>	<u>\$</u>	<u>\$ (136,028)</u>	<u>\$</u>

Note 8. Long-term obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2010:

<u>Purpose</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Governmental activities:					
Governmental bonds payable					
Multi-purpose bonds, 4.20-5.25%, dtd. 03/01/1998, due 10/01/2040	\$ 200,000	\$	\$ (100,000)	\$ 100,000	\$ 100,000
MWPAT, subsidized septic bonds, due 2017-2027	2,395,249		(152,069)	2,243,180	151,832
MWPAT, subsidized landfill bonds, due 2020	715,360		(55,360)	660,000	55,000
General obligation bond, 4.05%, dtd. 02/06/2007, due 02/01/2017	1,455,000		(250,000)	1,205,000	230,000
Multi-purpose loan, 3.75-5.00%, dtd. 08/15/2001, due 08/15/2018	1,365,000		(205,000)	1,160,000	205,000
General obligation refunding bond, 3.50%, dtd. 06/03/2005, due 12/15/2016	6,514,500		(842,000)	5,672,500	872,600
MWPAT, subsidized storm water management bonds, due 7/15/2027	360,131		(15,910)	344,221	16,047
Total governmental bonds payable	13,005,240		(1,620,339)	11,384,901	1,630,479
Compensated absences/related benefits	1,140,240	171,750		1,311,990	
Capital leases	123,790		(32,329)	91,461	34,238
Other post employment benefits	2,310,452	3,435,453	(1,809,774)	3,936,131	
Landfill closure and monitoring liability	570,870		(40,700)	530,170	25,000
Total	<u>\$ 17,150,592</u>	<u>\$ 3,607,203</u>	<u>\$ (3,503,142)</u>	<u>\$ 17,254,653</u>	<u>\$ 1,689,717</u>

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

<u>Purpose</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Business-type activities:					
Bonds Payable					
General obligation refunding bond, 3.50%, dtd. 06/03/2005, due 12/15/2016	\$ 380,500	\$	\$ (48,000)	\$ 332,500	\$ 47,400
MWPAT water filtration project bond, 2.0%, dtd. 12/18/2007, due 7/15/2027	9,610,851		(419,981)	9,190,870	428,466
Total bonds payable	9,991,351		(467,981)	9,523,370	475,866
Compensated absences/related benefits	46,340	902		47,242	
Total	<u>\$ 10,037,691</u>	<u>\$ 902</u>	<u>\$ (467,981)</u>	<u>\$ 9,570,612</u>	<u>\$ 475,866</u>

Long-term debt

The Town has also applied and received approval for a grant from the Commonwealth of Massachusetts for reimbursement of eligible construction and interest costs on the above December 15, 1999 multi purpose loan relating to the School project. Initial reimbursement commenced in fiscal 1997 based upon approximately 80% of eligible construction and interest costs of the project to be paid over 20 years. Final eligible costs are subject to final audit by the Massachusetts School Building Association. The final audit of the project was concluded and accepted November, 2007. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 33, (Accounting and financial Reporting for Nonexchange Transactions), these financial statements include intergovernmental receivables from the Commonwealth of Massachusetts of \$3,064,728 related to the grant award.

The outstanding Massachusetts Water Pollution Abatement Trust (MWPAT) bonds above are recorded at the gross amount outstanding, as the Town is obligated to repay the full amount outstanding including interest. However, it is anticipated that approximately 33% to 44% of the debt service payments relating to septic and landfill bonds will be subsidized by the Commonwealth of Massachusetts via contract payments to MWPAT (and MWPAT available earnings). These payments are recorded as revenue and expenses in the accompanying entity-wide and governmental financial statements, however, these payments are not included in the budgetary basis supplementary information because it is not part of the local budget. The septic and landfill bonds have been combined according to type for presentation purposes. These obligations have varying maturity dates as indicated.

