

**TOWN OF BRIDGEWATER, VIRGINIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2015**

Prepared by:

Offices of the Superintendent and Treasurer  
P.O. Box 72  
Bridgewater, Virginia 22812



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ASSURANCE, TAX & ADVISORY SERVICES

**TOWN OF BRIDGEWATER, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended June 30, 2015**

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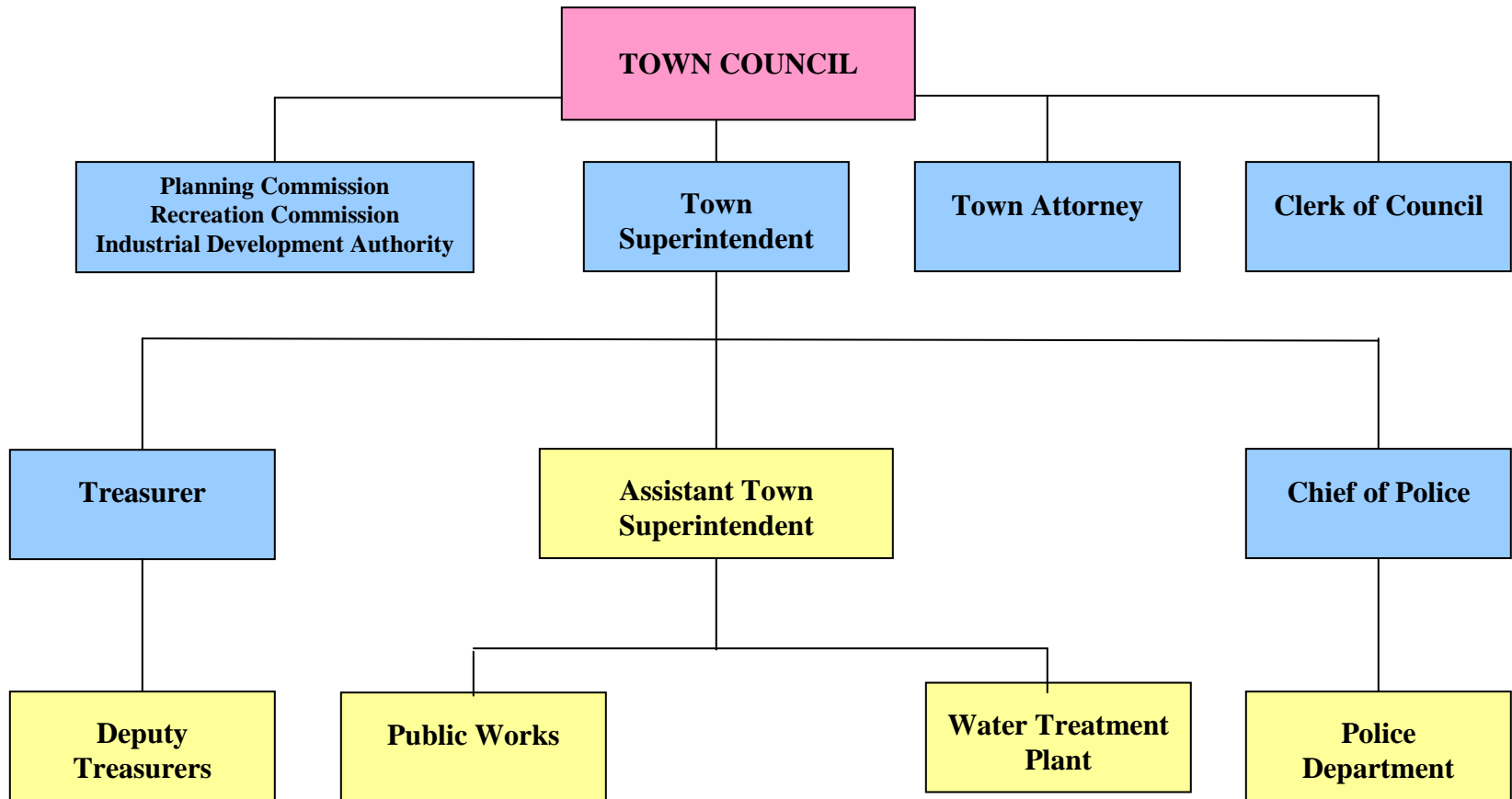
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## **INTRODUCTORY SECTION**

# TABLE OF ORGANIZATION

## Town of Bridgewater, Virginia



### COLOR LEGEND

Elected

Appointed by Council

Hired by Superintendent

**TOWN OF BRIDGEWATER, VIRGINIA**

***Directory of Principal Officials***

***OFFICIALS***

Hallie D. Dinkel	Mayor
Rosetta W. Harris	Vice-Mayor
Bob F. Holton	Superintendent
Cherie N. Bowen	Treasurer
J. Jay Litten	Town Attorney
Betsy Putney	Clerk

***MEMBERS OF COUNCIL***

A. Fontaine Canada	William D. Miracle
Theodore W. Flory	Steven A Schofield
Dillina W. Stickley	

***INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE TOWN OF BRIDGEWATER, VIRGINIA  
BOARD MEMBERS***

J. Donna Barber	James Harper
Wesley W. Griffin	Myron D. Rummel
Patrick “Red” Haile	Debbie Snider

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of Council  
Town of Bridgewater, Virginia  
Bridgewater, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bridgewater, Virginia (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining aggregate fund information of the Town, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 17 to the financial statements, the Town restated net position of the governmental activities, business-type activities and Water, Sewer and Sanitation Fund to record the net position liability and related components in accordance with the implementation of GASB Statement No. 68.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 6-11 and 61-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents as supplementary schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 21, 2015

## **Town of Bridgewater, Virginia Management's Discussion and Analysis**

The following discussion and analysis of the Town of Bridgewater, Virginia's (Town) financial statements provides an overview of the Town's financial performance for the fiscal year ended June 30, 2015.

### **FINANCIAL HIGHLIGHTS**

Total assets of the Town exceeded total liabilities and deferred inflows of resources at June 30, 2015 by approximately \$4.6 million (net position). Of the total net position, approximately \$557,000 was an unrestricted deficit.

The Town's total net position increased approximately \$749,000 from the previous year's restated total net position.

As of June 30, 2015, the Town's governmental funds had combined ending fund balances of approximately \$1,086,000, an increase of approximately \$322,000 in comparison with the prior year.

