

TOWN OF BRIDGEWATER, CONNECTICUT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

with

INDEPENDENT AUDITOR'S REPORT

 **Meyers & Company L.L.C.**
Certified Public Accountants

TOWN OF BRIDGEWATER, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Bridgewater, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bridgewater, Connecticut as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bridgewater, Connecticut's 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bridgewater, Connecticut as of June 30, 2010, and the respective changes in financial position and the 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 March 7, 2011 on our consideration of the Town of Bridgewater, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bridgewater, Connecticut's basic financial statements. The budgetary detail, combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Meyers & Company

Danbury, Connecticut
March 7, 2011

**TOWN OF BRIDGEWATER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2010**

The Management of the Town of the Bridgewater, Connecticut (the "Town") is pleased to present this overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. The information presented here should be considered in conjunction with the Town's basic financial statements that follow.

FINANCIAL HIGHLIGHTS

At June 30, 2010, the Town's assets of \$ 9,149,355 exceed its liabilities of \$ 101,227 resulting in net assets of \$ 9,048,128. Of the net assets, \$ 473,803 is restricted for permanent endowments and \$ 284,277 is restricted for Town road maintenance projects. Net assets of \$ 4,435,829 are unrestricted and available to meet ongoing governmental obligations. The remainder of the Town's net assets is invested in capital assets. The Town's net assets decreased \$ 33,897 during the fiscal year.

The Town's governmental funds report, on a current financial resources basis, combined ending fund balances of \$ 5,015,841, a decrease of \$ 40,942 from the prior fiscal year. The fund balance of the General Fund is \$ 1,263,695.

The Town's long-term liabilities consists of employee compensated absences of \$ 12,179.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector businesses. All resources available to the Town are shown, including major assets such as buildings and infrastructure. All governmental costs are presented, not just collections and disbursements, providing both long-term and short-term financial information.

The statement of net assets presents information on all assets and liabilities, with the difference reported as net assets. Over time, the increase or decrease of net assets may serve as an indicator of the Town's improving or deteriorating financial condition.

In order to effectively determine the financial condition of the Town, other non-financial factors need to be considered. For example, factors such as the property tax base and the condition of infrastructure will affect the financial health of the Town.

The statement of activities reports the change in net assets during the most recent fiscal year. All revenues and expenses are recorded, regardless of the date of receipt or disbursement. Therefore, some revenues and expenses are reported that will only result in cash flow in a future fiscal period. Some examples of these items are earned but unused employee sick leave and uncollected taxes.

Town of Bridgewater, Connecticut
Management's Discussion and Analysis (unaudited) (continued)

Governmental activities encompass most of the Town's basic services and include general government, public safety, public works, health and welfare, recreation, and education. The receipt of property taxes, state grants, and fees for services finance most government activities.

The government-wide financial statements may be found on pages 9 and 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control and accountability of resources segregated for specific activities or objectives. In order to comply with finance-related legal requirements, the Town employs fund accounting. All of the Town's funds are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as balances available at the end of the fiscal year. Such information is useful in evaluating the government's near-term financing requirements.

The reporting focus of governmental funds is narrower than that of the government-wide financial statements. Nonetheless, it is helpful to compare the information presented for the governmental funds with the similar information presented for governmental activities in the government-wide financial statements. This comparison will facilitate the understanding of the long-term impact of the Town's near-term financing decisions. The comparison between governmental funds and governmental activities is facilitated by the reconciliations provided along with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance.

The Town maintains twelve individual governmental funds. The four major funds: the General Fund, Reserve Fund for Capital and Nonrecurring Expenditures, Harris Fund, and Capital Projects fund are each presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. In this presentation, the remaining five special revenue, one capital project, and two permanent funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

At the Annual Town Meeting in May, the Town adopts an annual budget for the General Fund. In order to demonstrate compliance with the approved budget, a budgetary comparison for the General Fund is provided.

The basic fund financial statements may be found on pages 11 to 14 of this report.

Fiduciary Funds are used to account for resources held for the benefit of entities outside the government. These funds are not reported in the government-wide financial statements because these resources are not available to provide services to the Town. Bridgewater has two pension trusts, three private purpose trust and two agency funds. The accounting for fiduciary funds is much like that used for the government-wide financial statements.

The basic fiduciary fund financial statements may be found on pages 15 and 16 of this report.

Town of Bridgewater, Connecticut
Management's Discussion and Analysis (unaudited) (continued)

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 may be found on pages 17 to 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. As indicated below, at June 30, 2010, the Town's assets exceed liabilities by \$ 9,048,128.

Town of Bridgewater		
Net Assets		
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 5,295,136	\$ 5,387,839
Capital assets	<u>3,854,219</u>	<u>3,798,753</u>
Total assets	<u>9,149,355</u>	<u>9,186,592</u>
Other liabilities	89,048	89,735
Long-term liabilities outstanding	<u>12,179</u>	<u>14,832</u>
Total liabilities	<u>101,227</u>	<u>104,567</u>
Net assets:		
Invested in capital assets	3,854,219	3,798,753
Restricted	758,080	739,144
Unrestricted	<u>4,435,829</u>	<u>4,544,128</u>
Total net assets	<u>\$ 9,048,128</u>	<u>\$ 9,082,025</u>

The largest portion of the Town's net assets reflects its investment in capital assets such as land, buildings, machinery and equipment. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Of the Town's remaining net assets at June 30, 2010, \$ 4,435,829 or 49.0% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Bridgewater, Connecticut
Management's Discussion and Analysis (unaudited) (continued)