The annual requirements to amortize all general obligation bonds and loans outstanding as of June 30, 2010, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,630,479	\$ 361,765	\$ 1,992,244	\$ 475,866	\$ 190,341	\$ 666,207
2012	1,566,617	305,480	1,872,097	483,921	180,036	663,957
2013	1,366,821	252,546	1,619,367	497,252	169,489	666,741
2014	1,403,382	203,890	1,607,272	505,561	158,697	664,258
2015	1,399,726	152,297	1,552,023	513,752	147,752	661,504
2016 - 2020	3,099,140	241,554	3,340,694	2,552,062	577,748	3,129,810
2021 - 2025	672,430	27,345	699,775	2,724,545	315,448	3,039,993
2026 - 2028	246,306	2,007	248,313	1,770,411	53,584	1,823,995
Totals	<u>\$ 11,384,901</u>	<u>\$ 1,546,884</u>	<u>\$ 12,931,785</u>	<u>\$ 9,523,370</u>	<u>\$ 1,793,095</u>	<u>\$ 11,316,465</u>

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

The Town is subject to a dual level general debt limit—the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth. Additionally, there are many categories of general obligation debt that are exempt from the debt limit but are subject to other limitations.

Unissued debt authorizations consist of the following at June 30, 2010:

<u>Purpose</u>	<u>Year</u> <u>Authorized</u>	<u>Amount</u>
Belmont Culvert Repair	2010	\$ 188,000
Septic Title V Loans (Round 11)	2010	400,000
High School Feasibility Study	2010	800,000
Total authorized and unissued		<u>\$ 1,388,000</u>

Lease obligations

A. Operating leases

The Town has entered into a number of operating leases to support governmental activities, some of which are non-cancelable but otherwise are subject to annual appropriation. The annual minimum required lease payment for non-cancelable operating leases is immaterial as of June 30, 2010.

B. Capital leases

In accordance with Massachusetts General Laws, the Town may enter into lease agreements for a period not to exceed five years and subject to annual appropriation. The annual requirement to pay down capital lease obligations outstanding as of June 30, 2010, including interest is as follows:

<u>Year Ended</u> <u>June 30.</u>	<u>Lease</u> <u>Principal</u>	<u>Lease</u> <u>Interest</u>	<u>Total Lease</u> <u>Payments</u>
2011	\$ 34,238	\$ 4,366	\$ 38,604
2012	36,259	2,345	38,604
2013	20,964	1,556	22,520
Totals	<u>\$ 91,461</u>	<u>\$ 8,267</u>	<u>\$ 99,728</u>

Note 9. Temporary borrowings

Under state law and by authorization of the Board of Selectmen, the Town is authorized to borrow on a temporary (short-term) basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of tax anticipation notes (TANs),
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs),
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Temporary loans are general obligations of the Town and carry maturity dates that are limited by statute. Interest expenditures for temporary borrowings are accounted for in the General Fund. Temporary borrowings related to MWPAT Septic Loans are recorded in the Town's Special Revenue Funds. Temporary borrowings related to Filtration Project are recorded in the Town's Water Enterprise Fund. See Note 5 relating to the MWPAT Water Filtration Project. Temporary borrowings related to capital projects are recorded in the Town's Capital Project Funds.

