



Charles Heaven & Co.  
Certified Public Accountants

**TOWN OF BRIDGEWATER  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2022**

**Town of Bridgewater  
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June 30, 2022**

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Waterbury, Connecticut

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Bridgewater, Connecticut

### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bridgewater, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bridgewater, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management of the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bridgewater, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bridgewater, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bridgewater, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

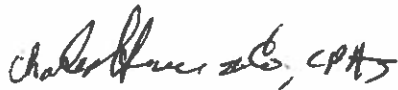
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on pages 38 through 41, and supplementary pension information on pages 44 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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 accompanying combining and individual nonmajor fund financial statements, and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and supplemental schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023, on our consideration of the Town of Bridgewater, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Bridgewater, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bridgewater, Connecticut's internal control over financial reporting and compliance.



January 3, 2023

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**INTRODUCTION**

The June 30, 2022 Town of Bridgewater Basic Financial statements are presented using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that the Management of the Town of Bridgewater focus on the most important or “major” funds, which always includes the General Fund.

The goal is to provide the reader with an objective and readable analysis of the financial performance of the Town for the year. Taken together, the following statements should present whether the Town of Bridgewater’s financial position has improved or deteriorated as a result of the year’s operations. Fund statements measure and report the operating results of many funds by measuring cash on hand and other assets that can easily be converted to cash. The Basic Financial Statements includes government-wide financial statements prepared on the accrual basis for all of the Town government’s activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter). Showing budgetary compliance has always been an important part of governmental accountability and therefore the financial statements include the original budget as well as the amended final budget.

Readers of the Town's financial statements are offered this narrative overview and analysis of financial activities for the year ended June 30, 2022.

**OVERVIEW OF FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to the Town’s basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions.

The Basic Financial Statements are comprised of three main components:

- Government Wide Financial Statements
- Fund Financial statements
- Notes to the Financial Statements

Required Supplementary Information (RSI)

- Consists of MD&A
- Budgetary comparison schedules for the general fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget.

**Government Wide Financial Statements**

The government wide financial statements are designed to provide information with a broad overview of the Town’s finances in a manner similar to a private sector business.

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**Government Wide Financial Statements (continued):**

They include a *statement of net position* which presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows with the difference between assets plus deferred outflows less liabilities and deferred inflows reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, deferred inflows/outflows, revenues, expenses, and gains and losses of the government. The government-wide financial statements present functions of the Town of Bridgewater that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town include general government, commissions and boards, highways and public works, public safety, health and welfare, education, and other.

Capital assets, along with depreciation expense, are reported in the statement of activities. As permitted under GASB Statement 34, the Town has elected to prospectively capitalize infrastructure assets beginning July 1, 2003. Net position is reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position is shown as either expendable or nonexpendable.

Expenses presented are reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net position for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

The government wide financial statements are found on pages 13 and 14.

**Fund Financial Statements**

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

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government wide financial statements, government fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating the Town's near-term financing decisions. Both governmental balance sheet and governmental statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. The four major funds – General Fund, Harris Fund, Town Aid Road Fund, and Capital Nonrecurring Fund are each presented separately in the governmental fund balance sheet and in the governmental fund statement revenues, expenditures and changes in fund balances. Major funds are funds whose revenues, expenditures, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds. Other funds that are particularly important are also reported as a major fund. Data from the six other governmental funds are combined into a single, aggregated presentation under the caption of other governmental funds. Individual data for these non-major governmental funds is presented in the form of combining statements in this report.

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

The basic fund financial statements are found on pages 15 and 17 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of entities outside the Town. These funds are not reported in the government-wide financial statements because these resources are not available to support the Town's own programs. Bridgewater has two pension trusts and five private purpose scholarship trust trusts. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

In accordance to a court decree dated December 21, 2022, the five private purpose scholarship trust funds were terminated and transferred to the Bridgewater Scholarship Foundation. The transfer occurred on January 2023.

The basic fiduciary fund financial statements are found on pages 19 and 20 of this report, while the combining financial statements are presented on pages 43 to 46.



**Town of Bridgewater, Connecticut  
 Management Discussion and Analysis  
 For the Fiscal Year Ending June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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 basic financial statements are found on pages 21 - 36 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing the Town’s budget to actual. This required supplementary information is found on pages 37 - 40 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the budgetary comparison. Combining and individual fund statements and schedules are found on pages 41 - 42 of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town of Bridgewater exceed its liabilities as of June 30, 2022 by \$9,895,919 (net position). Of this amount, \$3,526,684 may be used to meet the Town’s ongoing obligations to its residents and creditors. Restricted net position totaled \$1,286,893 Permanent Endowment \$543,336 and the remainder \$4,539,006 is invested in capital assets.
- Total net position increased by \$136,384. The following contributed to this increase: an increase in capital grants, an increase in general government charges for services, net of a decrease in: board and commissions, health welfare and enrichment, and investment earnings.
- As of June 30, 2022, governmental funds reported combined ending fund balances of \$5,397,192; an increase of \$102,273 from the previous fiscal year’s ending fund balances of \$5,294,919. The fund balances were held for the following purposes:

○ Nonspendable:		
Principal of Permanent Funds		\$ 404,934
○ Restricted for:		
Building and Recreational Improvements		318,360
Town Road Improvements		867,500
Burnham Library		188,402
Social Services		15,416
Records Preservation		35,617
○ Committed to:		
Open Space and Land Acquisition		78,445
Capital and Non-Recurring Projects		789,476
○ Assigned for:		
Capital and Non-Recurring Projects		684,319
○ Unassigned:		<u>2,014,723</u>
Total Fund Balance		<u>\$ 5,397,192</u>

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**FINANCIAL HIGHLIGHTS (continued):**

- At the end of the current Fiscal Year, fund balance for the general fund was \$2,699,042 or 37.09% of the total general fund expenditures of \$7,087,179 and operating transfers out of \$188,000.

**GOVERNMENT WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of a government's financial position. As indicated below, as of June 30, 2022, the Town's assets exceed liabilities by \$9,895,919.

Below is the summary Statement of Net Position comparing the Town's position with the previous year.

<b><u>Town of Bridgewater Net Position</u></b>		
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets	\$ 5,675,218	\$ 5,911,153
Capital Assets	<u>4,539,006</u>	<u>4,505,779</u>
Total Assets	10,216,224	10,416,932
<b>LIABILITIES</b>		
Current Liabilities	277,861	617,040
Non Current Liabilities	<u>40,444</u>	<u>40,357</u>
Total Liabilities	657,397	657,397
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	4,539,006	4,505,779
Restricted	1,286,893	1,280,472
Permanent Endowments	543,336	571,289
Unrestricted	<u>3,526,684</u>	<u>3,401,995</u>
Total Net Position	<u>\$ 9,895,919</u>	<u>\$ 9,759,535</u>

The largest portion of the Town's net position reflects its investment in capital assets such as land, infrastructure, buildings, and machinery and equipment. The Town uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Of the Town's remaining net position as of June 30, 2022, \$3,526,684 or 35.6% is unrestricted and may be used to meet its ongoing financial obligations.

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**GOVERNMENT WIDE FINANCIAL ANALYSIS (continued)**

**Town of Bridgewater Change in Net Position: Governmental Activities**

	<b>2022</b>		<b>2021</b>	
	<b>\$</b>	<b>% to Total</b>	<b>\$</b>	<b>% to Total</b>
<b>Revenues:</b>				
Program:				
Charges for services	\$ 268,864	3.57%	\$ 317,939	4.33%
Operating grants and contributions	38,048	0.51%	29,064	0.40%
Capital grants and contributions	330,528	4.39%	282,868	3.85%
General:				
Property taxes, including interest & liens	6,709,096	89.17%	6,661,688	90.72%
Grants and contributions, not restricted to specific programs	189,151	2.51%	16,959	0.23%
Investments Earnings (Loss)	(12,011)	-0.16%	34,996	0.48%
<b>Total Revenues</b>	<b>7,523,676</b>	<b>100.00%</b>	<b>7,343,514</b>	<b>100.00%</b>
<b>Expenses:</b>				
General government	1,275,245	17.26%	1,256,086	17.66%
Boards and commissions	292,606	3.96%	290,765	4.09%
Public safety	404,895	5.48%	301,473	4.24%
Public works	850,238	11.52%	922,745	12.97%
Health, welfare and enrichment programs	67,581	0.91%	53,186	0.75%
Education	4,473,044	60.55%	4,278,634	60.16%
Other	23,683	0.32%	9,248	0.13%
<b>Total Expenses</b>	<b>7,387,292</b>	<b>100.00%</b>	<b>7,112,137</b>	<b>100.00%</b>
Change in Net Position	136,384		231,377	
Net Position, Beginning of Year	9,759,535		9,528,158	
<b>Net Position, End of Year</b>	<b>\$ 9,895,919</b>		<b>\$ 9,759,535</b>	

The following is an analysis of significant changes in activity from the prior year:

- The net decrease in charges of services is mostly represented by a decrease in conveyance taxes and building permits.
- Property tax revenue, including interest and liens, remained comparable between the years, due to a constant mill rate at 17.50. The majority of the Town of Bridgewater's operating revenues are derived from taxes assessed on commercial and private real estate, personal property and motor vehicles. The Town has never been dependent on state and federal grant funding to keep overall costs down. Grant funding is marginally helpful in reducing overall expenses.