The Town's total long-term liabilities increased approximately \$844,000 during fiscal year 2015 due to a new debt issuance of \$1,055,000 for Generations Park coupled with previously scheduled debt repayments.

### Overview of the Financial Statements

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. The financial section has four components: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and supplementary schedules. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to financial statements.

### Government-wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The first government-wide statement, the Statement of Net Position, presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. This statement provides both long-term and short-term information. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Town is improving or declining. In addition, nonfinancial factors, such as a change in the Town's real estate assessment values or the condition of the Town's facilities and infrastructure, should be considered in assessing the overall financial health of the Town.

The government-wide financial statements include not only the Town of Bridgewater, Virginia (known as the primary government), but also a legally separate Industrial Development Authority. Financial information for the component unit is reported separately from the financial information presented for the primary government.

## Statement of Net Position

For the most recently concluded fiscal year, the Town's assets exceeded its liabilities by \$4.6 million. Most of this total, approximately 94%, is classified as "net investment in capital assets." This reflects the Town's investment in capital assets (e.g., land, easements, infrastructure, buildings, improvements, machinery and equipment, software, and construction in progress), less any related debt still outstanding on those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets would not likely be used to liquidate these liabilities.

Of the total net position, \$556,900 can be classified as an "unrestricted deficit." This significant decrease was due to general fund expenditures exceeding revenues and the implementation of GASB Statement No. 68; see Note 17 for more information. In the prior year, the Town had \$654,088 of total net position classified as "unrestricted." This is a decrease of nearly \$1.2 million over last year.

The following table presents a condensed statement of net position:

**Table 1**  
**Summary Statement of Net Position**  
**June 30, 2015 and 2014**

	Governmental Activities		Business-type Activity		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,121,767	\$ 1,618,172	\$ 529,696	\$ 435,847	\$ 2,651,463	\$ 2,054,019
Capital assets	4,414,969	3,647,245	2,403,627	2,069,662	6,818,596	5,716,907
<b>Total assets</b>	<b>6,536,736</b>	<b>5,265,417</b>	<b>2,933,323</b>	<b>2,505,509</b>	<b>9,470,059</b>	<b>7,770,926</b>
<b>Total deferred outflows of resources</b>	<b>140,128</b>	<b>-</b>	<b>70,782</b>	<b>-</b>	<b>210,910</b>	<b>-</b>
Current and other liabilities	863,494	850,992	202,400	206,221	1,065,894	1,057,213
Long-term liabilities	2,609,329	1,313,886	729,470	612,952	3,338,799	1,926,838
<b>Total liabilities</b>	<b>3,472,823</b>	<b>2,164,878</b>	<b>931,870</b>	<b>819,173</b>	<b>4,404,693</b>	<b>2,984,051</b>
<b>Total deferred inflows of resources</b>	<b>476,582</b>	<b>161,638</b>	<b>153,287</b>	<b>-</b>	<b>629,869</b>	<b>161,638</b>
Net investment in capital assets	2,458,550	2,599,041	1,908,627	1,510,862	4,367,177	4,109,903
Restricted net position	836,130	22,884	-	-	836,130	22,884
Unrestricted net position	(567,221)	478,614	10,321	175,474	(556,900)	654,088
<b>Total net position</b>	<b>\$ 2,727,459</b>	<b>\$ 3,100,539</b>	<b>\$ 1,918,948</b>	<b>\$ 1,686,336</b>	<b>\$ 4,646,407</b>	<b>\$ 4,786,875</b>

## Statement of Activities

### Governmental Activities

**Revenues:** For the fiscal year ended June 30, 2015, revenue from governmental activities totaled \$3.5 million. Sources of revenue are comprised of many different types with taxes constituting the largest source of Town revenues in this category. In addition to real estate taxes, the Town assesses other local taxes and fees including consumer utility taxes, bank stock taxes, business license (BPOL) fees, meals tax and the Town's share of the local sales tax. In addition to taxes, the Town receives intergovernmental revenues, donations from private citizens and some revenue from renting property, such as the Doug Will Tennis Courts and space on water towers to telecommunications companies.

**Expenses:** Expenses for governmental activities, including interest on debt service, totaled \$3.6 million. As the table below indicates, Public Works and Public Safety, which together comprise about 61% of expenses, continue to be the Town's two largest functions in the category of governmental activities.

The following table summarizes the changes in net position for the Town for the fiscal year ended June 30, 2015:

**Table 2**  
**Changes in Net Position**  
**Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 45,083	\$ 42,796	\$3,027,811	\$ 3,014,344	\$ 3,072,894	\$ 3,057,140
Operating grants and contributions	903,598	827,902	-	-	903,598	827,902
Capital grants and contributions	-	-	300,141	67,500	300,141	67,500
<b>Total program revenues</b>	<b>948,681</b>	<b>870,698</b>	<b>3,327,952</b>	<b>3,081,844</b>	<b>4,276,633</b>	<b>3,952,542</b>
<b>General revenues:</b>						
General property taxes	576,922	554,897	-	-	576,922	554,897
Other local taxes	1,530,330	1,453,313	-	-	1,530,330	1,453,313
Intergovernmental, non-categorical aid	197,996	191,976	-	-	197,996	191,976
Use of money and property	87,468	90,455	-	-	87,468	90,455
Miscellaneous	160,142	32,980	38,746	42,706	198,888	75,686
<b>Total general revenues</b>	<b>2,552,858</b>	<b>2,323,621</b>	<b>38,746</b>	<b>42,706</b>	<b>2,591,604</b>	<b>2,366,327</b>
<b>Total revenues</b>	<b>3,501,539</b>	<b>3,194,319</b>	<b>3,366,698</b>	<b>3,124,550</b>	<b>6,868,237</b>	<b>6,318,869</b>
<b>Expenses:</b>						
General government administration	786,203	765,232	-	-	786,203	765,232
Public safety	812,586	833,948	-	-	812,586	833,948
Public works	1,369,850	1,298,405	-	-	1,369,850	1,298,405
Parks, recreation and cultural	464,969	482,013	-	-	464,969	482,013
Community and economic development	108,566	101,847	-	-	108,566	101,847
Interest	39,846	32,738	-	-	39,846	32,738
Water/Sewer/Sanitation	-	-	2,478,288	2,592,145	2,478,288	2,592,145
Stormwater Management	-	-	58,743	70,626	58,743	70,626
<b>Total expenses</b>	<b>3,582,020</b>	<b>3,514,183</b>	<b>2,537,031</b>	<b>2,662,771</b>	<b>6,119,051</b>	<b>6,176,954</b>
<b>Changes in net position before transfers</b>	<b>(80,481)</b>	<b>(319,864)</b>	<b>829,667</b>	<b>461,779</b>	<b>749,186</b>	<b>141,915</b>
Transfers	298,487	682,478	(298,487)	(682,478)	-	-
<b>Change in net position</b>	<b>218,006</b>	<b>362,614</b>	<b>531,180</b>	<b>(220,699)</b>	<b>749,186</b>	<b>141,915</b>
Net position, beginning, as restated	2,509,453	2,737,925	1,387,768	1,907,035	3,897,221	4,644,960
Net position, ending	\$ 2,727,459	\$ 3,100,539	\$1,918,948	\$ 1,686,336	\$ 4,646,407	\$ 4,786,875