Changes in the Town's short-term debt for the year ended June 30, 2010 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance July 1, 2009</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Governmental Activities						
General Obligation BAN	2.30%	12/11/2009	\$ 1,231,000	\$	\$ (1,231,000)	\$
MWPAT Septic	0.00%	N/A	200,000	200,000		400,000
General Obligation BAN	1.25%	8/6/2010		1,081,000		1,081,000
Total Governmental Activities			<u>\$ 1,431,000</u>	<u>\$ 1,281,000</u>	<u>\$ (1,231,000)</u>	<u>\$ 1,481,000</u>
Business-type Activities						
General Obligation BAN	2.30%	12/11/2009	\$ 200,000	\$	\$ (200,000)	\$
General Obligation BAN	1.25%	8/6/2010		150,000		150,000
Water Filtration Project Interim Loan	1.22%	12/31/2009	\$ 2,748,560		(2,748,560)	
Water Filtration Project Interim Loan	0.28%	12/31/2010		3,071,406		3,071,406
Water Filtration Project Interim Loan	0.28%	12/31/2011		57,941		57,941
Water Filtration Project Interim Loan	0.37%	12/31/2011		142,059		142,059
Water Filtration Project Interim Loan	0.37%	12/31/2010		870,941		870,941
Total Business-type Activities			<u>\$ 2,948,560</u>	<u>\$ 4,292,347</u>	<u>\$ (2,948,560)</u>	<u>\$ 4,292,347</u>

Since proceeds from bond anticipation notes are not considered permanent funding sources, the Town has deficit fund balances related to Special Revenue Septic Funds and Capital Project Funds. These deficits will be funded through long-term borrowing.

The interim loans above were issued by the MWPAT for the Water Filtration Project. A portion of these loans are eligible for grant funding received under the American Recovery and Reinvestment Act of 2009 (ARRA). Accordingly, the construction project is subject to special ARRA conditions and requirements for the duration of the project. Upon completion and issuance of approved project completion certificates interim loans totaling \$1,013,000 qualify for principle forgiveness of \$204,455 representing over 20% in savings on project costs.

Note 10. Employee Benefits

A. Retirement Benefits

Plan Description

The Town contributes, for eligible employees other than teachers, to the Plymouth County Retirement Association (Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Association. The Association provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Teachers are covered by the Commonwealth of Massachusetts, Teachers Retirement System (TRS), to which the Town does not contribute. The Association is governed by the applicable provisions of Chapter 32 of the Massachusetts General Law (M.G.L.) and other applicable statutes. Oversight is provided by a five-member board. The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Funding Policy

Plan members are required to contribute 5-11% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current year contribution is \$1,445,373, representing approximately 3.38% of the system wide employer assessments. The contribution requirements of plan members and the Town are established and may be amended by M.G.L. The Town's contributions to the Association for the years ending June 30, 2009 and 2008 were \$1,396,265 and \$1,329,776, respectively, equal to the required contributions for each year.

As previously noted, the Town does not contribute to TRS. Contributions to the TRS are made by the Commonwealth of Massachusetts on behalf of the Town. Generally accepted accounting principles require the Town to record such "on behalf payments" as revenue and expenditures in the financial statements. Accordingly, these financial statements include \$4,164,734 of pension benefits paid by the Commonwealth of Massachusetts on behalf of the Town. This amount is included in intergovernmental state revenue and general government (employee benefits) expenditures.

B. Compensated Absences

Employees earn vacation and sick leave as they provide services. The cost of vacation and sick leave benefits is recorded as an expenditure of the applicable fund when incurred. Vacation and sick pay accumulates for various groups of employees based upon personnel by-laws and their respective collective bargaining agreements. Accumulated unused sick leave is due to certain employees upon termination of employment and has been recorded as a liability in the accompanying Statement of Net Assets for both governmental and business-type activities.

Other Post Employment Benefits

In addition to the pension benefits described above, the Town provides postretirement healthcare benefits to all employees who retire from the Town on or after attaining age 55 with 10 or more years of service. Currently, the Town pays at least 50% of the health, dental and life insurance premiums for approximately 188 retirees and their dependents. The cost of retiree's healthcare benefits is recognized as expenditures as premiums are paid. For 2010, those costs totaled approximately \$1,810,000. The costs for 2009 and 2008 were \$1,559,000 and \$1,333,000 respectively.