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**GOVERNMENT WIDE FINANCIAL ANALYSIS (continued)**

- The net investment loss is due to unrealized loss on investment in the Bridgewater Library Fund, a nonmajor fund.
- The increase in general government expenses is mainly due to small increases in numerous budgeted line items.
- The increase in public safety expense is due to the approved \$100,000 special appropriation and expense to the Bridgewater Volunteer Fire Department.
- The decrease in public works is mainly due to less maintenance and capitalization on town roads and related infrastructure costs.
- Health, welfare and enrichment programs increased due to the restarting of the Before and After School program.
- The increase in education expenses is primarily due to more Bridgewater students attending Shepaug Valley Regional School District #12. This expense is assessed by Regional 12 School District (determined by a separate approved taxpayer budget).
- The increase in other expenditures is due to the noncapitalized expenses of the nonrecurring capital expenditure fund.

**Governmental Funds** – The focus of the Town of Bridgewater’s governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. This information is useful in assessing our financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, our governmental funds reported combined ending fund balances of \$5,397,192, an increase of \$102,273. **Of this amount, \$2,014,723 constitutes unassigned fund balance, which is available for spending at the Town’s discretion.**

The Town of Bridgewater, Connecticut uses governmental fund accounting to emphasize the accountability as a government entity by ensuring and demonstrating compliance with finance-related legal requirements and therefore has established the following funds:

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**GOVERNMENT WIDE FINANCIAL ANALYSIS (continued)**

**Major Funds**

**General Fund:**

**The General Fund** is the Town's primary operating fund. It accounts for all the financial resources of the Town with the exception of those that are required to be accounted for separately. As of June 30, 2022, this fund reports an unassigned fund balance of \$2,014,723 an assigned fund balance of \$684,319 for capital and nonrecurring projects.

**Special Revenue Fund:**

**The Harris Fund** accounts for monies willed to the Town by Mr. Richard Harris and are restricted in their use for the improvements to Town buildings and recreational grounds. As of June 30, 2022, this fund reported restricted fund balances of \$318,360 for Town building and recreational improvements and \$50,000 restricted for improvements to the Burnham Library.

**The Town Aid Road Fund** accounts for the State of Connecticut Department of Transportation Road Grant, which can be used for construction, reconstruction, improvement, or maintenance on improved or unimproved roads and other transportation related services as set forth in the Connecticut General Statutes. As of June 30, 2022, this fund reported a restricted fund balance of \$867,500, for road maintenance and improvements.

**Capital Projects Fund:**

**The Capital Projects Fund** is used for financing all or part of planning, construction, reconstruction or acquisition of Capital facilities, improvements or equipment. As of June 30, 2022, the fund reported a committed fund balance of \$789,476 for capital and nonrecurring projects.

**Other Governmental Funds, Nonmajor**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for a particular use. These funds report all positive nonspendable, restricted and committed fund balances as seen in the combining statements.

**Burnham Fund** - is used to assist those Bridgewater residents in financial need.

**Bridgewater Library Fund** – is used to assist in the day-to-day operations of the Burnham Library.

**Land Acquisition Fund** – As provided for by CGS for the acquisition of open space preservation and passive recreational use.

**Bridgewater Gift Fund**- is used to account for donations restricted in their purpose.

**Recreation Gift Fund** – is used to account for donations restricted for recreational use.

**Records Preservation Funds** – Per CGS, these funds are a portion of the recording fees collected by Town Clerk which are restricted for records preservation and historic document preservation.

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**Fiduciary Fund Types:**

The Pension Trusts Funds are used to account for the accumulation of various resources to be used for retirement benefits.

The Private Purpose Funds are used to account for bequests and donations which comprise the Bridgewater Scholarship Funds. These funds are restricted in their use for scholarships given annually to recipients who further their education beyond high school by attending institutions of higher learning.

**General Fund Budgetary Highlights:**

The original expenditure budget of \$7,299,859 increased to \$7,599,859 by transfers out to the capital project fund of \$200,000 as approved at Town Meeting. The Town Meeting also approved an additional budget appropriation of \$100,000 for the Volunteer Fire Department special appropriation budget line item.

**Capital Assets:**

The Town of Bridgewater’s investment in capital assets for its governmental use includes land, buildings and improvements, machinery and equipment, and vehicles. The Town has elected to prospectively capitalize infrastructure assets beginning July 1, 2003. Additional information on capital assets can be found in Note 6 of the financial statements.

The breakdown of capital assets, net of accumulated depreciation is as follows:

	<u>2021</u>	<u>2021</u>
Land	\$ 1,508,421	\$ 1,508,421
Land Improvement	92,974	102,800
Buildings & Improvement	1,376,420	1,424,166
Machinery & Equipment	482,545	546,255
Infrastructure	536,144	572,110
Construction in Progress	<u>542,502</u>	<u>352,027</u>
	<u>\$ 4,539,006</u>	<u>\$ 4,505,779</u>

During the fiscal year, the Town’s investment in capital assets increased by \$33,227. This increase results from current year additions exceeding current year depreciation expense and disposals, as follows:

Additions:

New public works truck and equipment	\$ 48,495
Construction in Progress – Grange	90,085
Construction in Progress – Pickle Ball Court	43,850
Construction in Progress – Muni parking	56,540
Net book value of truck sold	(5,263)
Current year depreciation	<u>( 200,480)</u>
Net Increase	<u>\$ 33,227</u>

**Town of Bridgewater, Connecticut  
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2022**

**Long Term Liabilities**

The Town has an interest free loan with Eversource for energy efficient lighting. The balance at June 30, 2022 was \$2,797. The Town has recorded a liability for accrued compensated employee sick leave of \$40,444. As a member of Regional School District #12 the Town's share of the Region's debt is \$2,778,760. This potential obligation exists only if the school district is unable to meet its debt requirements; this situation is not anticipated. The maximum overall statutory debt limit for the Town is seven times the annual receipts from taxation. Additional information on long term liabilities can be found in Note 7 of the financial statements.

**Economic Factors and Next Years Budget**

The Town of Bridgewater's Total Expenditure Budget for Fiscal Year 2022-2023 totals \$7,819,099, an increase of \$519,240 over last year's original budget. The total budget is comprised of the Town's budgeted expenditures of \$2,791,146 and the Town of Bridgewater's portion of Regional School District #12 budget of \$5,027,953 (a separate taxpayer approved budget). A transfer from the General Fund of \$255,500 to the Capital Nonrecurring Fund and an additional appropriation of \$100,000 to the Bridgewater Volunteer Fire Department were also approved at the Annual Town Meeting. Budgeted revenue was \$7,901,139 resulting in a budgeted surplus of \$82,040, before the additional transfer and appropriation.

The Town of Bridgewater's portion of Regional School District #12 budget increased by \$389,952 and the Town's operating budget increased by \$129,288 before the additional transfer and appropriation. The biggest change in the operating budget is the increase in land use budget line item of \$113,815 along with a cost-of-living increase in various department line items.

The Mill Rate for the Fiscal Year 2022-2023 was set at 18.50 mills.

A close eye is being kept on the potential impact of the pandemic on the local economy, businesses and the Town's revenue. We expect little impact on the Town's revenue.

**Requests for Information**

Questions concerning any of the information provided in this report, or request for additional information, should be addressed to the Office of the First Selectman, Bridgewater Town Hall, P.O. Box 216, Bridgewater, CT 06752.