Town of Bridgewater Changes in Net Assets		
	<u>2010</u>	<u>2009</u>
Revenues:		
Program:		
Charges for services	\$ 109,690	\$ 110,057
Operating grants and contributions	339,153	265,550
General:		
Property taxes, interest and lien fees	6,267,354	6,378,379
Unrealized investment earnings (losses)	74,457	(24,761)
Unrestricted grants and contributions	<u>76,995</u>	<u>100,262</u>
Total revenues	<u>6,867,649</u>	<u>6,829,487</u>
Expenses:		
Governmental Activities:		
General government	866,629	1,026,821
Public safety	198,164	187,266
Public works	936,042	921,665
Health and welfare	111,700	98,681
Recreation	110,353	117,399
Education	<u>4,678,658</u>	<u>4,818,496</u>
Total expenses	<u>6,901,546</u>	<u>7,170,328</u>
Change in net assets	(33,897)	(340,841)
Net assets, beginning of year	<u>9,082,025</u>	<u>9,422,866</u>
Net assets, end of year	<u>\$ 9,048,128</u>	<u>\$ 9,082,025</u>

The breakdown of total revenues as a percentage is as follows:

- 91.2% Property taxes
- 4.9% Operating grants and contributions
- 1.1% Unrestricted grants and contributions
- 1.2% Unrestricted investment earnings
- 1.6% Charges for services

Major revenue factors include a decrease in property tax revenue of \$ 111,025 from the prior fiscal year, primarily the result of decreases in the tax levy. The increase in investment revenue of \$ 99,218 from the prior fiscal year reflects the increase in values of marketable securities.

The breakdown of total expenses as a percentage is as follows:

- 67.8% Education (Regional School District No. 12)
- 13.5% Public works
- 12.5% General government
- 2.8% Public safety
- 3.4% Other

Major expense factors include a decrease in education expense of \$ 139,838 the result of a decrease in the Town's education assessment by Regional School District No. 12. Decreases in the cost of legal expenses represent the major factor affecting the \$ 160,192 decrease in general government expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. This information is used to assess the Town's financing needs. Specifically, the unreserved fund balance is a good indicator of net resources available for spending at the end of the fiscal year.

At June 30, 2010, the Town's combining ending fund balance is \$ 5,015,841. Of this amount, \$ 478,738 is held in permanent funds and \$ 50,000 is designated to produce income for the support of the Burnham Library.

The primary operating account of the Town is the General Fund. In order to measure the General Fund's liquidity, the comparison of its fund balance to its expenditures and other financing uses is helpful. The fund balance represents 19.0% of total fiscal year 2010 General Fund expenditures and transfers out.

The General Fund's fund balance increased \$ 52,509 from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Fiscal year revenues were greater than budget projections and expenditures of several departments were less than budgeted appropriations, as a result, the General Fund's fund balance increased \$ 52,509.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets The Town's total investment in capital assets, net of accumulated depreciation, is \$ 3,854,219. The breakdown of capital assets, net of accumulated depreciation, is as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,508,421	\$ 1,508,421
Buildings and improvements	1,833,805	1,836,195
Machinery and equipment	511,993	447,637
Construction in progress	<u> </u>	<u>6,500</u>
	<u>\$ 3,854,219</u>	<u>\$ 3,798,753</u>

The Town's investment in capital assets increased \$ 76,004 or 2.0% during the fiscal year. Major capital asset additions for the year include \$ 159,943 for a public works truck.

Additional information on capital assets may be found in Note 7 of the financial statements.

Long-Term Liabilities The Town has no direct debt as of June 30, 2010. The Town has recorded a liability for accrued compensated employee sick leave. As a member of Regional School District No. 12, the Town's share of the Region's debt is \$ 348,461. This potential obligation exists only if the school district is unable to meet its debt requirements; this situation is not anticipated. The overall statutory debt limit for the Town is seven times annual receipts from taxation or \$ 44,299,941.

Additional information on long-term liabilities may be found in Note 8 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The mil rate for the Fiscal Year 2011 budget was set at 15.5, an increase of 0.3 mils over the preceding year and the grand list increased \$ 3,687,806.

The largest expenditure in the budget is the portion paid to Regional School District No. 12 which represents 69.5% of total budgeted expenditures. The next largest expenditure, public works, represents 8.5% of the total budget.

At Town meetings, residents approved additional appropriations of \$ 25,000 to the Wireless Telecommunications Committee to engage an RF engineer and attorney and \$ 15,000 for the Burnham School playground renovation.

Bridgewater is still not insulated from the national economic crisis. The unemployment rate in the Town remained below the national average.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Treasurer's Office, Bridgewater Town Hall, PO Box 216, Bridgewater, CT 06752-0216.

TOWN OF BRIDGEWATER, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 3,482,219
Investments	1,607,718
Receivables, net of allowances:	
Property tax	112,840
Interest and fees on property tax	90,415
Prepaid expenses	1,944
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>3,854,219</u>
Total assets	<u>9,149,355</u>
<u>Liabilities</u>	
Accounts payable	72,048
Deposits	17,000
Noncurrent liabilities:	
Compensated absences, due in more than one year	<u>12,179</u>
Total liabilities	<u>101,227</u>
<u>Net Assets</u>	
Invested in capital assets	3,854,219
Restricted for:	
Road maintenance	284,277
Permanent endowments:	
Expendable	216,044
Nonexpendable	257,759
Unrestricted	<u>4,435,829</u>
Total net assets	<u>\$ 9,048,128</u>