Annual OPEB Cost and Net OPEB Obligation

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 provisions of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$3,303,320
Interest on net OEPB obligation	132,133
Adjustment to annual required contribution	
Annual OPEB cost (expenses)	3,435,453
Contributions made	(1,809,774)
Increase in net OPEB obligation	1,625,679
Net OPEB obligation, beginning of year	2,310,452
Net OPEB obligation, end of year	\$3,936,131

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$3,435,453	52.68%	\$1,625,679
6/30/2009	\$3,435,453	32.75%	\$2,310,452
6/30/2008	N/A	N/A	N/A

Funding Status and Schedule of Funding Progress

The unfunded actuarial liability was determined using the level dollar thirty year open amortization basis.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b)-(a)]/c]</u>
7/1/2008	\$	\$ 35,220,602	\$ 35,220,602	0.00%	\$ 21,918,393	160.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between 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.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Actuarial Cost Method: Projected Unit Credit

Investment Rate of Return: 4.0% per annum

Healthcare Trend Rates:	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	FY 2008	11.0%	8.5%
	FY 2009	10.0%	8.0%
	FY 2010	9.0%	7.5%
	FY 2011	8.0%	7.0%
	FY 2012	7.0%	6.5%
	FY 2013	6.0%	6.0%
	FY 2014	5.0%	5.5%
	FY 2015	5.0%	5.0%

General Inflation Assumption: 3.5% per annum

Annual Compensation Increases: 4.5% per annum

Actuarial Value of Assets: Market Value

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 30 years at July 1, 2008

Note 11. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years thereafter. The landfill has stopped accepting solid waste and pursuant to a Massachusetts Department of Environmental Protection consent order, the Town has placed a final cover on its landfill.

As of June 30, 2010, \$530,170 has been reported on the Town's statement of net assets as an estimated remaining liability for post-closure monitoring costs of the landfill. Actual costs may change due to the finalizing of regulations with regulatory authorities, changing technology, and inflation.

Note 12. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. The Town carries commercial insurance for all risks, except for health insurance.

Note 13. Commitments and Contingencies

The Town is named as a defendant in several lawsuits at June 30, 2010. In the opinion of Town management, the ultimate resolution of these legal actions will not result in a material loss to the Town. Accordingly, no provision for any loss relating to these lawsuits has been recorded in the financial statements.

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

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Notes to Financial Statements

June 30, 2010

Note 14. Implementation of New GASB Pronouncements

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which the Town believes are applicable to its financial statements.

Current pronouncements

The GASB issued Statement #51, *Accounting and Reporting for Intangible Assets*, which is required to be implemented in fiscal year 2010. The standards in this statement currently do not apply to the Town and therefore did not impact the Town's financial statements.

The GASB issued Statement #53, *Accounting and Financial Reporting for Derivative Instruments*, which was required to be implemented in fiscal year 2010. The standards in this statement currently do not apply to the Town and therefore did not impact the basic financial statements.

Future pronouncements

The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. This pronouncement will change fund balance classifications and definitions and will impact the presentation of the Town's financial statements.

The GASB issued Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which is required to be implemented in fiscal year 2012. The Town expects that this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued Statement #59, *Financial Instruments Omnibus*, which is required to be implemented in fiscal year 2011. The Town expects that this pronouncement will require additional disclosure and impact the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**Required Supplementary Information**

June 30, 2010

Funding Status and Schedule of Funding Progress

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The unfunded actuarial accrued liability was determined using the level dollar, thirty year amortization basis.

The Town was required to implement the provisions of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the year ended June 30, 2009. Accordingly, valuations for preceding periods were not required.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/c]
7/1/2008	\$	\$ 35,220,602	\$ 35,220,602	0.00%	\$ 21,918,393	160.7%
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

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.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2010	\$ 3,303,320	54.79%
6/30/2009	\$ 3,303,320	34.06%
6/30/2008	NA	NA

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between 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.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Required Supplementary Information