**Town of Bridgewater  
Statement of Net Position  
June 30, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 4,970,614
Investments	522,601
Property Taxes Receivable - net	12,095
Accounts receivable	169,908
<b>Total current assets</b>	<u>5,675,218</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Assets not being depreciated	2,050,923
Assets being depreciated, net of depreciation of \$3,474,820	2,488,083
<b>Total Assets</b>	<u><b>10,214,224</b></u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	172,843
Accrued payroll and related taxes	16,541
Performance bonds held	24,454
Other liabilities due within one year	2,797
Grant Payable	61,226
<b>Total current liabilities</b>	<u>277,861</u>
<b>Noncurrent Liabilities</b>	
Other liabilities due in more than one year	40,444
<b>Total Liabilities</b>	<u><b>318,305</b></u>
<b>Net Position</b>	
Net investment in capital assets	4,539,006
Restricted for:	
Road maintenance	867,500
Social services	15,416
Record preservation	35,617
Recreational and building improvements	318,360
Burnham library	50,000
Permanent endowments:	
Expendable	138,402
Nonexpendable	404,934
Unrestricted	3,526,684
<b>Total Net Position</b>	<u><u><b>\$ 9,895,919</b></u></u>

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



**Town of Bridgewater  
Statement of Activities  
Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Total Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>					
General government	\$ 1,275,245	\$ 223,279	\$ ---	\$ ---	\$ (1,051,966)
Boards and commissions	292,606	18,392	---	---	(274,214)
Public safety	404,895	6,070	---	---	(398,825)
Public works	850,238	---	---	330,528	(519,710)
Health, welfare and enrichment	67,581	21,123	---	---	(46,458)
Education	4,473,044	---	38,048	---	(4,434,996)
Other	23,683	---	---	---	(23,683)
<b>Total governmental activities</b>	<b>\$ 7,387,292</b>	<b>\$ 268,864</b>	<b>\$ 38,048</b>	<b>\$ 330,528</b>	<b>(6,749,852)</b>

General revenues:

Property taxes, interest and lien fees	6,709,096
Grants and contributions not restricted to specific programs	189,151
Investment earnings	(12,011)
<b>Total general revenues</b>	<b>6,886,236</b>

Change in net position 136,384

Net Position - July 1, 2021 9,759,535

Net Position - June 30, 2022 \$ 9,895,919

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

Town of Bridgewater  
Balance Sheet  
Governmental Funds  
June 30, 2022

	Major Funds					
	General Fund	Special Revenue Funds		Capital Project Fund	Other Governmental Funds	Total Governmental Funds
		Harris Fund	Town Aid Road Fund	Capital Nonrecurring		
<b>Assets:</b>						
Cash and cash equivalents	\$ 2,728,111	\$ 368,360	\$ 876,187	\$ 851,100	\$ 146,856	\$ 4,970,614
Investments - at fair value	-	-	-	-	522,601	522,601
Property tax and interest receivable, net	19,095	-	-	-	-	19,095
Accounts and grant receivable	169,597	-	-	-	311	169,908
Due from other funds	-	-	-	34,871	3,046	37,917
<b>Total Assets</b>	<b>\$ 2,916,803</b>	<b>\$ 368,360</b>	<b>\$ 876,187</b>	<b>\$ 885,971</b>	<b>\$ 672,814</b>	<b>\$ 5,720,135</b>
<b>Liabilities:</b>						
Accounts payable	\$ 67,501	\$ -	\$ 8,687	\$ 96,495	\$ -	\$ 172,683
Accrued payroll and related taxes	16,541	-	-	-	-	16,541
Overpaid property taxes	160	-	-	-	-	160
Performance bonds payable	24,454	-	-	-	-	24,454
Due to other funds	37,917	-	-	-	-	37,917
Federal Grant Payable	61,226	-	-	-	-	61,226
<b>Total Liabilities</b>	<b>207,799</b>	<b>-</b>	<b>8,687</b>	<b>96,495</b>	<b>-</b>	<b>312,981</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - property tax	9,962	-	-	-	-	9,962
<b>Fund Balances:</b>						
<b>Nonspendable</b>						
Principal of Permanent funds	-	-	-	-	404,934	404,934
<b>Restricted for:</b>						
Road improvements	-	-	867,500	-	-	867,500
Social services	-	-	-	-	15,416	15,416
Records preservation	-	-	-	-	35,617	35,617
Recreational and building improvements	-	318,360	-	-	-	318,360
Burnham Library	-	50,000	-	-	138,402	188,402
<b>Committed to:</b>						
Open space and land acquisition	-	-	-	-	78,445	78,445
Capital nonrecurring projects	-	-	-	789,476	-	789,476
<b>Assigned for:</b>						
Capital and nonrecurring projects	684,319	-	-	-	-	684,319
<b>Unassigned</b>	<b>2,014,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,014,723</b>
<b>Total Fund Balances</b>	<b>2,699,042</b>	<b>368,360</b>	<b>867,500</b>	<b>789,476</b>	<b>672,814</b>	<b>5,397,192</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,916,803</b>	<b>\$ 368,360</b>	<b>\$ 876,187</b>	<b>\$ 885,971</b>	<b>\$ 672,814</b>	<b>\$ 5,720,135</b>

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

**Town of Bridgewater**  
**Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds**  
**June 30 2022**

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Total net position reported for governmental activities in the Statement of Net Position is different from the governmental fund Balance Sheet due to the following differences:

**Total Fund Balances for Governmental Funds** **\$ 5,397,192**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$	8,013,826	
Less accumulated depreciation		<u>(3,474,820)</u>	
Net capital assets			4,539,006

Taxes, interest and liens receivable not available to pay current period expenditures are therefore deferred in the funds.	9,962
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Property tax and interest receivable are recorded net of an allowance for uncollectible on the Statement of Net Position.	(7,000)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Compensated absences	(40,444)
Energy efficient project loan	(2,797)

**Total Net Position of Governmental Activities** **\$ 9,895,919**

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

Town of Bridgewater  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2022

	Major Funds					
	General Fund	Special Revenue Funds		Capital Project Fund	Other Governmental Funds	Total Governmenta Funds
		Harris Fund	Town Aid Road Fund	Capital Nonrecurring		
<b>Revenues:</b>						
Property taxes	\$ 6,691,456	\$ -	\$ -	\$ -	\$ -	\$ 6,691,456
Interest and lien fees on property taxes	18,070	-	-	-	-	18,070
Intergovernmental	379,068	-	178,659	-	-	557,727
Investment income:						
Interest and dividends	3,357	800	712	1,286	10,951	17,106
Realized and unrealized loss	-	-	-	-	(29,117)	(29,117)
Licenses and permits	171,617	-	-	-	-	171,617
Charges for services and program fees	68,813	-	-	-	5,497	74,310
Other	-	-	-	20,200	8,000	28,200
<b>Total Revenues</b>	<b>7,332,381</b>	<b>800</b>	<b>179,371</b>	<b>21,486</b>	<b>(4,669)</b>	<b>7,529,369</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,222,325	-	-	-	6,675	1,229,000
Boards and Commissions	262,360	1,986	-	-	13,794	278,140
Public safety	400,756	-	-	-	-	400,756
Public works	653,020	-	62,902	-	-	715,922
Health, welfare and enrichment	61,949	-	-	-	5,632	67,581
Education	4,473,044	-	-	-	-	4,473,044
Other	13,725	-	-	-	-	13,725
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	248,928	-	248,928
<b>Total Expenditures</b>	<b>7,087,179</b>	<b>1,986</b>	<b>62,902</b>	<b>248,928</b>	<b>26,101</b>	<b>7,427,096</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	245,202	(1,186)	116,469	(227,442)	(30,770)	102,273
<b>Other Financing Sources (Uses):</b>						
Operating transfers in (out)	(188,000)	(108,850)	-	293,850	3,000	-
<b>Excess (Deficiency) of Revenues And Other Financing Sources Over Expenditures and other Financing Uses</b>	57,202	(110,036)	116,469	66,408	(27,770)	102,273
<b>Fund Balance - beginning of year</b>	<b>2,641,840</b>	<b>478,396</b>	<b>751,031</b>	<b>723,068</b>	<b>700,584</b>	<b>5,294,919</b>
<b>Fund Balance - end of year</b>	<b>\$ 2,699,042</b>	<b>\$ 368,360</b>	<b>\$ 867,500</b>	<b>\$ 789,476</b>	<b>\$ 672,814</b>	<b>\$ 5,397,192</b>

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

**Town of Bridgewater**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2022**

Amounts reported for governmental activities in the statement of activities are different due to the following:

**Net Change in Fund Balances-Total Governmental Funds** **\$ 102,273**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life lives and reported as depreciation expense as follows:

Total capital outlay	\$	238,970	
Less current year depreciation		(200,480)	
Net reduction		38,490	38,490

Property taxes in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Deferred property tax, accrual basis change (430)

Net book value of truck sold reduces the income recognized in thr Governmrnt Funds (5,263)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences liability		(2,884)	
Change in energy efficient project loan		4,198	
		1,314	