Ending net position at June 30, 2014 does not match beginning net position as of July 1, 2014. This is due to implementation of GASB Statement No. 68. Information to restate fiscal year 2014 is not available.

### Business-Type Activity

The Town has two business-type activities, the *Water, Sewer and Sanitation Fund* and *Stormwater Management Fund*. These are accounted for as enterprise funds. For fiscal year 2015, total operating and non-operating revenues amounted to \$3.2 million, which is an increase of approximately \$120,000 from the prior fiscal year. Approximately 90% of water, sewer, sanitation and stormwater revenues come from charges for service. Approximately 4% of revenues come from capital grants and contributions. The remaining 6% comes from penalties and connection/availability fees.

Expenses amounted to \$2.5 million for fiscal year 2015. This is a decrease of 4.8% from the previous year and is due primarily to decreases by the regional sewer authority. Change in net position before transfers was \$830,000 in fiscal year 2015 compared to \$462,000 in fiscal year 2014, an increase of \$368,000.

The business-type activities' net position increased by approximately \$531,000 for the year.

### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

**Governmental funds** - The *General Fund* is the major governmental fund of the Town. At the end of the current fiscal year, the unassigned fund balance decreased approximately \$563,000 resulting in a balance of approximately \$168,000.

**Proprietary funds** - The Town's *Enterprise Funds*, which are a type of proprietary fund, provides the same type of information found in the government-wide financial statements, but in greater detail. At June 30, 2015, the unrestricted net position for the enterprise funds totaled about \$10,000, which is a decrease of approximately \$165,000 from the previous year.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Overall, actual revenues were less than budgeted revenue by \$344,000 largely due to transportation enhancement grants that were not received in the current year. Expenditures were less than budgeted amounts by \$959,000 primarily due to transportation projects not commencing, but it should be noted that a concentrated effort was made to reduce expenditures as much as possible without affecting service to Town residents.

### **CAPITAL ASSETS**

Reflected in Table 3, *Changes in Capital Assets*, net capital asset balances have increased from the previous year. Capital asset additions for fiscal year 2015 totaled approximately \$1.4 million. The increase can be attributed largely to the construction progress at Generations Park.

**Table 3**  
**Changes in Capital Assets**  
**Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Capital assets not being depreciated						
Land and easements	\$ 1,961,169	\$ 1,961,169	\$ 4,600	\$ 4,600	\$ 1,965,769	\$ 1,965,769
Construction in progress	780,167	16,368	19,253	370,579	799,420	386,947
<b>Total capital assets not being depreciated</b>	<b>2,741,336</b>	<b>1,977,537</b>	<b>23,853</b>	<b>375,179</b>	<b>2,765,189</b>	<b>2,352,716</b>
Capital assets being depreciated:						
Buildings and improvements	2,132,839	2,072,839	889,632	889,632	3,022,471	2,962,471
Distribution and collection system	-	-	2,526,685	2,485,740	2,526,685	2,485,740
Equipment	908,032	885,502	2,271,517	1,453,925	3,179,549	2,339,427
Software	43,137	43,137	-	-	43,137	43,137
Infrastructure	538,121	523,050	-	-	538,121	523,050
Vehicles	465,448	416,764	725,208	714,208	1,190,656	1,130,972
<b>Total capital assets being depreciated</b>	<b>4,087,577</b>	<b>3,941,292</b>	<b>6,413,042</b>	<b>5,543,505</b>	<b>10,500,619</b>	<b>9,484,797</b>
Less accumulated depreciation and amortization:						
Buildings and improvements	1,041,258	968,228	765,424	746,681	1,806,682	1,714,909
Distribution and collection system	-	-	1,592,030	1,536,960	1,592,030	1,536,960
Equipment	777,061	746,453	1,009,246	918,979	1,786,307	1,665,432
Software	43,137	43,137	-	-	43,137	43,137
Infrastructure	170,252	152,566	-	-	170,252	152,566
Vehicles	382,236	361,200	666,568	646,402	1,048,804	1,007,602
<b>Total accumulated depreciation or amortization</b>	<b>2,413,944</b>	<b>2,271,584</b>	<b>4,033,268</b>	<b>3,849,022</b>	<b>6,447,212</b>	<b>6,120,606</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>1,673,633</b>	<b>1,669,708</b>	<b>2,379,774</b>	<b>1,694,483</b>	<b>4,053,407</b>	<b>3,364,191</b>
Capital assets, net	\$ 4,414,969	\$ 3,647,245	\$ 2,403,627	\$ 2,069,662	\$ 6,818,596	\$ 5,716,907

## LONG-TERM DEBT

As of June 30, 2015, the Town's long-term liabilities, exclusive of compensated absences and other postemployment benefits, totaled \$1.956 million for governmental activities. Additionally, \$495,000 of debt, exclusive of compensated absences and other post-employment benefits, is shown in the business-type activity category. The Town's maximum legal debt margin permitted by the Commonwealth of Virginia is approximately \$39.7 million, which is computed based on 10% of the assessed value of real estate subject to taxation less applicable outstanding bonded debt.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the Town's debt position. Data for the Town at June 30, 2015 are shown below:

Estimated Population	Assessed Valuation of Taxable Real Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt Per Capita
5,879	\$416,226,107	\$1,956,419	.0047	\$333

The net bonded debt increased approximately \$908,000, which correlates to an increase in debt per capita of \$155.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Here are some factors to consider in the fiscal year 2016 budget.