June 30, 2010

Actuarial Cost Method: Projected Unit Credit

Investment Rate of Return: 4.0% per annum

Healthcare Trend Rates:	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	FY 2008	11.0%	8.5%
	FY 2009	10.0%	8.0%
	FY 2010	9.0%	7.5%
	FY 2011	8.0%	7.0%
	FY 2012	7.0%	6.5%
	FY 2013	6.0%	6.0%
	FY 2014	5.0%	5.5%
	FY 2015	5.0%	5.0%

General Inflation Assumption: 3.5% per annum

Annual Compensation Increases: 4.5% per annum

Actuarial Value of Assets: Market Value

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 30 years at July 1, 2008

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis

General Fund - Budget and Actual

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property Taxes	\$ 19,518,928	\$ 19,518,928	\$ 20,043,904	\$ 524,976
Excise Taxes	1,310,000	1,310,000	1,328,640	18,640
Licenses and permits	170,000	170,000	207,600	37,600
Penalties and interest	160,000	160,000	274,563	114,563
Investment interest	100,000	100,000	22,186	(77,814)
Fees and fines	156,637	156,637	119,230	(37,407)
Departmental and other	196,500	196,500	278,864	82,364
Intergovernmental	12,908,167	12,908,167	13,080,324	172,157
Total revenues	<u>34,520,232</u>	<u>34,520,232</u>	<u>35,355,311</u>	<u>835,079</u>
Expenditures				
General government	9,592,467	9,552,785	9,275,825	276,960
Public safety	4,527,147	4,412,741	4,351,055	61,686
Education	18,140,120	18,080,715	18,080,046	669
Public works	1,180,363	1,168,150	1,463,914	(295,764)
Human services	644,515	584,075	564,318	19,757
Culture and recreation	434,326	446,143	440,343	5,800
State and county assessments	270,781	270,781	269,515	1,266
Debt Service	1,922,687	1,907,840	1,878,304	29,536
Total Expenditures	<u>36,712,406</u>	<u>36,423,230</u>	<u>36,323,320</u>	<u>99,910</u>
Revenues over (under) expenditures	(2,192,174)	(1,902,998)	(968,009)	934,989
Other financing sources (uses)				
Transfers in from other funds	929,126	939,126	939,126	
Transfers out to other funds	(203,169)	(284,883)	(284,883)	
Total other financing sources	<u>725,957</u>	<u>654,243</u>	<u>654,243</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	(1,466,217)	(1,248,755)	(313,766)	<u>\$ 934,989</u>
Fund balance, beginning of year			<u>2,498,411</u>	
Fund balances, end of year			<u>\$ 2,184,645</u>	
Other budget items				
Free cash appropriations	\$ 936,200	\$ 1,192,020		
Funding from overlay	450,000	450,000		
Carryover encumbrances	679,658	206,376		
Funding of prior year deficits	(599,641)	(599,641)		
Total other budget items	<u>1,466,217</u>	<u>1,248,755</u>		
Net budget	<u>\$</u>	<u>\$</u>		

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

Required Supplementary Information

June 30, 2010

Note 1. Budgetary basis of accounting

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 ½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Board of Selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by vote of Town Meeting. All general fund and enterprise fund functions are budgeted; the Town does not have legally adopted annual budgets for its special revenue funds. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis, are presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP basis is that all budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenues when levied (budget) as opposed to when susceptible to accrual (GAAP). A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2010, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
As reported on a budgetary basis	\$ 35,355,311	\$ 36,323,320	\$ 654,243
Adjustment of property tax revenues	124,488		
State funded teacher's pension	4,164,734	4,164,734	
MWPAT subsidy	88,677	88,677	
Transfer to correct prior year duplicate transfer			81,714
Indirect costs of other funds recorded as operating transfers on budgetary basis, net of interfund changes		(217,742)	(217,742)
As reported on a GAAP basis	<u>\$ 39,733,210</u>	<u>\$ 40,358,989</u>	<u>\$ 518,215</u>

During the year, the Town incurred a snow and ice appropriation deficit which is allowed by law. Amounts will be raised in the current year budget related thereto.