**Change in Net Position of Governmental Activities** **\$ 136,384**

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

**Town of Bridgewater  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Assets:</b>		
Cash	\$ -	\$ 52
Investments - at fair value	2,104,364	1,502,581
Contribution receivable	14,157	-
<b>Total Assets</b>	<u>2,118,521</u>	<u>1,502,633</u>
<b>Net Position:</b>		
Reserved for pension benefits	2,118,521	-
Reserved for scholarships	-	1,502,633
	<u>\$ 2,118,521</u>	<u>\$ 1,502,633</u>

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

**Town of Bridgewater**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2022**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Contribution		
Employees	\$ 82,848	\$ -
Town	50,329	-
Other	3,636	-
Investment income:		
Interest and dividends	-	65,491
Realized and unrealized gains (losses)	(287,359)	(188,210)
Gross investment income	(287,359)	(122,719)
Less: investment expense	-	6,516
Net investment income	(287,359)	(129,235)
<b>Total additions</b>	<b>(150,546)</b>	<b>(129,235)</b>
<b>Deductions:</b>		
Scholarship awards	-	-
Pension benefits	182,625	-
<b>Total deductions</b>	<b>182,625</b>	<b>-</b>
<b>Net Increase</b>	<b>(333,171)</b>	<b>(129,235)</b>
<b>Net Position Held In Trust For Pension Benefits and Scholarships</b>		
Beginning of year	2,451,692	1,631,868
End of year	\$ 2,118,521	\$ 1,502,633

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

**Town of Bridgewater  
Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies:**

The accompanying basic financial statements of the Town of Bridgewater, Connecticut (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

**A. Reporting Entity:**

The Town of Bridgewater, Connecticut was incorporated in 1856 under the provisions of the Connecticut General Statutes, and has a population of approximately 1,800 living within an area of 17.3 square miles. The Town is located in Litchfield County. The Town operates under a Town Meeting, Board of Selectmen and Board of Finance form of government. The Town provides the following services: public safety, public works, parks and recreation, health and social services, planning and zoning and education by being part of Shepaug Regional School District #12, of which the Towns of Bridgewater, Roxbury, and Washington are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Bridgewater residents attending the District’s schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual property tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification have been considered and as a result, the potential component units discussed below are not included in the Town’s reporting entities because of their operational significance and financial relationship with the Town.

- Regional School District No. 12 – The School District provides educational services and facilities for the Towns of Washington, Roxbury and Bridgewater, Connecticut. The Town pays a proportional share of the expenses of the district.
- Bridgewater Volunteer Fire Department, Inc. and Bridgewater Library Association – These potential component units have separate elected boards and provide services to residents, generally within the geographic boundary of the Town. They are excluded from the reporting entity because the Town does not have the ability to exercise, influence, or control the daily operations.

**B. Jointly Governed Organizations:**

**Regional Animal Control Authority**

The Regional Animal Control Authority (the “Authority”) was created by the Towns of Bridgewater, New Milford, Roxbury, and Sherman to enforce laws relating to animals within the four-town region. The Authority is supported by assessments to the participating towns based upon population census. The Town appropriated \$9,741 and expended \$9,720 for operation of the Authority for the year ended June 30, 2022. The Bridgewater First Selectman is the current chairman for the Authority.



**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

B. Jointly Governed Organizations (continued)

Lake Lillinonah Authority

The Lake Lillinonah Authority (the “Lake Authority”) was created by the Towns of Bridgewater, Brookfield, New Milford, Newtown, Bridgewater, and Southbury by local ordinances. The Lake Authority is comprised of three delegates from each member town. The Town appropriated and expended \$30,027 for the operation of the Lake Authority for the year ended June 30, 2022.

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.

Western Connecticut Council of Governments (WestCOG)

The Town and eighteen other local municipalities each appoint the governing board of WestCOG to provide a regional forum for information exchange and regional planning. The WestCOG is supported by Federal and State grants and assessments to the member Towns based upon population census. The Town appropriated and expended \$4,978 for the operation of the WestCOG for the year ended June 30, 2022.

C. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* included 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*.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materially.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

C. Government-Wide and Fund Financial Statements (continued):

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns, and the six nonmajor funds are aggregated into one column in the financial statements under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

D. Measurement Focus and Basis of Accounting:

*Government-Wide Statements*

The government-wide statements are prepared 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. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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.

*Fund Financial Statements*

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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

General Fund:

The General fund is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**D. Measurement Focus and Basis of Accounting (continued):**

Special Revenue Fund:

The Town Aid Road Fund accounts for Connecticut Department of Transportation grants to be used for construction, reconstruction, improvement, or maintenance or improved and unimproved road and other transportation related services as set forth in the General Statutes of Connecticut.

The Harris Fund was created to account and finance, the improvement of the Town’s recreational facilities and town buildings.

Capital Projects Funds:

The Capital Non-Recurring Fund as authorized by General Statutes of Connecticut, is used for financing all or part of the planning, construction, reconstruction or acquisition of capital facilities, improvements or equipment.

The Town also reports the following six Nonmajor Governmental Funds:

Special Revenue Funds, are used to account for specific revenues that are legally restricted to expenditures for a particular purpose:

Records Preservation Fund – is used to account for recording fees and state grants restricted for document preservation along with the related expenditures.

Bridgewater Gift Fund – is used to account for donations and assistance to those in need.

Recreational Gift Fund – is used to account for the financial support of recreational leisure programs.

Capital Project Fund, is used to account for major capital facilities and the acquisition of equipment:

Open Space and Land Acquisition Fund – is used to account for the purchase of land for open space.

Permanent Funds, are used to report resources that are legally restricted. Only the earnings, not principal, may be used for purposes that support the Town’s programs.

Burnham Fund – is used to account for assistance to those in need.

Bridgewater Library – is used to account for financial support of the public library.

Additionally, the Town reports the following fund types:

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 – is used for the accumulation of resources to be used for retirement benefits.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

D. Measurement Focus and Basis of Accounting (continued):

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

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

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all property taxes including interest and lien fees.

*Use of Restricted Resources*

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

E. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualified public depository” as defined by statute, which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer's Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds does not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

Town investments are reported at fair value.

Receivables:

In the government-wide financial statements, property taxes are shown net of an allowance for uncollectibles of \$7,000. The allowance is calculated based upon prior years' collections.

In the fund financial statements, all property taxes receivable at June 30, 2022, which have not been collected within 60 days of June 30, have been recorded as deferred inflows, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 days period have been recorded as revenue.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

E. Assets, Liabilities, and Net Assets or Equity (continued):

Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installment, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Capital Assets

Capital assets, which includes property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the town as assets with an initial, individual cost of more than \$5,000 and with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

As permitted under GASB Statement 34, the Town has elected to prospectively capitalize infrastructure assets in the statement of net position beginning July 1, 2003.

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>
Land improvements	25
Buildings	40-50
Building improvements	5-30
Machinery, Equipment and Vehicle	3-20
Infrastructure	20-40

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. On fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds”. These amounts are eliminated in the statement of net position.

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 the 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 accounts 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. The General Fund is the primary source to liquidate compensated absences.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

E. Assets, Liabilities, and Net Assets or Equity (continued):

Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund Equity and Net Assets – Governmental Funds

Beginning with the fiscal year 2011, the Town implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Town Meeting.
- Assigned fund balance – amounts the governmental intends to use for a specific purpose as authorized by the Town’s Board of Selectman and Finance.
- Unassigned fund balance – amounts that are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

The Town does not have a minimum fund balance policy.

In the government-wide financial statements, net position is classified into the following categories:

Net investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributions or laws and regulations).

Unrestricted Net Position

This category represents the net position of the Town, which are not restricted.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note "1" - Summary of Significant Accounting Policies (continued):**

E. Assets, Liabilities, and Net Assets or Equity (continued):

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.

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

F. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note "2" - Budgetary Compliance:**

Budgetary Compliance – The General Fund

In January each department head, officer, head of office, board and/or commission submits detailed estimates of expenditures for the ensuing fiscal year to the Board of Selectman and Board of Finance.

The Board of Selectmen reviews all proposed estimates of expenditures as well as estimated revenues to be collected. After discussing and reaching agreement, the Board of Selectmen forwards the proposed budget to the Board of Finance for review. The Board of Finance then prepares a proposed General Town Budget.

The Board of Finance holds a public hearing on the proposed budget prior to presenting it to the Annual Town Meeting in May. Following approval of the proposed budget at the Town meeting, the Board of Finance establishes the tax rate.