- Utilities – (water, sewer, refuse, recycling, and stormwater) increase 1.7% in 2016 budget
- Revenue sharing grant to repave many streets throughout the town
- Sanitary sewer line replacement on West Bank Street
- Continuing work on Oakwood Drive bike/pedestrian improvements
- Completion of Generations Park
- Miniature Golf Course

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town Superintendent or the Town Treasurer at 201 Green Street, Bridgewater, Virginia 22812.



## **BASIC FINANCIAL STATEMENTS**

# TOWN OF BRIDGEWATER, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 535,838	\$ -	\$ 535,838	\$ 15,958
Receivables, net:				
Property taxes	177,587	-	177,587	-
Trade and other accounts	77,277	407,220	484,497	-
Interest	33	-	33	-
Due from other governments	48,136	122,476	170,612	-
Restricted cash	1,282,896	-	1,282,896	425,710
Capital assets:				
Land	1,954,769	4,600	1,959,369	79,747
Land easements	6,400	-	6,400	-
Buildings and improvements	2,132,839	889,632	3,022,471	-
Infrastructure	538,121	-	538,121	-
Distribution and collection systems	-	2,526,685	2,526,685	-
Equipment	908,032	2,271,517	3,179,549	-
Software	43,137	-	43,137	-
Vehicles	465,448	725,208	1,190,656	-
Construction in progress	780,167	19,253	799,420	200,210
Less: accumulated depreciation and amortization	(2,413,944)	(4,033,268)	(6,447,212)	-
<b>Total assets</b>	<b>6,536,736</b>	<b>2,933,323</b>	<b>9,470,059</b>	<b>721,625</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	140,128	70,782	210,910	-
<b>LIABILITIES</b>				
Accounts payable	137,284	45,999	183,283	48,904
Accrued payroll and benefits	75,118	36,956	112,074	-
Accrued interest	13,257	3,570	16,827	2,881
Unearned revenue	637,835	86,000	723,835	5,491
Customer deposits	-	29,875	29,875	-
Noncurrent liabilities:				
Due within one year:				
Bonds payable	164,001	55,000	219,001	14,468
Compensated absences	87,916	33,942	121,858	-
Due in more than one year:				
Bonds payable	1,792,418	440,000	2,232,418	547,545
Compensated absences	58,610	22,627	81,237	-
Net pension liability	352,196	177,901	530,097	-
Other postemployment benefits	154,188	-	154,188	-
<b>Total liabilities</b>	<b>3,472,823</b>	<b>931,870</b>	<b>4,404,693</b>	<b>619,289</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	303,469	153,287	456,756	-
Unavailable revenue - property taxes	173,113	-	173,113	-
<b>Total deferred inflows of resources</b>	<b>476,582</b>	<b>153,287</b>	<b>629,869</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets (deficit)	2,458,550	1,908,627	4,367,177	(282,056)
Restricted:				
Nonexpendable trust principal	6,000	-	6,000	-
Cemetery maintenance	16,376	-	16,376	-
Parks and recreation	813,754	-	813,754	425,710
Unrestricted (deficit)	(567,221)	10,321	(556,900)	(41,318)
<b>Total net position</b>	<b>\$ 2,727,459</b>	<b>\$ 1,918,948</b>	<b>\$ 4,646,407</b>	<b>\$ 102,336</b>

See Notes to Financial Statements.

# TOWN OF BRIDGEWATER, VIRGINIA

## STATEMENT OF ACTIVITIES Year Ended June 30, 2015

Entity/Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Industrial Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary Government:								
Governmental activities:								
General government administration	\$ 786,203	\$ -	\$ -	\$ -	\$ (786,203)	\$ -	\$ (786,203)	\$ -
Public safety	812,586	45,083	175,484	-	(592,019)	-	(592,019)	-
Public works	1,369,850	-	728,114	-	(641,736)	-	(641,736)	-
Parks, recreation and cultural	464,969	-	-	-	(464,969)	-	(464,969)	-
Community and economic development	108,566	-	-	-	(108,566)	-	(108,566)	-
Interest	39,846	-	-	-	(39,846)	-	(39,846)	-
<b>Total governmental activities</b>	<b>3,582,020</b>	<b>45,083</b>	<b>903,598</b>	<b>-</b>	<b>(2,633,339)</b>	<b>-</b>	<b>(2,633,339)</b>	<b>-</b>
Business-type activities:								
Water, sewer and sanitation	2,478,288	2,947,948	-	300,141	-	769,801	769,801	-
Stormwater management	58,743	79,863	-	-	-	21,120	21,120	-
<b>Total business-type activities</b>	<b>2,537,031</b>	<b>3,027,811</b>	<b>-</b>	<b>300,141</b>	<b>-</b>	<b>790,921</b>	<b>790,921</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 6,119,051</b>	<b>\$ 3,072,894</b>	<b>\$ 903,598</b>	<b>\$ 300,141</b>	<b>(2,633,339)</b>	<b>790,921</b>	<b>(1,842,418)</b>	<b>-</b>
Component Unit:								
Industrial Development Authority	<b>\$ 9,167</b>	<b>\$ 11,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,017</b>
General Revenues:								
Taxes:								
General property taxes					576,922	-	576,922	-
Other local taxes:								
Consumer utility					387,647	-	387,647	-
Meals					466,633	-	466,633	-
Local sales and use					160,706	-	160,706	-
Business license					223,970	-	223,970	-
Other					291,374	-	291,374	-
Intergovernmental, non-categorical aid					197,996	-	197,996	-
Use of money and property					87,468	-	87,468	-
Miscellaneous					160,142	38,746	198,888	-
Transfers					298,487	(298,487)	-	-
Total general revenues and transfers, net					2,851,345	(259,741)	2,591,604	-
<b>Change in net position</b>					218,006	531,180	749,186	2,017
Net position, beginning, as restated					2,509,453	1,387,768	3,897,221	100,319
Net position, ending					\$ 2,727,459	\$ 1,918,948	\$ 4,646,407	\$ 102,336

See Notes to Financial Statements.