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

TOWN OF BRIDGEWATER, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

		Program Revenues			Net (Expense) Revenue and Change In Net Assets
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contribution	
Governmental Activities:					
General government	\$ (866,629)	\$ 92,863	\$ 31,592	\$ -	\$ (742,174)
Public safety	(198,164)	3,071			(195,093)
Public works	(936,042)		90,835		(845,207)
Health and welfare	(111,700)		38,920		(72,780)
Recreation	(110,353)	13,756			(96,597)
Education	(4,678,658)		177,806		(4,500,852)
	Total governmental activities	\$ 109,690	\$ 339,153	\$ -	(6,452,703)
			General Revenues:		
			Property taxes, interest, and lien fees		6,267,354
			Grants and contributions not restricted to specific programs		76,995
			Unrestricted investment earnings		74,457
			Total general revenues		6,418,806
			Change in net assets		(33,897)
			Net assets, beginning of year		9,082,025
			Net assets, end of year		\$ 9,048,128

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

TOWN OF BRIDGEWATER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Reserve Fund for Capital and Nonrecurring Expenditures	Harris Fund	Capital Projects	Other Funds	Total Funds
<u>Assets</u>						
Cash and cash equivalents	\$ 1,395,092	\$ 1,711,360	\$ 3,425	\$ 40,415	\$ 331,927	\$ 3,482,219
Investments		566,564	526,183		514,971	1,607,718
Receivables, net of allowances:						
Property tax	112,840					112,840
Interest and fees on property tax	90,415					90,415
Prepaid expenses	1,944					1,944
Due from other funds				69,852		69,852
Total assets	<u>\$ 1,600,291</u>	<u>\$ 2,277,924</u>	<u>\$ 529,608</u>	<u>\$ 110,267</u>	<u>\$ 846,898</u>	<u>\$ 5,364,988</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 59,497	\$ -	\$ -	\$ -	\$ 12,551	\$ 72,048
Due to other funds	69,852					69,852
Deposits	17,000					17,000
Deferred revenue	190,247					190,247
Total liabilities	<u>336,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,551</u>	<u>349,147</u>
Fund Balances:						
Reserved:						
Permanent funds					478,738	478,738
Unreserved:						
Designated for:						
Subsequent year expenditures	378,519					378,519
Library			50,000			50,000
Undesignated, reported in:						
General fund	885,176					885,176
Special revenue funds			479,608		309,591	789,199
Capital project funds		2,277,924		110,267	46,018	2,434,209
Total fund balances	<u>1,263,695</u>	<u>2,277,924</u>	<u>529,608</u>	<u>110,267</u>	<u>834,347</u>	<u>5,015,841</u>
Total liabilities and fund balances	<u>\$ 1,600,291</u>	<u>\$ 2,277,924</u>	<u>\$ 529,608</u>	<u>\$ 110,267</u>	<u>\$ 846,898</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in funds.	3,854,219
Deferred property taxes, interest, and lien fees are not available to pay for current period expenditures and therefore, are deferred, or not recognized, in the funds.	190,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(12,179)</u>

Net assets of governmental activities \$ 9,048,128

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

TOWN OF BRIDGEWATER, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Reserve Fund for Capital and Nonrecurring Expenditures	Harris Fund	Capital Projects	Other Funds	Total Funds
Revenues:						
Property taxes	\$ 6,287,877	\$ -	\$ -	\$ -	\$ -	\$ 6,287,877
Interest and lien fees	30,551					30,551
Intergovernmental	156,725				95,835	252,560
Investment income	9,587	9,336	13,153	546	21,919	54,541
Net increase in fair value of investments			36,896		26,094	62,990
Licenses and permits	74,740					74,740
Charges for services	38,285				3,501	41,786
Other	91,240				22,438	113,678
Total revenues	<u>6,689,005</u>	<u>9,336</u>	<u>50,049</u>	<u>546</u>	<u>169,787</u>	<u>6,918,723</u>
Expenditures:						
Current:						
General government	885,178		125		17,812	903,115
Public safety	185,643					185,643
Public works	670,446				100,002	770,448
Health and welfare	87,832				20,713	108,545
Recreation	89,567					89,567
Education	4,678,658					4,678,658
Capital outlay				223,689		223,689
Total expenditures	<u>6,597,324</u>	<u>-</u>	<u>125</u>	<u>223,689</u>	<u>138,527</u>	<u>6,959,665</u>
Excess of revenues over (under) expenditures	91,681	9,336	49,924	(223,143)	31,260	(40,942)
Other financing sources (uses):						
Transfers in				39,172		39,172
Transfers out	(39,172)					(39,172)
Net change in fund balances	52,509	9,336	49,924	(183,971)	31,260	(40,942)
Fund balances, beginning of year	<u>1,211,186</u>	<u>2,268,588</u>	<u>479,684</u>	<u>294,238</u>	<u>803,087</u>	<u>5,056,783</u>
Fund balances, end of year	<u>\$ 1,263,695</u>	<u>\$ 2,277,924</u>	<u>\$ 529,608</u>	<u>\$ 110,267</u>	<u>\$ 834,347</u>	<u>\$ 5,015,841</u>

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

TOWN OF BRIDGEWATER, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances - total governmental funds	\$ (40,942)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	55,466
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(51,074)
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the compensated absences liability during the fiscal year.	<u>2,653</u>
Change in net assets of governmental activities	<u><u>\$ (33,897)</u></u>

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

TOWN OF BRIDGEWATER, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Property taxes	\$ 6,377,782	\$ 6,377,782	\$ 6,287,877	\$ (89,905)
Interest and lien fees	15,000	15,000	30,551	15,551
Intergovernmental	194,110	194,110	156,725	(37,385)
Investment income	50,000	50,000	9,587	(40,413)
Licenses and permits	76,400	76,400	74,740	(1,660)
Charges for services	32,100	32,100	38,285	6,185
Other	44,000	44,000	91,240	47,240
Total revenues	<u>6,789,392</u>	<u>6,789,392</u>	<u>6,689,005</u>	<u>(100,387)</u>
Expenditures:				
Current:				
General government	959,981	942,981	885,178	57,803
Public safety	180,601	189,601	185,643	3,958
Public works	677,337	677,337	670,446	6,891
Health and welfare	88,053	96,053	87,832	8,221
Recreation	101,497	101,497	89,567	11,930
Education	4,742,751	4,742,751	4,678,658	64,093
Total expenditures	<u>6,750,220</u>	<u>6,750,220</u>	<u>6,597,324</u>	<u>152,896</u>
Excess of revenues over (under) expenditures	39,172	39,172	91,681	52,509
Other Financing Uses:				
Transfers out	<u>(39,172)</u>	<u>(39,172)</u>	<u>(39,172)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	52,509	<u>\$ 52,509</u>
Fund balance, beginning of year			<u>1,211,186</u>	
Fund balance, end of year			<u>\$ 1,263,695</u>	