The Town Meeting legally appropriates this budget as one balance for revenue and on department basis for expenditures and transfers. The Board of Finance is authorized to approve additional appropriations up to and including \$20,000 per department per year, however no more than one additional appropriation per department can be made without town meeting approval.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note "2" - Budgetary Compliance (continued):**

Budgetary Compliance – The General Fund (continued):

A transfer from the General Fund to the Capital Projects Fund for \$200,000 and an additional appropriation of \$100,000 for the fire department was authorized by the Town Meeting during the year. The Board of Finance authorized the transfer of \$3,000 from the welfare budget line item to the transfer to the Burnham Fund line item.

Budgetary Compliance - Other Governmental Funds:

Although the Town prepares internal budgets for its special revenue funds and capital projects funds, it does not consider these to be legally adopted since they are not voted at Town Meeting. Considering a cost-benefit analysis, it is not practical for the Town to formally budget and report budgeting information for special revenue funds and capital project funds.

Budgets for the various special revenue funds and capital project funds that are utilized to account for specific grant programs are established in accordance with requirements for the grantor agencies. Such budgets do not lapse and may comprise more than one fiscal year.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

**Note "3" – Cash and Cash Equivalents, Deposits and Investments:**

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2022:

	<u>Governmental Funds</u>
Deposits:	
Demand accounts & money market accounts	\$ 2,129,850
Certificate of deposits	<u>684,442</u>
Total deposits	2,814,292
 Petty Cash and Cash on Hand	 200
Cash Equivalents:	
State Short-Term Investment Fund (STIF)	650,000
Repurchase agreements	<u>1,812,610</u>
Total cash equivalents	2,462,610
Less: Certificate of Deposits classified as investments	<u>(306,488)</u>
Total Cash and Cash Equivalents	<u>\$ 4,970,614</u>

B. Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, the carrying amount of the Town's deposits, including certificate of deposit of \$684,442, was \$2,814,292 and the bank balance was \$2,926,971.



**Town of Bridgewater**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):**

**B. Deposits – Custodial Credit Risk (continued)**

Of the Town's bank balance \$2,042,245 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,788,021
Uninsured and collateralized held by pledging Bank's trust department not in the town's name	<u>254,224</u>
Total amount subject to custodial credit risk	<u>\$ 2,042,245</u>

**C. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2022, the Town's cash equivalents amounted to \$2,462,610, comprised of repurchase agreements and secured municipal account balances of \$1,812,610 and State Short-Term Investment Fund balance of \$650,000.

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

The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The State of Connecticut Short-Term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

State of Connecticut Short-Term Investment Fund (STIF)	<u>Standard and Poor's</u> AAAm
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**D. Investments**

At June 30, 2022, the Town's investments consisted of the following:

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average</u> <u>Credit Rating</u>	<u>Investment</u> <u>Maturity</u>
<u>Primary Government:</u>			
<i>Nonmajor Funds</i>			
Money market accounts	\$ 3,832	not rated	N/A
Certificate of Deposits	306,488	N/A	3/29/2023
Mutual funds	<u>212,281</u>	N/A	N/A
Total Primary Government	<u>\$ 522,601</u>		

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):**

D. Investments (continued)

Fiduciary Funds:

*Pension Trust Funds*

Money market accounts	\$ 146,501	not rated	N/A
Mutual funds	<u>1,957,863</u>	N/A	N/A
Total Pension Trust Funds	2,104,364		

*Private Purpose Trust Funds*

Money market accounts	76,607	not rated	N/A
U.S. Government agencies	17,801	N/A	N/A
Exchange Traded & Closed End Funds	8,963	N/A	N/A
Mutual funds	<u>1,399,210</u>	N/A	N/A
Total Private Purpose Trust Funds	<u>1,502,581</u>		

Total Fiduciary Funds \$ 3,606,945

- N/A indicates rating is not applicable.
- Certificate of Deposits are included in deposits on page 30, therefore Insured and collateralized to the extent described above
- Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

E. Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair values of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town did not hold any investments on June 30, 2022 whose fair value was determined using Level 3 inputs.

**Town of Bridgewater  
Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):**

**E. Fair Value Measurements (continued)**

The following is a summary of the fair value hierarchy of the fair value of investments of the Town as of June 30, 2022.

<b>Investments by Fair Value Level</b>	<b>Fair Value Measurements Using:</b>		<b>Total</b>
	<b><u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u></b>	<b><u>Significant Other Observable Inputs (Level 2)</u></b>	
Money Market Funds	\$ 226,940	\$ ---	\$ 226,940
Certificate of Deposits	---	306,488	306,488
U.S. Government Agencies	---	17,801	17,801
Exchange Traded & Closed End Funds	---	8,963	8,963
Mutual Funds	<u>3,569,354</u>	<u>---</u>	<u>3,569,354</u>
<b>Total Investment &amp; Cash Equivalent by Fair Value Level</b>	<b><u>\$ 3,796,294</u></b>	<b><u>\$ 333,252</u></b>	<b><u>\$ 4,129,546</u></b>

The Town's investments that are classified in Level 1 are measured on a recurring basis, using market quotations for investments that have quoted prices in active markets. The Town's investments that are classified in Level 2 are measured using matrix pricing techniques using various pricing vendors. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

**Note "4" – Property Taxes Receivable:**

Property taxes receivables at June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

Property taxes	\$ 16,044
Accrued interest and lien fees on taxes	<u>3,051</u>
Gross receivables	19,095
Less: allowance for uncollectibles	<u>7,000</u>
<b><u>Net Receivables</u></b>	<b><u>\$ 12,095</u></b>

**Note "5" - Interfund Transfers:**

Transfers are used to (1) move revenues from the fund the statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**Town of Bridgewater  
Notes to Financial Statements**

**Note "5" - Interfund Transfers (continued):**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	<u>Major Funds</u>		<u>Nonmajor Funds</u>
	<u>General</u>	<u>Non-Recurring</u>	<u>Other</u>
	<u>Fund</u>	<u>Capital</u>	<u>Governmental</u>
		<u>Expenditure</u>	<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>	
Net Transfers (From) To	<u>\$ (188,000)</u>	<u>\$ 293,850</u>	<u>\$ (108,850)</u> <u>\$3,000</u>

**Note "6" - Capital Assets:**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning</u>		<u>Decreases &amp;</u>	<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Reclasses</u>	<u>Balance</u>
Capital Assets – Not Depreciated:				
Land	\$ 1,508,421	\$ ---	\$ ---	\$ 1,508,421
Construction in Progress – Center St.	249,063	---	---	249,063
Construction in Progress – Grange	52,214	90,085	---	142,299
Construction in Progress – Muni Parking	50,750	56,540	---	107,290
Construction in Progress – Pickle Ball	---	<u>43,850</u>	---	<u>43,850</u>
Total Capital Assets – Not Depreciated	1,860,448	190,475	---	2,050,923
Capital Assets – Depreciated				
Land Improvements	193,595	---	---	193,595
Building & Improvements	3,154,078	---	---	3,154,078
Machinery & Equipment	1,911,185	48,495	115,038	1,844,642
Infrastructure	<u>770,588</u>	---	---	<u>770,588</u>
Total Capital Assets - Depreciated	6,029,446	48,495	115,038	5,962,903
Less Accumulated Depreciation:				
Land Improvements	90,795	9,826	---	100,621
Building & Improvements	1,729,912	47,746	---	1,777,658
Machinery & Equipment	1,364,930	106,942	109,775	1,362,097
Infrastructure	<u>198,478</u>	<u>35,966</u>	---	<u>234,444</u>
Total Accumulated Depreciation	3,384,115	200,480	109,775	3,474,820
Total Capital Assets Being Depreciated - Net	<u>2,645,331</u>	<u>( 151,985)</u>	<u>(5,263)</u>	<u>2,488,083</u>
Capital Assets, Net	<u>\$ 4,505,779</u>	<u>\$ 38,490</u>	<u>\$ (5,263)</u>	<u>\$ 4,539,006</u>

Depreciation is charged to the following Governmental Activities:

General Government	\$ 48,572
Public Works	133,303
Public Safety	4,139
Recreation	<u>14,466</u>
Total depreciation expense, Governmental Activities	<u>\$ 200,480</u>

**Town of Bridgewater  
Notes to Financial Statements**

**Note "7" - Long-Term Debt:**

The following is a summary of activity for the year ended June 30, 2022. The General Fund has historically been used to liquidate the following Long-Term Debt:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<u>Compensated Absences</u>					
Various vested employee benefits as explained in Note "1", summary of significant accounting policies	\$ 37,560	\$ 7,424	\$( 4,540)	\$ 40,444	\$ ---
<u>Energy Efficient Project Loan</u>					
Energy efficient lighting, interest-free, loans from Eversource. Payable in yearly installments of \$2,797 until September 2023.	<u>6,995</u>	<u>---</u>	<u>( 4,198)</u>	<u>2,797</u>	<u>2,797</u>
Totals	<u>\$ 44,555</u>	<u>\$ 7,424</u>	<u>\$( 8,738)</u>	<u>\$ 43,241</u>	<u>\$ 2,797</u>

**Note "8" - Interfund Balances:**

At June 30, 2022, the amounts due from and due to other funds is as follows: These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Major Funds:		
Harris Fund	\$ ---	\$ 37,917
Capital Non-Recurring Expenditure Fund	\$ 34,871	\$ ---
Nonmajor Funds:		
Open Space & Land Acquisition Fund	\$ 46	\$ ---
Burnham Fund	\$ 3,000	\$ ---

**Town of Bridgewater  
Notes to Financial Statements**

**Note "9" - Operating Deficiencies and/or Fund Deficits:**

At June 30, 2022, the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provisions.