**TOWN OF BRIDGEWATER, VIRGINIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	General	Permanent Fund Greenwood Cemetery Trust Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash, cash equivalents and temporary cash investments	\$ 535,838	\$ -	\$ 535,838
Receivables, net of allowances for uncollectible amounts			
Property taxes	177,587	-	177,587
Trade and other accounts	77,277	-	77,277
Interest	-	33	33
Due from other governments	48,136	-	48,136
Restricted cash	1,260,553	22,343	1,282,896
<b>Total assets</b>	<b>\$ 2,099,391</b>	<b>\$ 22,376</b>	<b>\$ 2,121,767</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 137,284	\$ -	\$ 137,284
Accrued payroll and benefits	75,118	-	75,118
Unearned revenue	637,835	-	637,835
<b>Total liabilities</b>	<b>850,237</b>	<b>-</b>	<b>850,237</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	185,113	-	185,113
<b>Total deferred inflows of resources</b>	<b>185,113</b>	<b>-</b>	<b>185,113</b>
<b>FUND BALANCES</b>			
Nonspendable: Permanent fund principal	-	6,000	6,000
Restricted for:			
Parks and recreation	813,754	-	813,754
Cemetery maintenance	-	16,376	16,376
Assigned: Parks and recreation	82,000	-	82,000
Unassigned	168,287	-	168,287
<b>Total fund balances</b>	<b>1,064,041</b>	<b>22,376</b>	<b>1,086,417</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,099,391</b>	<b>\$ 22,376</b>	<b>\$ 2,121,767</b>

## TOWN OF BRIDGEWATER, VIRGINIA

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2015

	Governmental Funds
Total fund balances - governmental funds	\$ 1,086,417
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 6,828,913
Less: accumulated depreciation and amortization	(2,413,944)
Net capital assets	4,414,969
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.	140,128
Other long-term assets are not available to fund current expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	12,000
Other postemployment benefits (OPEB) assets (obligations) are not current financial resources and, therefore, are not reported in the governmental funds.	(154,188)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds	(1,956,419)
Compensated absences	(146,526)
Interest payable	(13,257)
Net pension liability	(352,196)
	(2,468,398)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.	(303,469)
<b>Net position of governmental activities</b>	<b>\$ 2,727,459</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

	General	Permanent Fund Greenwood Cemetery Trust Fund	Total Governmental Funds
Revenues:			
General property taxes	\$ 579,922	\$ -	\$ 579,922
Other local taxes	1,530,330	-	1,530,330
Permits	4,160	-	4,160
Fines and forfeitures	40,923	-	40,923
Use of money and property	87,976	(508)	87,468
Miscellaneous	160,142	-	160,142
Intergovernmental	1,101,594	-	1,101,594
<b>Total revenues</b>	<b>3,505,047</b>	<b>(508)</b>	<b>3,504,539</b>
Expenditures:			
Current:			
General government administration	770,265	-	770,265
Public safety	878,516	-	878,516
Public works	1,418,584	-	1,418,584
Parks, recreation and cultural	1,174,047	-	1,174,047
Community and economic development	109,003	-	109,003
Debt service:			
Principal	146,785	-	146,785
Interest	38,437	-	38,437
<b>Total expenditures</b>	<b>4,535,637</b>	<b>-</b>	<b>4,535,637</b>
<b>Revenues under expenditures</b>	<b>(1,030,590)</b>	<b>(508)</b>	<b>(1,031,098)</b>
Other financing sources:			
General obligation bonds issued	1,055,000	-	1,055,000
Transfers in	298,487	-	298,487
<b>Total other financing sources</b>	<b>1,353,487</b>	<b>-</b>	<b>1,353,487</b>
<b>Net change in fund balances</b>	<b>322,897</b>	<b>(508)</b>	<b>322,389</b>
Fund balances, beginning	741,144	22,884	764,028
Fund balances, ending	\$ 1,064,041	\$ 22,376	\$ 1,086,417

## TOWN OF BRIDGEWATER, VIRGINIA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2015

	Governmental Funds	
Net change in fund balance - total governmental funds	\$	322,389
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	910,084
Less: depreciation and amortization expense		(142,360)
Excess of capital outlays over depreciation and amortization		767,724
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		
		(3,000)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued:		
General obligation bonds		(1,055,000)
Principal repayments:		
General obligation bonds and note payable		146,785
		(908,215)
Deferred outflows of resources - pension contributions		140,128
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest		(1,409)
Compensated absences		(9,301)
Pension expense		(64,579)
Postemployment benefits		(25,731)
		(101,020)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>218,006</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
Year Ended June 30, 2015**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 533,000	\$ 533,000	\$ 579,922	\$ 46,922
Other local taxes	1,449,000	1,449,000	1,530,330	81,330
Permits	4,000	4,000	4,160	160
Fines and forfeitures	42,000	42,000	40,923	(1,077)
Use of money and property	70,000	70,000	87,976	17,976
Charges for services	68,000	-	-	-
Miscellaneous	8,000	8,000	160,142	152,142
Intergovernmental	1,743,000	1,743,000	1,101,594	(641,406)
<b>Total revenues</b>	<b>3,917,000</b>	<b>3,849,000</b>	<b>3,505,047</b>	<b>(343,953)</b>
Expenditures:				
Current:				
General government administration	700,000	700,000	770,265	70,265
Public safety	810,000	810,000	878,516	68,516
Public works	2,143,000	2,143,000	1,418,584	(724,416)
Parks, recreation and cultural	457,000	1,512,000	1,174,047	(337,953)
Stormwater management	66,000	-	-	-
Community and economic development	116,000	116,000	109,003	(6,997)
Debt service:				
Principal	185,500	185,500	146,785	(38,715)
Interest	28,000	28,000	38,437	10,437
<b>Total expenditures</b>	<b>4,505,500</b>	<b>5,494,500</b>	<b>4,535,637</b>	<b>(958,863)</b>
<b>Revenues under expenditures</b>	<b>(588,500)</b>	<b>(1,645,500)</b>	<b>(1,030,590)</b>	<b>614,910</b>
Other financing sources:				
General obligation bonds issued	-	1,055,000	1,055,000	-
Transfers in	-	-	298,487	298,487
<b>Total other financing sources</b>	<b>-</b>	<b>1,055,000</b>	<b>1,353,487</b>	<b>298,487</b>
<b>Net change in fund balance</b>	<b>\$ (588,500)</b>	<b>\$ (590,500)</b>	<b>322,897</b>	<b>\$ 913,397</b>
Fund balance, beginning			741,144	
Fund balance, ending			\$ 1,064,041	