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

TOWN OF BRIDGEWATER, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employees	\$ 21,090	\$ -
Town	17,797	
Other	7,606	27,995
Investment income:		
Interest and dividends		36,810
	<hr/>	<hr/>
Total additions	46,493	64,805
	<hr/>	<hr/>
Deductions:		
Scholarship awards		44,450
Distributions to other scholarship funds		25,963
Net increase in fair value of investments	(64,413)	(48,054)
Other	88,691	708
	<hr/>	<hr/>
Total deductions	24,278	23,067
	<hr/>	<hr/>
Change in net assets	22,215	41,738
Net assets, beginning of year	576,958	1,111,385
	<hr/>	<hr/>
Net assets, end of year	\$ 599,173	\$ 1,153,123
	<hr/> <hr/>	<hr/> <hr/>

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

TOWN OF BRIDGEWATER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Town of Bridgewater, Connecticut (the “Town”) operates under a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety, public works, health and welfare, recreation, education, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies used by the Town.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity includes the primary government only. No component units meeting the criteria provided in Government Accounting Standards Board Statements Nos. 14 and 39 exist. The following related organizations did not meet the above criteria and are not included:

Regional School District No. 12 - The school district provides educational services and facilities for the Towns of Bridgewater, Roxbury, and Washington, Connecticut. The Town pays a proportional share of the expenses of the district.

Bridgewater Library Association - The Town provides a portion of the operating budget to the library, however, the Town is not required to fund deficits nor does the Town participate in program budgets or managing operations.

Bridgewater Volunteer Fire Company - This potential component unit has a separate elected board and provides services to residents, generally within the geographic boundaries of the Town. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations.

Jointly Governed Organizations

Regional Animal Control Authority

The Regional Animal Control Authority (the "Authority") was created by the Towns of Bridgewater, Brookfield, New Fairfield, New Milford, Roxbury, and Sherman to enforce laws relating to animals within the six-town region. The Authority is supported by assessments to the participating towns based upon population census. The Town appropriated \$ 8,703 for operation of the Authority for the year ended June 30, 2010.

Lake Lillinonah Authority

The Lake Lillinonah Authority (the "Lake Authority") was created by the Towns of Bridgewater, Brookfield, New Milford, Newtown, Roxbury, and Southbury by local ordinances. The Lake Authority is comprised of three delegates from each member town. The Town appropriated \$ 23,672 for the operation of the Lake Authority for the year ended June 30, 2010.

Housatonic Resource Recovery Authority

The Town and ten other local municipalities each appoint the governing board of the Housatonic Resource Recovery Authority, with which the Town contracts for waste management services. Each Town is awarded voting units based upon population.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

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

The various funds included in the financial statements are described below:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed.

General Fund - The primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

Special Revenue Funds - Account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - Account for all financial resources used for the acquisition or construction of major capital facilities.

Permanent Funds - Used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

Pension Trust Funds - Used for the accumulation of resources to be used for retirement benefits.

Private - Purpose Trust Funds - Used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

Agency Funds - Custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

The Town reports the following major governmental funds:

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

The *Reserve Fund for Capital and Nonrecurring Expenditures* accounts for resources that have been segregated for capital acquisitions.

The *Harris Fund* accounts for the proceeds of a bequest. With the exception of \$ 50,000 designated to produce income for the support of the Burnham Library, there is no restriction on the use of the fund's assets.

The *Capital Projects* fund accounts for resources that have been segregated for capital acquisitions.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Accounting Estimates

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

Property Taxes

Property taxes are assessed as of October 1, levied on the following July 1, and are due in two installments, July 1, and January 1. Supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year. An allowance based on historical collection experience is provided for uncollectible taxes.

Cash Equivalents

The Town classifies all highly liquid investments having original maturities of three months or less as cash equivalents.

Investments

Investments are stated at fair value, using quoted market prices.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

As permitted under GASB 34, the Town has elected to prospectively capitalize infrastructure assets in the statement of net assets beginning July 1, 2003. The Town has not acquired any infrastructure assets subsequent to that date and as a result, does not report any infrastructure assets.

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

<u>Assets</u>	<u>Years</u>
Buildings	40 - 50
Buildings and improvements	5 - 30
Machinery and equipment	3 - 20

Capital asset acquisitions are reported as expenditures and no depreciation is taken in the governmental fund financial statements.

Compensated Absences

Town employees accumulate, by prescribed formula, sick leave for subsequent use or for payment upon termination or retirement. Accumulated vacation and personal days must be used by year end and are not cumulative. Sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

Pension Accounting

Pension Trust Funds

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

Governmental Funds

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy

The Town makes contributions based on the provisions of the defined contribution plan.

Fund Equity and Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in capital assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation reduces this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories, and their general meanings, are as follows:

Reserved fund balance - Indicates that portion of fund equity which has been legally segregated for specific purposes.

Unreserved fund balance - Indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is frequently employed by governmental units as an extension of formal budgetary integration in the governmental funds. The Town does not utilize encumbrance accounting.