	<u>Operating Deficiency</u>	<u>Fund Deficit</u>
Major Fund:		
Harris Fund	\$ <u>110,036</u>	\$ <u>---</u>
Nonmajor Fund:		
Burnham Fund	\$ <u>1,883</u>	\$ <u>---</u>
Bridgewater Library	\$ <u>28,412</u>	\$ <u>---</u>

**Note "10" – Pension Plans:**

**A. Defined Contribution Plan**

The Town administers a multiple employer defined contribution plan (Money Purchase Plan) which covers substantially all employees and elected officials of the Town, employees of the Regional Animal Control Authority, and one employee of the Newtown Health District. The plan is included in the Town's financial statements as a Pension Trust Fund. At June 30, 2022, the net position, all vested, available for benefits were \$1,095,349.

At June 30, 2022, there were 21 participants including four employees of the Regional Animal Control Authority and one of the Newtown Health District 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 6.5% of compensation for participants with less than ten years of service and 7.5% for participants with ten or more 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.

The Town and Regional Animal Control Authority contributions totaled \$50,329 and \$3,636, respectively, for the year ended June 30, 2022.

**B. 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 employees 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, 2022, the plan had a net position of \$1,023,172 that was not available to the Town's general creditors.

**Town of Bridgewater**  
**Notes to Financial Statements**

**Note “11” – 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 claim(s) have not exceeded commercial coverage. There have been no significant reductions in coverage from the prior year.

**Note “12” – Contingent Liabilities:**

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.

The Town is contingently liable for Regional School District No. 12 serial bonds, anticipation notes and other long-term debt payable through the fiscal year 2039-40. The amount 20.32% attributable to the Town at June 30, 2022 is \$2,778,760.

**Note “13” – Joint Program:**

The Town of Bridgewater participated, in accordance with a cooperation agreement, with the Town of Roxbury in the Small Cities Community Development Block Grant Program. The Town of Roxbury, as the lead Town, accounts for all the assets, liabilities and activity of the grant. The program known as Roxbury/Bridgewater Housing Rehabilitation Program provides assistance in the form of interest free loans to eligible owner(s)/occupant(s) for rehabilitation of their homes. The cooperation agreement has expired at the end of the grant period, with four participants in the Town of Bridgewater having an interest free loan and a lien on the related property.

**Note “14” – Subsequent Events:**

**Termination of Scholarship Funds:**

Based on a legal review by the Town Attorney, the Town mutually agreed with the scholarship committee and in accordance with a court decree dated December 21, 2022, that the scholarship trust funds be terminated and the total net assets be transferred to the Bridgewater Scholarship Foundation, a newly formed nonprofit organization 501c3 as of January 2023. Currently these scholarship funds are being reported as Private Purpose Trust Funds in the Town’s basic financial statement.

In preparing the financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through January 3, 2023, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition or disclosures in these financial statements.

**Town of Bridgewater**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	Original Budget	Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Revenues:</b>					
Property taxes	\$ 6,625,702	\$ -	\$ 6,625,702	\$ 6,681,206	\$ 55,504
Interest and lien fees on property taxes	10,000	-	10,000	18,070	8,070
State of Connecticut - Grants:					
Educational cost sharing grant	23,564	-	23,564	38,048	14,484
Elderly tax relief	108	-	108	113	5
Veterans & disabled tax relief	3,126	-	3,126	2,870	(256)
Pilot state property	639	-	639	790	151
Police enforcement fines	260	-	260	175	(85)
LOCIP	-	-	-	50,170	50,170
Other state revenue	587	-	587	755	168
Mashantuck Pequot/Mohegan fund	3,734	-	3,734	3,734	-
Fema reimbursement	100,000	-	100,000	101,699	1,699
ARPA revenue replacement	80,714	-	80,714	180,714	100,000
Investment income	10,000	-	10,000	3,357	(6,643)
Licenses and permits					
Permits	47,000	-	47,000	77,125	30,125
Conveyance taxes	60,000	-	60,000	93,146	33,146
Dog licenses	250	-	250	1,346	1,096
Charges for services					
Copy machine fee	2,700	-	2,700	5,548	2,848
Vital Statistics	400	-	400	-	(400)
Recording fees	6,600	-	6,600	8,322	1,722
Recreation fees	10,000	-	10,000	18,392	8,392
Other charges for services	7,500	-	7,500	6,095	(1,405)
Constables - private duty	11,100	-	11,100	5,670	(5,430)
Constables - police vehicle	5,550	-	5,550	400	(5,150)
Trash/Recycling Receipts	3,000	-	3,000	3,263	263
Other revenues					
Telecommunications tax	8,228	-	8,228	10,250	2,022
ACE/PTO Before and After School Service	-	-	-	-	-
RAC Employee Health Contributions	10,000	-	10,000	-	(10,000)
Regional School District No. 12 reimbursement	60,000	-	60,000	164,957	104,957
Insurance Reimbursement	5,000	-	5,000	11,664	6,664
<b>Total Revenues</b>	<b>\$ 7,095,762</b>	<b>\$ -</b>	<b>\$ 7,095,762</b>	<b>\$ 7,487,879</b>	<b>\$ 392,117</b>

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



**Town of Bridgewater**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	Original Budget	Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Expenditures:</b>					
General Government					
Selectmen's Office	\$ 132,875	\$ -	\$ 132,875	\$ 127,067	\$ (5,808)
Probate Court	2,238	-	2,238	2,239	1
Elections	32,999	-	32,999	24,351	(8,648)
Town Clerk	64,808	-	64,808	64,941	133
Tax Collector	54,863	-	54,863	54,518	(345)
Assessor	67,599	-	67,599	64,317	(3,282)
Treasurer	52,371	-	52,371	52,536	165
Town Newsletter	9,304	-	9,304	8,097	(1,207)
Town Hall - Operating	47,722	-	47,722	41,529	(6,193)
Building Department	61,999	-	61,999	90,552	28,553
Town Owned Buildings	129,150	-	129,150	129,937	787
Senior Services	80,349	-	80,349	76,368	(3,981)
Town Van	10,800	-	10,800	11,270	470
Employee Insurance	299,515	-	299,515	301,557	2,042
Employee Pension	56,100	-	56,100	58,089	1,989
Payroll Taxes	103,479	-	103,479	90,957	(12,522)
Auditor	23,900	-	23,900	24,000	100
Total General Government	1,230,071	-	1,230,071	1,222,325	(7,746)
Boards and Commissions					
Legal Defense Fees	20,000	-	20,000	8,534	(11,466)
Board of Finance	823	-	823	-	(823)
Board of Trustees	610	-	610	510	(100)
Board of Assessment Appeals	881	-	881	259	(622)
Planning & Zoning	10,947	-	10,947	10,438	(509)
Zoning Board of Appeals	1,010	-	1,010	879	(131)
Conservation/Inland Wetlands	11,647	-	11,647	10,778	(869)
Land Use	16,586	-	16,586	16,616	30
Recreation Commission	54,273	-	54,273	54,319	46
Lake Lillinonoah Authority	30,027	-	30,027	30,027	-
Library	125,000	-	125,000	130,000	5,000
Total Boards and Commissions	271,804	-	271,804	262,360	(9,444)
Protection					
Police Protection	112,700	-	112,700	67,016	(45,684)
Town Police/Private Duty	10,000	-	10,000	2,803	(7,197)
State Police/Res Trooper Prog	93,725	-	93,725	92,327	(1,398)
Civil Preparedness	2,500	-	2,500	2,000	(500)
Fire Prevention Services	47,134	-	47,134	47,403	269
Insurance and Bonds	96,030	-	96,030	85,714	(10,316)
Regional Animal Control	9,741	-	9,741	9,720	(21)
Street Lighting	5,742	-	5,742	5,437	(305)
Total Protection	377,572	-	377,572	312,420	(65,152)