**TOWN OF BRIDGEWATER, VIRGINIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015**

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
<b>ASSETS</b>			
Current Assets:			
Accounts receivable, net of allowances for uncollectible amounts	\$ 398,800	\$ 8,420	\$ 407,220
Due from other governments	122,476	-	122,476
<b>Total current assets</b>	<b>521,276</b>	<b>8,420</b>	<b>529,696</b>
Noncurrent Assets:			
Capital assets:			
Land	4,600	-	4,600
Buildings and improvements	889,632	-	889,632
Distribution and collection systems	2,526,685	-	2,526,685
Equipment	2,271,517	-	2,271,517
Vehicles	725,208	-	725,208
Construction in progress	19,253	-	19,253
<b>Total capital assets</b>	<b>6,436,895</b>	<b>-</b>	<b>6,436,895</b>
Less: accumulated depreciation	(4,033,268)	-	(4,033,268)
<b>Total noncurrent assets</b>	<b>2,403,627</b>	<b>-</b>	<b>2,403,627</b>
<b>Total assets</b>	<b>2,924,903</b>	<b>8,420</b>	<b>2,933,323</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	70,782	-	70,782
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	39,347	6,652	45,999
Accrued payroll and benefits	35,532	1,424	36,956
Accrued interest	3,570	-	3,570
Compensated absences	33,942	-	33,942
Customer deposits	29,875	-	29,875
Unearned revenue	86,000	-	86,000
Bonds payable	55,000	-	55,000
<b>Total current liabilities</b>	<b>283,266</b>	<b>8,076</b>	<b>291,342</b>
Noncurrent Liabilities:			
Bonds payable	440,000	-	440,000
Net pension liability	177,901	-	177,901
Compensated absences	22,627	-	22,627
<b>Total noncurrent liabilities</b>	<b>640,528</b>	<b>-</b>	<b>640,528</b>
<b>Total liabilities</b>	<b>923,794</b>	<b>8,076</b>	<b>931,870</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	153,287	-	153,287
<b>NET POSITION</b>			
Net investment in capital assets	1,908,627	-	1,908,627
Unrestricted	9,977	344	10,321
<b>Total net position</b>	<b>\$ 1,918,604</b>	<b>\$ 344</b>	<b>\$ 1,918,948</b>

See Notes to Financial Statements.

# TOWN OF BRIDGEWATER, VIRGINIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS Year Ended June 30, 2015

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Operating revenues:			
Charges for services	\$ 2,943,262	\$ 79,863	\$ 3,023,125
Connection fees	4,686	-	4,686
Penalties	38,746	-	38,746
<b>Total operating revenues</b>	<b>2,986,694</b>	<b>79,863</b>	<b>3,066,557</b>
Operating expenses:			
Personal services	711,997	27,434	739,431
Fringe benefits	222,410	2,700	225,110
Materials, line repairs and other	499,133	28,609	527,742
Regional Sewer Authority assessment:			
Operations and maintenance	325,270	-	325,270
Debt service	485,106	-	485,106
Construction	39,206	-	39,206
Depreciation	184,246	-	184,246
<b>Total operating expenses</b>	<b>2,467,368</b>	<b>58,743</b>	<b>2,526,111</b>
<b>Operating income</b>	<b>519,326</b>	<b>21,120</b>	<b>540,446</b>
Nonoperating revenue (expense):			
Interest expense	(10,920)	-	(10,920)
Connection availability fees	177,665	-	177,665
<b>Total nonoperating revenue, net</b>	<b>166,745</b>	<b>-</b>	<b>166,745</b>
<b>Income before capital contributions and transfers</b>	<b>686,071</b>	<b>21,120</b>	<b>707,191</b>
Capital contributions	122,476	-	122,476
Transfers out	(270,734)	(27,753)	(298,487)
<b>Change in net position</b>	<b>537,813</b>	<b>(6,633)</b>	<b>531,180</b>
Net position, beginning, as restated	1,380,791	6,977	1,387,768
Net position, ending	\$ 1,918,604	\$ 344	\$ 1,918,948

# TOWN OF BRIDGEWATER, VIRGINIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS Year Ended June 30, 2015

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Cash Flows From Operating Activities:			
Receipts from customers	\$ 3,003,174	\$ 80,960	\$ 3,084,134
Payments to suppliers for goods and services	(1,352,331)	(23,446)	(1,375,777)
Payments to employees for services	(964,874)	(29,761)	(994,635)
<b>Net cash provided by operating activities</b>	<b>685,969</b>	<b>27,753</b>	<b>713,722</b>
Cash Flows From Noncapital and Related Financing Activities:			
Transfers out	(270,734)	(27,753)	(298,487)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(518,211)	-	(518,211)
Connection availability fees	177,665	-	177,665
Principal paid on:			
General obligation bonds	(55,000)	-	(55,000)
Capital lease	(8,800)	-	(8,800)
Interest paid on outstanding debt	(10,889)	-	(10,889)
<b>Net cash used in capital and related financing activities</b>	<b>(415,235)</b>	<b>-</b>	<b>(415,235)</b>
Cash and Cash Equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 519,326	\$ 21,120	\$ 540,446
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	184,246	-	184,246
Pension expense	32,620	-	32,620
Changes in operating accounts:			
Decrease in accounts receivable	27,530	1,097	28,627
Decrease in unearned revenue	(12,000)	-	(12,000)
Decrease in deferred outflows	(70,782)	-	(70,782)
Increase in accounts payable and accrued expenses	5,029	5,536	10,565
<b>Net cash provided by operating activities</b>	<b>\$ 685,969</b>	<b>\$ 27,753</b>	<b>\$ 713,722</b>

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies

##### A. Reporting Entity

The Town of Bridgewater, Virginia (the Town) was incorporated in 1835 and provides a wide range of municipal services contemplated by statute or charter. The Town is governed by an elected mayor and six member council.

The accounting principles of the Town conform with accounting principles generally accepted in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The more significant of the government's accounting policies are described below.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34*. Component units include any legally separate organizations for which the Town Council is financially accountable. Financial accountability results where 1) there is fiscal dependence and a financial benefit or burden relationship, 2) there is a voting majority of the organization's governing body appointed by the Town Council and a financial benefit or burden relationship, or 3) there is a voting majority of the organization's governing body appointed by Town Council and the Town Council has the ability to impose its will on the organization.

Even if financial accountability is not established, a potential component unit may still need to be reported simply because it would be misleading to exclude it.

Blended component units, although legally separate entities, are, in substance, part of the Town's operations, and functions as an integral part of the primary government, so data from these units would be combined with data of the Town. The Town has no blended component units at June 30, 2015. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the Town.