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details are as follows:

Capital outlay	\$ 220,321
Depreciation expense	<u>(164,855)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>55,466</u>

Note 3 - Budgets and Budgetary Accounting

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

- Department heads, officers and agencies of the Town file estimates of expenditures to be made and revenues to be collected in the upcoming year to the Board of Finance. The Board of Finance recommends budgets, as revised, for adoption at the annual Town meeting in May or if a petition is filed with the Town Clerk in accordance with Section 7-7 of the Connecticut General Statutes, at Town referendum.
- The budget is legally adopted by a vote at the Annual Town Budget Meeting.
- The Board of Finance is authorized to transfer budgeted amounts between departmental appropriations of up to \$ 20,000 per department per year. Subsequent appropriations and appropriations of more than \$ 20,000 for any one department per year must be approved by Town Meeting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Appropriations for capital projects do not lapse until completion of the applicable projects.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Note 4 - Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Deposits	\$ 526,224	\$	\$ 526,224
Certificates of deposit	<u>1,868,245</u>	<u> </u>	<u>1,868,245</u>
Total deposits	2,394,469		2,394,469
Secured municipal accounts	1,702,266		1,702,266
Petty cash	200		200
Money market funds		75,593	75,593
Certificates classified as investments	<u>(614,716)</u>	<u> </u>	<u>(614,716)</u>
Total cash and cash equivalents	<u>\$ 3,482,219</u>	<u>\$ 75,593</u>	<u>\$ 3,557,812</u>

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Town does not have a policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank”, as defined by the Statutes, which is not a “qualified public depository”.

At June 30, 2010, the carrying amount of the Town’s deposits was \$ 2,394,469 and the bank balance was \$ 2,487,222. Of the bank balance, \$ 1,560,606 was uninsured and uncollateralized.

Amounts held in the repurchase agreement and secured municipal accounts were collateralized with collateral held by the banks’ trust departments or agents, but not in the Town’s name.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Investments

	<u>Fair Value</u>	<u>Maturity Not Applicable</u>	<u>Investment Maturities (in years)</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>10-30</u>
<u>Governmental funds</u>						
Reserve for Capital and Nonrecurring						
Certificates of deposit	\$ 566,564	\$ _____	\$ 166,564	\$ 400,000	\$ _____	\$ _____
Harris fund						
U.S. government agencies	1,055					1,055
Equity mutual funds	525,128*	525,128				
Total Harris fund	<u>526,183</u>	<u>525,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055</u>
Nonmajor funds						
Certificates of deposit	2,799		2,799			
U.S. government agencies	34,819					34,819
Equity mutual funds	477,353*	477,353				
Total nonmajor funds	<u>514,971</u>	<u>477,353</u>	<u>2,799</u>	<u>-</u>	<u>-</u>	<u>34,819</u>
Total governmental funds	<u>\$ 1,607,718</u>	<u>\$ 1,002,481</u>	<u>\$ 169,363</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 35,874</u>
<u>Fiduciary funds</u>						
Pension trust funds						
Investment contract accounts	\$ 258,192*	\$ 258,192	\$ _____	\$ _____	\$ _____	\$ _____
Equity mutual funds	279,926*	279,936				
Bond mutual fund	61,045			61,045		
Total pension trust funds	<u>599,173</u>	<u>538,128</u>	<u>-</u>	<u>61,045</u>	<u>-</u>	<u>-</u>
Private purpose trust and agency funds						
Certificates of deposit	476,133		421,615	54,518		
Money market funds	75,593		75,593			
U.S. government agencies	274,629					274,629
Bond mutual funds	22,995			22,995		
Equity mutual funds	646,679*	646,679				
Money market funds classified as cash equivalents	(75,593)		(75,593)			
Total private purpose trust and agency funds	<u>1,420,436</u>	<u>646,679</u>	<u>421,615</u>	<u>77,513</u>	<u>-</u>	<u>274,629</u>
Total fiduciary funds	<u>\$ 2,019,609</u>	<u>\$ 1,184,807</u>	<u>\$ 421,615</u>	<u>\$ 138,558</u>	<u>\$ -</u>	<u>\$ 274,629</u>

* These investments are uninsured and unregistered with securities held by the counterparties, but not in the Town's name.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Credit risk - The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: obligations of the United States and its agencies, high rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The pension, permanent funds and private-purpose trust funds may also be invested in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor and in the case of pension funds, the provisions of the applicable plan.

The Town's mutual fund investments consisted primarily of equity mutual funds for which no credit risk disclosure is required. Credit ratings for the bond mutual funds and money market funds were not available.

The investment contract accounts of the Town's pension trust funds are issued by ING Insurance and Annuity Company and are not rated by rating services.

Interest rate risk – The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 5 - Receivables by Fund Type

Receivables at June 30, 2010 for the Town's governmental funds, including the applicable allowance for collection losses, are as follows:

	<u>General Fund</u>
Property tax	\$ 115,142
Interest and fees on property taxes	<u>96,067</u>
Total gross receivables	211,209
Allowance for collection losses	<u>(7,954)</u>
Total net receivables	<u>\$ 203,255</u>

Note 6 - Interfund Receivables, Payables and Transfers

At June 30, 2010, the General fund had an interfund payable of \$ 69,852 due to the Capital Projects fund that was the result of interfund transactions.

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance capital projects and other programs accounted for in other funds in accordance with budget authorizations. A transfer of \$ 39,172 was made from the General Fund to the Capital Projects fund during the year ended June 30, 2010.