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

Town of Bridgewater  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund Budget and Actual (Non - GAAP Budgetary Basis)  
Year Ended June 30, 2022

Expenditures (continued):	Original Budget	Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Highway and Public Works</b>					
Town Garage	\$ 3,250	\$ -	\$ 3,250	\$ 1,259	\$ (1,991)
Town Roads	576,013	-	576,013	523,261	(52,752)
Equipment Maintenance	40,000	-	40,000	53,452	13,452
Town Parks	35,000	-	35,000	31,140	(3,860)
Trash Disposal/Recycling	50,194	-	50,194	43,908	(6,286)
<b>Total Highway &amp; Public Works</b>	<u>704,457</u>	<u>-</u>	<u>704,457</u>	<u>653,020</u>	<u>(51,437)</u>
<b>Health &amp; Welfare</b>					
Welfare	4,000	(3,000)	1,000	-	(1,000)
Visiting Nurse	4,000	-	4,000	1,078	(2,922)
Sanitarian	28,754	-	28,754	29,096	342
OSHA	100	-	100	-	(100)
<b>Total Health and Welfare</b>	<u>36,854</u>	<u>(3,000)</u>	<u>33,854</u>	<u>30,174</u>	<u>(3,680)</u>
<b>Miscellaneous</b>					
Tax Refunds	1,000	-	1,000	196	(804)
Cemeteries	100	-	100	100	-
Unemployment	2,000	-	2,000	-	(2,000)
Celebrations	3,000	-	3,000	1,382	(1,618)
Contingency	25,000	-	25,000	12,047	(12,953)
Special appropriation Fire Departmen	-	100,000	100,000	100,000	-
Student Enrichment Program	10,000	-	10,000	10,652	652
<b>Total Miscellaneous</b>	<u>41,100</u>	<u>100,000</u>	<u>141,100</u>	<u>124,377</u>	<u>(16,723)</u>
Education	4,638,001	-	4,638,001	4,638,001	-
<b>Other Financing Uses:</b>					
Operating transfers out					
Burnham Fund	-	3,000	3,000	3,000	-
Capital projects fund	-	200,000	200,000	185,000	(15,000)
<b>Total Expenditures</b>	<u>7,299,859</u>	<u>300,000</u>	<u>7,599,859</u>	<u>7,430,677</u>	<u>(169,182)</u>
<b>Excess (deficiency) of revenues over Expenditures and Other Financing Sources</b>					
	(204,097)	(300,000)	(504,097)	57,202	561,299
<b>Fund Balance at beginning of year</b>	<u>204,097</u>	<u>300,000</u>	<u>504,097</u>	<u>2,641,840</u>	<u>2,137,743</u>
<b>Fund Balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,699,042</u>	<u>\$ 2,699,042</u>

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

**Town of Bridgewater**  
**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

Basis:

The Schedule of Revenues, Expenditures and Changes in Fund Balance of the General Fund Budget and Actual (Non-GAAP Budgetary Basis) present a comparison of the original and final legally-adopted budget with actual data on a budgetary basis.

Reconciliation Between Budgetary Basis and Generally Accepted Accounting Principles (GAAP) Basis:

The budget for the General Fund has been prepared substantially on the cash basis, whereas actual revenues and expenditures were determined on the modified accrual basis. The budget comparison was not adjusted to the cash basis because the differences were not significant. Expenditures in excess of appropriations in budget line items are primarily due to the addition of accruals at year end.

For budget purposes, the Town recognizes educational refunds of prior year fund balances and other credits from Regional School District #12 a revenue. GAAP requires refunds for prior year and other credits to offset educational expenditures.

For budget purposes, the Town recognizes workers compensation insurance policy refunds as revenue. GAAP requires that these refunds be offset against the insurance expenditures.

The Town budgets for ACE/PTO Before and After School student enrichment program net of related revenue. GAAP requires the recognition of both revenue and the related expenditures. Therefore, revenue and expenditures are grossed up for GAAP purposes.

	<u>General Fund</u>		
	<u>Total Revenues</u>	<u>Total Expenditures and Other Sources</u>	<u>Fund Balance</u>
Non-GAAP Budgetary Basis Statement - June 30, 2022 - Actual	\$ 7,487,879	\$ 7,430,677	\$ 2,699,042
Prior year refund from RSD #12	(164,957)	(164,957)	-
Insurance refund	(11,664)	(11,664)	-
Gross up revenue & expenditures for ACE/ PTO Before and After Enrichment Program	21,123	21,123	-
Actual GAAP - June 30, 2021	<u>\$ 7,332,381</u>	<u>\$ 7,275,179</u>	<u>\$ 2,699,042</u>

Town of Bridgewater  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2022

	Special Revenue Funds			Capital Project		Permanent		Total
	Records Preservation	Bridgewater Gift	Recreation Gift	Open Space & Land Acquisition	Burnham Fund	Bridgewater Library		
<b>Assets:</b>								
Cash and cash equivalents	\$ 35,306	9,086 \$	5,581 \$	78,399 \$	18,484 \$	-	\$	146,856
Investments - at fair value	-	-	-	-	306,488	216,113		522,601
Accounts receivable	311	-	-	-	-	-		311
Due from other funds	-	-	-	46	3,000	-		3,046
<b>Total Assets</b>	<b>\$ 35,617</b>	<b>\$ 9,086</b>	<b>\$ 5,581</b>	<b>\$ 78,445</b>	<b>\$ 327,972</b>	<b>\$ 216,113</b>	<b>\$</b>	<b>\$ 672,814</b>
<b>Fund balances:</b>								
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ -	\$ 327,223	77,711	\$	404,934
Principal of Permanent Funds	-	-	-	-	-	-		-
<b>Restricted for:</b>								
Burnham Library	-	-	-	-	-	138,402		138,402
Social services	-	9,086	5,581	-	749	-		15,416
Public record preservation	35,617	-	-	-	-	-		35,617
<b>Committed for:</b>								
Land acquisition for open space	-	-	-	78,445	-	-		78,445
<b>Total Fund Balances</b>	<b>\$ 35,617</b>	<b>\$ 9,086</b>	<b>\$ 5,581</b>	<b>\$ 78,445</b>	<b>\$ 327,972</b>	<b>\$ 216,113</b>	<b>\$</b>	<b>\$ 672,814</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 35,617</b>	<b>\$ 9,086</b>	<b>\$ 5,581</b>	<b>\$ 78,445</b>	<b>\$ 327,972</b>	<b>\$ 216,113</b>	<b>\$</b>	<b>\$ 672,814</b>

**Town of Bridgewater  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2022**

	Special Revenue Funds				Capital Project		Permanent		Totals
	Records Preservation	Bridgewater Gift	Recreation Gift	Open Space & Land Acquisition	Burnham Fund	Bridgewater Library			
<b>Revenues:</b>									
Investment income:									
Interest and dividends	\$ -	\$ 7	\$ 3	\$ 195	\$ 749	\$ 9,997	\$ 10,951		
Realized and unrealized losses	-	-	-	-	-	(29,117)	(29,117)		
Donations	-	-	8,000	-	-	-	8,000		
Charges for services and other	5,497	-	-	-	-	-	5,497		
<b>Total Revenues</b>	<u>5,497</u>	<u>7</u>	<u>8,003</u>	<u>195</u>	<u>749</u>	<u>(19,120)</u>	<u>(4,669)</u>		
<b>Expenditures:</b>									
General government	5,500	-	-	-	-	1,175	6,675		
Health and welfare	-	-	-	-	5,632	-	5,632		
Boards and Commissions	-	-	5,677	-	-	8,117	13,794		
<b>Total Expenditures</b>	<u>5,500</u>	<u>-</u>	<u>5,677</u>	<u>-</u>	<u>5,632</u>	<u>9,292</u>	<u>26,101</u>		
<b>Excess (Deficiency) of revenues over expenditures</b>	<u>(3)</u>	<u>7</u>	<u>2,326</u>	<u>195</u>	<u>(4,883)</u>	<u>(28,412)</u>	<u>(30,770)</u>		
<b>Other Financing Sources</b>									
Operating transfers in	-	-	-	-	3,000	-	3,000		
<b>Excess (Deficiency) of Revenues And Other Financing Sources Over Expenditures</b>	<u>(3)</u>	<u>7</u>	<u>2,326</u>	<u>195</u>	<u>(1,883)</u>	<u>(28,412)</u>	<u>(27,770)</u>		
<b>Fund Balance - beginning of year</b>	<u>35,620</u>	<u>9,079</u>	<u>3,255</u>	<u>78,250</u>	<u>329,855</u>	<u>244,525</u>	<u>700,584</u>		
<b>Fund Balance - end of year</b>	<u>\$ 35,617</u>	<u>\$ 9,086</u>	<u>\$ 5,581</u>	<u>\$ 78,445</u>	<u>\$ 327,972</u>	<u>\$ 216,113</u>	<u>\$ 672,814</u>		