##### Discretely Presented Component Unit

The Industrial Development Authority of the Town of Bridgewater, Virginia (Authority) was created as a governmental subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Bridgewater, Virginia on July 15, 1975 pursuant to the provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49, Sections 15.2-4900 et seq. (formerly Title 15.1, Chapter 33, Sections 15.1-1373, et seq.) of the *Code of Virginia* of 1950, as amended. The Authority is governed by six directors appointed by the Mayor of the Town and there is a financial benefit/burden relationship. A director is appointed to a four year term and can serve two consecutive terms. The Authority does not issue separate financial statements but is included in the Town's financial statements for fiscal year ended June 30, 2015 as a discretely presented component unit.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

###### Discretely Presented Component Unit (Continued)

The Authority is empowered, among other things, to acquire, own, lease and dispose of any of its facilities and to make loans or grants in furtherance of its purposes as set forth by law, including to promote industry and develop trade by inducing manufacturing, industrial, governmental, nonprofit and commercial enterprises and institutions of higher education to locate in or remain in the Commonwealth and further the use of its agricultural products and natural resources.

The Authority is specifically authorized to issue bonds for any of its purposes, including the payment of the cost of its facilities and the payment or retirement of bonds previously issued by it. All bonds issued by the Authority are payable solely from the revenues and receipts derived from the leasing or sale by the Authority of its facilities or any part thereof or from the payments received by the Authority in connection with its loans. In addition, depending upon the financing structure, the bonds of the Authority may be further secured by a deed of trust or other collateral documents. No bonds of the Authority shall be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Town of Bridgewater, Virginia.

##### B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

###### **Basis of Presentation**

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government (the Town) and its component unit. For the most part, the effect of interfund activity has been removed. These statements distinguish between the government and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The primary government is reported separately from its legally separate component unit for which the primary government is fiscally responsible.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds and separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major governmental fund:

###### General Fund

The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

###### Water, Sewer and Sanitation Fund

The Water, Sewer and Sanitation Fund accounts for services to the general public which are financed primarily by charges to users of those services.

The Town reports the following nonmajor governmental fund:

###### Permanent Fund

The purpose of the Greenwood Cemetery Trust Fund is to account for assets of which principal may not be spent.

The Town reports the following nonmajor enterprise fund:

###### Stormwater Management Fund

The Stormwater Management Fund accounts for services to the general public which are financed primarily by charges to users for those services.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

*Government-wide and Proprietary Fund Financial Statements:* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for business-type activities of the Town and for each function of the Town's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 75 days after year-end, except property taxes which are recognized as revenue if they have been collected within 45 days after year-end. All taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions.

##### C. Budgetary Data

The Town Council's fiscal control is exercised through budgeting. The Town budget is developed for informative and fiscal planning purposes only and presents an itemized listing of contemplated expenditures and estimated revenues for the ensuing fiscal year. The Town Council approves the budget after a public hearing.

The budget is prepared using the same accounting basis and practices as are used to account for and prepare the financial reports; thus, the budget presented in this report for comparison to actual amounts is presented in accordance with accounting principles generally accepted in the United States of America.

When the budget becomes effective at the beginning of the fiscal year, the Town Council must make appropriations before money may be expended for any budgeted item. Appropriations are made on a monthly basis and may be greater than contemplated in the annual budget. All appropriations lapse at year-end.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### D. Assets, Liabilities and Equity

###### 1) Deposits and Investments

For purposes of reporting cash flows, the Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Town participates in a local government investment pool which is reported at the pool's share price as the investment pool is a 2a7-like pool.

###### 2) Property Taxes Receivable

Property taxes are recognized as a receivable when levied and attach as an enforceable lien on the property as of January 1. Real estate taxes are due and collectible twice a year, by June 5 and December 5. That portion of the taxes receivable which is not collected within 45 days is shown as unavailable revenue. Since the Town has an enforceable lien on the property, the Town records the December 5 levy as property taxes receivable and unavailable revenue at year end. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1st and January 1st, as appropriate, at an annual rate of 10%.

###### 3) Prepaid Items

The Town has elected to follow the purchases method for prepaid items.

Under the purchases method, the Town may recognize the entire amount of a prepayment as an expenditure of the period that payment is made. Therefore, insurance and similar services expenditures are recognized as an expenditure in the period in which payment is made and, therefore, does not appear as a prepaid item on the Balance Sheet or Statement of Net Position.

###### 4) Restricted Cash

The Greenwood Cemetery Trust Fund's cash balance is restricted in accordance with the trust agreement.

The General Fund's restricted cash includes bond proceeds in which cash was received before expenditures have been incurred.

###### 5) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the employer's fiscal year 2015 Virginia Retirement System contributions and is reported in the government-wide Statement of Net Position, and the proprietary funds Statement of Net Position.



# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Equity (Continued)

##### 5) Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, the net difference between projected and actual earnings on the Virginia Retirement System's plan investments, is reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

##### 6) Capital Assets

Capital assets, which include property, equipment, infrastructure, and intangible assets, are reported in the applicable governmental, or business-type activity, or proprietary fund columns in the financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial individual cost of more than \$5,000 and \$15,000, respectively, and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Maintenance, repairs and minor renewals are charged to operations when incurred. Expenditures/expenses which materially increase values or extend useful lives are capitalized.

As allowed by GASB standards, the Town has elected not to capitalize infrastructure already in place as of June 30, 2003. Effective July 1, 2003, the Town began capitalizing infrastructure additions that meet the aforementioned capitalization requirements.

The Town's intangible assets include land easements and software. Land easements have indefinite useful lives and thus are not subject to amortization.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Distribution and collection systems	20-40 years
Equipment	3-25 years
Vehicles	5 years
Infrastructure	20-30 years
Software	3 years

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### D. Assets, Liabilities and Equity (Continued)

###### 7) Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town. Employees can earn up to 160 hours of vacation annually depending on their years of service and can accumulate up to 400 hours of vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

###### 8) Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

###### 9) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan net fiduciary position have been determined on the same basis as they were reported by Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### D. Assets, Liabilities and Equity (Continued)

###### 10) Fund Equity

In the fund financial statements, governmental funds report classifications of fund balance as follows:

*Nonspendable fund balance* – amounts that are not in a spendable form or are required to be maintained intact (such as the principal of a permanent fund that is legally or contractually required to be maintained intact).