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Note 7 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,508,421	\$	\$	\$ 1,508,421
Construction in progress	<u>6,500</u>		<u>6,500</u>	
Total capital assets not being depreciated	<u>1,514,921</u>		<u>6,500</u>	<u>1,508,421</u>
Capital assets, being depreciated:				
Buildings and improvements	2,888,259	56,641		2,944,900
Machinery and equipment	<u>1,212,851</u>	<u>170,180</u>		<u>1,383,031</u>
Total capital assets being depreciated	<u>4,101,110</u>	<u>226,821</u>		<u>4,327,931</u>
Less accumulated depreciation for:				
Buildings and improvements	1,052,065	59,030		1,111,095
Machinery and equipment	<u>765,213</u>	<u>105,825</u>		<u>871,038</u>
Total accumulated depreciation	<u>1,817,278</u>	<u>164,855</u>		<u>1,982,133</u>
Total capital assets being depreciated, net	<u>2,283,832</u>	<u>61,966</u>		<u>2,345,798</u>
Capital assets, net	<u>\$ 3,798,753</u>	<u>\$ 61,966</u>	<u>\$ 6,500</u>	<u>\$ 3,854,219</u>

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

General government	\$ 52,213
Public works	86,846
Public safety	6,926
Recreation	<u>18,870</u>
Total depreciation expense, governmental activities	<u>\$ 164,855</u>

Note 8 - Long-Term Liabilities

Changes in Long-Term Liabilities

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 14,832	<u>\$</u>	<u>\$ 2,653</u>	<u>\$ 12,179</u>	<u>\$ -</u>

Town of Bridgewater, Connecticut
Notes to Financial Statements (continued)

Note 9- Pension Plans

Defined Contribution Plan

The Town administers a single employer defined contribution plan (Money Purchase Plan) which covers substantially all employees and elected officials of the Town and employees of the Regional Animal Control Authority. The plan is included in the Town's financial statements as a Pension Trust Fund. At June 30, 2010, the net assets available for benefits were \$ 355,039. Vested benefits totaled \$ 350,152.

At June 30, 2010, there were thirteen employees and elected officials of the Town and four employees of the Regional Animal Control Authority covered under the plan. To be eligible, employees must be twenty-one and have completed one year of service working at least 500 hours. Town and Regional Animal Control Authority contributions to the plan are six percent of compensation for participants with less than ten years of service and seven percent for participants with more than nine years of service. At age sixty-five, plan participants are entitled to a lump sum payment or a retirement benefit. Participants who have completed five years of service are entitled to a lump sum payment upon termination of employment.

Town and Regional Animal Control Authority contributions totaled \$ 17,797 and \$ 7,542, respectively, for the year ended June 30, 2010. In addition, the Newtown Health District contributed \$ 64 for an employee participating in the Town of Bridgewater pension plan.

Deferred Compensation Plan

The Town has established a deferred compensation plan in accordance with Internal Revenue Service Code Section 457. The plan, available to substantially all employees and elected officials of the Town and employees of the Regional Animal Control Authority, permits them to defer a portion of their salary while employed by either agency until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is reported as a Pension Trust fund. At June 30, 2010, the plan had net assets of \$ 244,134 that were not available to the Town's general creditors.

Note 10 - Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage. There have been no significant reductions in coverage from the prior year.

Note 11 - Contingent Liabilities

The Town is contingently liable on Regional School District No. 12 serial bonds payable through June 1, 2016. The amount (23.34 percent) attributed to the Town of Bridgewater is \$ 348,461.

The Town has received State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material to the financial statements.

In addition, the Town is a defendant in various lawsuits including land use. The outcome of these lawsuits is not presently determinable. In the opinion of Town management, in consultation with Town attorneys, the liability, if any, resulting therefrom, will not have a material effect on the Town's financial position.

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF BRIDGEWATER, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES
(BUDGET AND ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 6,377,782	\$ 6,377,782	\$ 6,287,877	\$ (89,905)
Interest and lien fees	15,000	15,000	30,551	15,551
Intergovernmental:				
Education grant	137,292	137,292	124,559	(12,733)
Elderly tax relief	16,000	16,000	14,249	(1,751)
Mashantucket Pequot grant	10,031	10,031	7,243	(2,788)
Veterans tax relief	1,000	1,000	973	(27)
Boating safety	2,670	2,670	1,368	(1,302)
LOCIP	24,501	24,501		(24,501)
Other	2,616	2,616	8,333	5,717
	<u>194,110</u>	<u>194,110</u>	<u>156,725</u>	<u>(37,385)</u>
Investment income	50,000	50,000	9,587	(40,413)
Licenses and permits:				
Permits	50,000	50,000	38,612	(11,388)
Conveyance taxes	20,000	20,000	26,490	6,490
Land use	2,400	2,400	6,567	4,167
Dog licenses	1,500	1,500	2,481	981
Police enforcement	2,500	2,500	590	(1,910)
	<u>76,400</u>	<u>76,400</u>	<u>74,740</u>	<u>(1,660)</u>
Charges for services:				
Recording fees	7,500	7,500	11,757	4,257
Recreation fees	17,500	17,500	13,756	(3,744)
Rent			6,413	6,413
Other	7,100	7,100	6,359	(741)
	<u>32,100</u>	<u>32,100</u>	<u>38,285</u>	<u>6,185</u>
Other revenues:				
Telephone line tax	11,500	11,500	6,991	(4,509)
Telecommunications tax	22,500	22,500	22,259	(241)
Regional School District No. 12 reimbursement			53,247	53,247
Other	10,000	10,000	8,743	(1,257)
	<u>44,000</u>	<u>44,000</u>	<u>91,240</u>	<u>47,240</u>
Total revenues	<u>\$ 6,789,392</u>	<u>\$ 6,789,392</u>	<u>\$ 6,689,005</u>	<u>\$ (100,387)</u>