**Town of Bridgewater  
Combining Statement of Fiduciary Net Position  
Year Ended June 30, 2022**

	<u>Pension Trust Funds</u>		
	Defined Contribution Plan	Deferred Compensation Plan	Total
<b>Assets</b>			
Investments	\$ 1,081,192	\$ 1,023,172	\$ 2,104,364
Contribution receivable	14,157	-	14,157
<b>Total Assets</b>	<u>1,095,349</u>	<u>1,023,172</u>	<u>2,118,521</u>
<b>Net Position</b>			
Reserved for Pension Benefits	<u>1,095,349</u>	<u>1,023,172</u>	<u>2,118,521</u>
<b>Total Net Position</b>	<u>\$ 1,095,349</u>	<u>\$ 1,023,172</u>	<u>\$ 2,118,521</u>

**Town of Bridgewater  
Combining Statement of Fiduciary Net Position (continued)  
Year Ended June 30, 2022**

**Private Purpose Trust Funds**

	W. Sills Gould Scholarship	Jespersen Scholarship	Bridgewater Scholarship	Margaret Ford Scholarship	M. Hines Memorial Scholarship	Total
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 52	\$ -	\$ -	\$ 52
Investments	152,431	491,751	811,326	37,559	9,514	1,502,581
<b>Total Assets</b>	<u>152,431</u>	<u>491,751</u>	<u>811,378</u>	<u>37,559</u>	<u>9,514</u>	<u>1,502,633</u>
<b>Net Position Reserved for Scholarships</b>	<u>152,431</u>	<u>491,751</u>	<u>811,378</u>	<u>37,559</u>	<u>9,514</u>	<u>1,502,633</u>
<b>Total Net Position</b>	<u>\$ 152,431</u>	<u>\$ 491,751</u>	<u>\$ 811,378</u>	<u>\$ 37,559</u>	<u>\$ 9,514</u>	<u>\$ 1,502,633</u>

**Town of Bridgewater**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2022**

	<b>Pension Trust Funds</b>		
	<u>Defined Contribution Plan</u>	<u>Deferred Compensation Plan</u>	<u>Total</u>
<b>Additions</b>			
Contributions			
Employees	\$ -	\$ 82,848	\$ 82,848
Town	50,329	-	50,329
Others	3,636	-	3,636
Total Contributions	<u>53,965</u>	<u>82,848</u>	<u>136,813</u>
Investment Income and (loss)			-
Net investment activity	<u>(100,067)</u>	<u>(187,292)</u>	<u>(287,359)</u>
<b>Total Additions</b>	(46,102)	(104,444)	(150,546)
<b>Deductions</b>			
Pension benefits	<u>133,526</u>	<u>49,099</u>	<u>182,625</u>
<b>Total Deductions</b>	<u>133,526</u>	<u>49,099</u>	<u>182,625</u>
<b>Change in Net Position</b>	(179,628)	(153,543)	(333,171)
<b>Net Position, Beginning of Year</b>	<u>1,274,977</u>	<u>1,176,715</u>	<u>2,451,692</u>
<b>Net Position, End of Year</b>	<u>\$ 1,095,349</u>	<u>\$ 1,023,172</u>	<u>\$ 2,118,521</u>



**Town of Bridgewater  
Combining Statement of Changes in Fiduciary Net Position (continued)  
Year Ended June 30, 2022**

	<b>Private Purpose Trust Funds</b>					
	W. Sills Gould Scholarship	Jespersen Scholarship	Bridgewater Scholarship	Margaret Ford Scholarship	M. Hines Memorial Scholarship	Total
<b>Additions</b>						
Contributions-other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income						
Interest and dividends	2,755	24,276	36,150	2,019	291	65,491
Realized and unrealized gains (losses)	(16,327)	(58,074)	(107,730)	(5,131)	(948)	(188,210)
<b>Total Additions</b>	(13,572)	(33,798)	(71,580)	(3,112)	(657)	(122,719)
<b>Deductions</b>						
Scholarship awards	-	-	-	-	-	-
Investment Fees	856	2,552	2,740	180	188	6,516
<b>Total Deductions</b>	856	2,552	2,740	180	188	6,516
<b>Change in Net Position</b>	(14,428)	(36,350)	(74,320)	(3,292)	(845)	(129,235)
<b>Net Position, Beginning of Year</b>	166,859	528,101	885,698	40,851	10,359	1,631,868
<b>Net Position, End of Year</b>	\$ 152,431	\$ 491,751	\$ 811,378	\$ 37,559	\$ 9,514	\$ 1,502,633

Town of Bridgewater  
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)  
Year Ended June 30, 2022

	Taxes Receivable July 1, 2021	LAWFUL CORRECTIONS		Net Transfers (To) From Suspense	Adjusted Taxes Receivable	COLLECTIONS			Taxes Receivable June 30, 2022
		Lawful Additions	Corrections Reductions			Taxes	Interest, liens and other costs	Refunds and Adjustments	
Grand List : October 1, 2020	\$ 6,682,478	\$ 6,715	\$ (4,722)	\$ (2,690)	\$ 6,681,781	\$ 13,547	\$ 131	\$ 6,683,298	\$ 12,292
2019	5,488	1,232	(94)	-	6,626	3,027	(2,844)	856	755
2018	2,204	-	(397)	-	1,807	363	(23)	584	1,421
2017	1,154	-	-	-	1,154	700	-	1,141	454
2016	258	-	-	-	258	81	-	147	177
2015	50	-	-	-	50	-	-	-	50
2014	895	-	-	-	895	-	-	-	895
Suspense Book Collections	-	71	-	1,559	1,630	3,250	-	4,880	-
<b>Totals</b>	<b>\$ 6,692,527</b>	<b>\$ 8,018</b>	<b>\$ (5,213)</b>	<b>\$ (1,131)</b>	<b>\$ 6,694,201</b>	<b>\$ 6,675,421</b>	<b>\$ (2,736)</b>	<b>\$ 6,690,906</b>	<b>\$ 16,044</b>

Town of Bridgewater  
Statement of Debt Limitation  
Connecticut General Statutes, Section 7-374(b)  
Year Ended June 30, 2022

Total tax collections (including interest and lien fees)	\$ 6,690,906
Reimbursement for revenue loss on:	
Tax relief for elderly - (CGS 12-129d)	<u>113</u>
<b>Total Receipts From Taxation</b>	<b>\$ <u>6,691,019</u></b>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<b>Debt Limitation:</b>					
2 1/4 times Base	\$ 15,054,793	\$ -	\$ -	\$ -	-
4 1/2 times Base	-	30,109,586	-	-	-
3 3/4 times Base	-	-	25,091,321	-	-
3 1/4 times Base	-	-	-	21,745,812	-
3 times Base	-	-	-	-	20,073,057
<b>Total Debt Limitation</b>	<u>15,054,793</u>	<u>30,109,586</u>	<u>25,091,321</u>	<u>21,745,812</u>	<u>20,073,057</u>
<b>Indebtedness:</b>					
Town's share of Regional School District debt at 20.32%					
General Obligation Bonds issued 4/10/19 - \$7,175,000	-	1,457,960	-	-	-
Bond Anticipation Note issued 4/8/21 - \$6,500,000	-	1,320,800	-	-	-
<b>Total Indebtedness</b>	<u>-</u>	<u>2,778,760</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Limitation In Excess Of Outstanding And Authorized Debt</b>	<b>\$ <u>15,054,793</u></b>	<b>\$ <u>27,330,826</u></b>	<b>\$ <u>25,091,321</u></b>	<b>\$ <u>21,745,812</u></b>	<b>\$ <u>20,073,057</u></b>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation.



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

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

Board of Finance  
Town of Bridgewater  
Bridgewater, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the 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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bridgewater, Connecticut's basic financial statements, and have issued our report thereon dated January 3, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bridgewater, Connecticut's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bridgewater, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bridgewater, Connecticut's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bridgewater, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles Heaven & Co.  
Waterbury, Connecticut

January 3, 2023