TOWN OF BRIDGEWATER, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
(BUDGET AND ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Selectmens office	\$ 156,606	\$ 156,606	\$ 156,500	\$ 106
Probate court	2,250	2,250	-	2,250
Election expense	21,352	21,352	17,682	3,670
Town Clerk's office	45,608	45,608	45,507	101
Insurance	82,420	82,420	73,861	8,559
Town hall	42,350	42,350	42,072	278
Town newsletter	5,283	6,058	6,045	13
Board of Finance	1,200	1,200	400	800
Audit	19,750	19,750	19,750	-
Assessor's office	51,750	51,750	52,513	(763)
Tax Collector's office	38,805	40,005	39,643	362
Treasurer's office	34,080	39,122	37,324	1,798
Payroll taxes	51,634	51,634	48,980	2,654
Employee insurance	106,603	117,255	114,485	2,770
Employee pension	33,575	33,575	23,985	9,590
HVCEO	3,118	3,118	3,118	-
Planning and zoning	24,170	24,170	18,142	6,028
Conservation inland wetlands	8,955	8,955	6,700	2,255
Land use administrator	8,264	8,264	7,214	1,050
Building inspector	48,489	48,489	40,747	7,742
Town-owned buildings	56,330	56,330	55,993	337
Library	72,036	72,036	72,036	-
Tax refunds	2,000	2,000	-	2,000
Public celebrations	2,000	2,000	1,956	44
Contingency	40,000	5,331	-	5,331
Other	1,353	1,353	525	828
	<u>959,981</u>	<u>942,981</u>	<u>885,178</u>	<u>57,803</u>
Public Safety:				
Fire protection	34,298	34,298	33,730	568
Police protection	137,000	146,000	142,810	3,190
Civil preparedness	600	600	400	200
Regional Animal Control Authority	8,703	8,703	8,703	-
	<u>180,601</u>	<u>189,601</u>	<u>185,643</u>	<u>3,958</u>

Town of Bridgewater, Connecticut

**General Fund
Schedule of Expenditures and Other Financing Uses (Continued)
(Budget and Actual)
For The Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Works:				
Town roads	\$ 584,922	\$ 584,922	\$ 591,617	\$ (6,695)
Trash disposal	41,490	41,490	28,223	13,267
Equipment maintenance	42,000	42,000	41,969	31
Town garage	3,425	3,425	3,380	45
Street lighting	5,500	5,500	5,257	243
	<u>677,337</u>	<u>677,337</u>	<u>670,446</u>	<u>6,891</u>
Health and Welfare:				
Sanitarian	34,684	34,684	32,434	2,250
OSHA	500	500	-	500
VNA	5,000	5,000	6,221	(1,221)
Welfare	2,500	2,500	-	2,500
Adult services	45,111	53,111	48,981	4,130
Other	258	258	196	62
	<u>88,053</u>	<u>96,053</u>	<u>87,832</u>	<u>8,221</u>
Recreation:				
Recreation commission	52,475	52,475	41,850	10,625
Town parks	25,350	25,350	24,045	1,305
Lake Lillinonoah Authority	23,672	23,672	23,672	-
	<u>101,497</u>	<u>101,497</u>	<u>89,567</u>	<u>11,930</u>
Education:	<u>4,742,751</u>	<u>4,742,751</u>	<u>4,678,658</u>	<u>64,093</u>
Total expenditures	<u>6,750,220</u>	<u>6,750,220</u>	<u>6,597,324</u>	<u>152,896</u>
Other Financing Uses:				
Transfers out:				
Capital projects fund	39,172	39,172	39,172	-
	<u>39,172</u>	<u>39,172</u>	<u>39,172</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 6,789,392</u>	<u>\$ 6,789,392</u>	<u>\$ 6,636,496</u>	<u>\$ 152,896</u>

TOWN OF BRIDGEWATER, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue				Capital Project		Permanent		Total
	Town Aid Road	Records Preservation	Friends of the Senior Center	Bridgewater Gift	Recreation Gift	Open Space and Land Acquisition	Burnham Fund	Bridgewater Library	
Assets									
Cash and cash equivalents	\$ 284,277	\$ 8,911	\$ 4,240	\$ 12,824	\$ 1,475	\$ 665	\$ 17,792	\$ 1,743	\$ 331,927
Investments				2,799		45,353	239,967	226,852	514,971
Total assets	\$ 284,277	\$ 8,911	\$ 4,240	\$ 15,623	\$ 1,475	\$ 46,018	\$ 257,759	\$ 228,595	\$ 846,898
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,551	\$ 12,551
Total liabilities	-	-	-	-	-	-	-	12,551	12,551
Fund Balances:									
Reserved				4,935			257,759	216,044	478,738
Unreserved	284,277	8,911	4,240	10,688	1,475	46,018			355,609
Total fund balances	284,277	8,911	4,240	15,623	1,475	46,018	257,759	216,044	834,347
Total liabilities and fund balances	\$ 284,277	\$ 8,911	\$ 4,240	\$ 15,623	\$ 1,475	\$ 46,018	\$ 257,759	\$ 228,595	\$ 846,898

TOWN OF BRIDGEWATER, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue				Capital Project		Permanent		Total
	Town Aid Roads	Records Preservation	Friends Of The Senior Center	Bridgewater Gift	Recreation Gift	Open Space and Land Acquisition	Burnham Fund	Bridgewater Library	
Revenues:									
Intergovernmental	\$ 90,835	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,835
Investment income	962		43	65		813	9,597	10,439	21,919
Net increase in fair value of investments						3,056	14,221	8,817	26,094
Charges for services		3,501							3,501
Donations and other			15,102	7,336					22,438
Total revenues	91,797	8,501	15,145	7,401	-	3,869	23,818	19,256	169,787
Expenditures:									
Current:									
General Government		7,123				125		10,564	17,812
Public Works	100,002								100,002
Health and Welfare			12,708	2,636			5,369		20,713
Total expenditures	100,002	7,123	12,708	2,636	-	125	5,369	10,564	138,527
Net change in fund balances	(8,205)	1,378	2,437	4,765	-	3,744	18,449	8,692	31,260
Fund balances, beginning of year	292,482	7,533	1,803	10,858	1,475	42,274	239,310	207,352	803,087
Fund balances, end of year	\$ 284,277	\$ 8,911	\$ 4,240	\$ 15,623	\$ 1,475	\$ 46,018	\$ 257,759	\$ 216,044	\$ 834,347

TOWN OF BRIDGEWATER, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Pension Trust Funds			Private Purpose Trust Funds				Agency Funds		
	Defined Contribution Plan	Deferred Compensation Plan	Total	W. Sills Gould Scholarship	Jespersen Scholarship	Bridgewater Scholarship	Total	Brooks Piggott	Library Growth	Total
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,008	\$ 42,296	\$ 29,402	\$ 73,706	\$ 1,766	\$ 121	\$ 1,887
Investments	355,039	244,134	599,173	189,128	480,406	409,883	1,079,417	307,966	33,053	341,019
Total assets	355,039	244,134	599,173	191,136	522,702	439,285	1,153,123	309,732	33,174	342,906
Liabilities										
Due to Bridgewater Library Association								309,732	33,174	342,906
Net Assets										
Reserved for donors' intentions				191,136	522,702	439,285	1,153,123			
Reserved for pension benefits	355,039	244,134	599,173							
Total net assets	\$ 355,039	\$ 244,134	\$ 599,173	\$ 191,136	\$ 522,702	\$ 439,285	\$ 1,153,123	\$ -	\$ -	\$ -

TOWN OF BRIDGEWATER, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Funds			Private Purpose Trust Funds			
	Defined Contribution Plans	Deferred Compensation Plans	Total	W. Sills Gould Scholarship	Jespersen Scholarship	Bridgewater Scholarship	Total
Additions:							
Contributions:							
Employee	\$ -	\$ 21,090	\$ 21,090	\$ -	\$ -	\$ -	\$ -
Town	17,797		17,797				
Others	7,606		7,606			27,995	27,995
Total contributions	25,403	21,090	46,493	-	-	27,995	27,995
Investment income:							
Interest and dividends	-	-	-	2,155	17,740	16,915	36,810
Total additions	25,403	21,090	46,493	2,155	17,740	44,910	64,805
Deductions:							
Scholarship awards						44,450	44,450
Distributions to other scholarship funds				4,224	21,739		25,963
Net increase in fair value of investments	(33,584)	(30,829)	(64,413)	(375)	(24,026)	(23,653)	(48,054)
Other	47,574	41,117	88,691	225	348	135	708
Total deductions	13,990	10,288	24,278	4,074	(1,939)	20,932	23,067
Change in net assets	11,413	10,802	22,215	(1,919)	19,679	23,978	41,738
Net assets, beginning of year	343,626	233,332	576,958	193,055	503,023	415,307	1,111,385
Net assets, end of year	\$ 355,039	\$ 244,134	\$ 599,173	\$ 191,136	\$ 522,702	\$ 439,285	\$ 1,153,123

TOWN OF BRIDGEWATER, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(B)
FOR THE YEAR ENDED JUNE 30, 2010**

Total tax collection including interest and lien fees for the year ended June 30, 2010		\$	<u>6,328,563</u>	
	General	Schools	Sewers	Urban Renewal
Debt Limitation:				Pension Deficit
2 1/4 times base	\$ 14,239,266	\$ -	\$ -	\$ -
4 1/2 times base		28,478,532		
3 3/4 times base			23,732,110	
3 1/4 times base				20,567,829
3 times base				<u>18,985,688</u>
Total debt limitation	<u>14,239,266</u>	<u>28,478,532</u>	<u>23,732,110</u>	<u>20,567,829</u>
Indebtedness:				
Regional School District No. 12		348,461		
Total indebtedness		<u>348,461</u>		
Debt limitation in excess of outstanding and authorized debt	<u>\$ 14,239,266</u>	<u>\$ 28,130,071</u>	<u>\$ 23,732,110</u>	<u>\$ 20,567,829</u>
				<u>\$ 18,985,688</u>

The Town of Bridgewater's share of Regional School District No. 12 debt is approximately 23.34%.

TOWN OF BRIDGEWATER, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2010**

Grand List October 1,	Taxes Receivable July 1, 2009		Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections		Taxes Receivable June 30, 2010
	Additions	Deductions	Interest and Liens	Total					
2008	\$ 3,855	\$ (6,870)	\$ 6,275,770	\$ 6,249,242	\$ 10,307	\$ 6,259,549	\$ 26,528		
2007	42,521	(1,477)	41,131	26,941	4,513	31,454	14,190		
2006	20,772	(46)	20,726	6,702	3,534	10,236	14,024		
2005	11,734	(213)	11,521	3,299	1,764	5,063	8,222		
2004	9,415	(100)	9,315	3,310	2,275	5,585	6,005		
2003	8,652		8,652	2,957	2,653	5,610	5,695		
2002	7,570		7,570	2,483	878	3,361	5,087		
2001	6,395		4,945	173	231	404	4,772		
2000	6,865		5,044	180	272	452	4,864		
1999	6,002		4,456	132	217	349	4,324		
1998 and prior	31,439	(1,988)	24,023	2,592	3,908	6,500	21,431		
	6,430,150	(10,694)	6,413,153	6,298,011	30,552	6,328,563	115,142		
Less: allowances	5,403		5,403				2,302		
	\$ 6,424,747	\$ (10,694)	\$ 6,407,750	\$ 6,298,011	\$ 30,552	\$ 6,328,563	\$ 112,840		