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments), or by law through constitutional provisions or enabling legislation.

*Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority that can, by adoption of an ordinance, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or reverse the limitation.

*Assigned fund balance* – amounts intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily.

*Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restricted funds first in the following order: restricted, committed, assigned, and unassigned, as they are needed.

###### 11) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

##### E. Use of Estimates

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

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### F. Loans of the Industrial Development Authority and Pass-Through Financing

Generally, the principal financing activity of the Authority reflects either a loan structure or a pass-through financing lease structure. The documentation provides for periodic payments from the borrowers to the Authority in amounts, which mirror, and are equal to, the principal and interest payments that are due to the bondholders of the Authority.

The Authority has assigned all rights to the payments to the trustees or other fiduciaries of the bondholders, and the lessees, purchasers or borrowers have assumed responsibility for all operating costs such as utilities, repairs, and property taxes. In such cases, the Authority neither receives nor disburses funds.

Although title to these properties may rest with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained with the transactions. Deeds of trust collateralize outstanding bond obligations and title will pass to the lessee or purchaser when the bonds are fully paid.

Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, rental income, or interest expense in its financial statements for the pass-through lease.

The Authority issued bonds during the year for the construction of a building adjacent to Generations Park and added equipment to the building for a restaurant. The Authority will lease this facility to a restaurant and the rental income will be used to reimburse the Authority for project costs that were incurred prior to the issuance of the bond. The associated liabilities and assets are recognized in the Authority's financial statements.

#### Note 2. Deposits and Investments

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Custodial Credit Risk (Deposits): This is the risk that in the event of a bank failure, the Town's deposits may not be returned to the Town. The Town requires all deposits to comply with the Virginia Security for Public Deposits Act. At year-end, none of the Town's deposits are exposed to custodial credit risk.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

#### Note 2. Deposits and Investments (Continued)

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Town has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. All of the investments made by the Town are in LGIP and the maturity of the LGIP is less than one year.

The Town does not have a formal investment policy.

At year-end, the Town's investment balances were as follows:

	Fair Value
Investment in State Treasurer's Local Government Investment Pool (LGIP)	\$ 489,543

#### Note 3. Receivables and Deferred Revenue

Receivables at June 30, 2015, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Permanent Fund	Water, Sewer and Sanitation Fund	Stormwater Management Fund	Totals
Property taxes	\$ 188,587	\$ -	\$ -	\$ -	\$ 188,587
Trade and other accounts	77,277	-	405,800	8,420	491,497
Interest	-	33	-	-	33
Gross receivables	265,864	33	405,800	8,420	680,117
Less allowance for uncollectible accounts	11,000	-	7,000	-	18,000
Net receivables	\$ 254,864	\$ 33	\$ 398,800	\$ 8,420	\$ 662,117

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$11,000 and \$7,000 at June 30, 2015 for the General Fund and Water, Sewer and Sanitation Fund, respectively.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Receivables and Deferred Revenue (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the General Fund and Statement of Net Position were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 12,000	\$ -
Advance collection of 2015-2016 taxes	-	10,913
Assessment due December 5, net of collections	173,113	-
Urban Construction Program funds	-	467,699
Police Asset Forfeiture funds	-	129,602
Other	-	29,621
	<u>\$ 185,113</u>	<u>\$ 637,835</u>

In 2008, the Town's Water, Sewer and Sanitation Fund received \$124,000 payment from a local developer for sewer connection fees associated with the development of a subdivision. Through the current fiscal year, connections in the amount of \$34,000 have been made and refunds in the amount of \$4,000 have been issued, thereby reducing the balance to \$86,000. The balance is fully refundable to the developer if the project isn't completed. Therefore, the balance has been classified as unearned revenue.

#### Component Unit - Industrial Development Authority

The Authority defers revenue recognition in connection with resources that have been received but not yet earned. The amount reported as unearned revenue for the Authority consists of assessments received for the last six months of the calendar year. Unearned revenue was \$5,491 at June 30, 2015.

#### Note 4. Due From Other Governments

Due from other governments includes the following:

##### General Fund:

##### Federal:

ISTEA grant \$ 2,585

##### Commonwealth of Virginia:

Local sales and communication tax 42,000

##### County of Rockingham:

Court fines and fees 3,551

\$ 48,136

##### Water, Sewer and Sanitation Fund:

##### Federal:

Hazard Mitigation Grant Program (HMGP) \$ 96,692

##### Commonwealth of Virginia:

HMGP Grant 25,784

\$ 122,476

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 1,954,769	\$ -	\$ -	\$ 1,954,769
Land easements	6,400	-	-	6,400
Construction in progress	16,368	763,799	-	780,167
Total capital assets, not being depreciated or amortized	1,977,537	763,799	-	2,741,336
Capital assets being depreciated or amortized:				
Buildings and improvements	2,072,839	60,000	-	2,132,839
Equipment	885,502	22,530	-	908,032
Software	43,137	-	-	43,137
Infrastructure	523,050	15,071	-	538,121
Vehicles	416,764	48,684	-	465,448
Total capital assets being depreciated or amortized	3,941,292	146,285	-	4,087,577
Less accumulated depreciation or amortization for:				
Buildings and improvements	968,228	73,030	-	1,041,258
Equipment	746,453	30,608	-	777,061
Software	43,137	-	-	43,137
Infrastructure	152,566	17,686	-	170,252
Vehicles	361,200	21,036	-	382,236
Total accumulated depreciation or amortization	2,271,584	142,360	-	2,413,944
Total capital assets being depreciated or amortized, net	1,669,708	3,925	-	1,673,633
Governmental activities capital assets, net	\$ 3,647,245	\$ 767,724	\$ -	\$ 4,414,969

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 26,539
Public safety	20,433
Public works	52,798
Parks, recreation and cultural	42,590
<b>Total depreciation and amortization expense – governmental activities</b>	<b>\$ 142,360</b>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	Deletions/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,600	\$ -	\$ -	\$ 4,600
Construction in progress	370,579	318,562	(669,888)	19,253
Total capital assets, not being depreciated	375,179	318,562	(669,888)	23,853
Capital assets being depreciated:				
Buildings and improvements	889,632	-	-	889,632
Distribution and collection systems	2,485,740	40,945	-	2,526,685
Equipment	1,453,925	147,704	669,888	2,271,517
Vehicles	714,208	11,000	-	725,208
Total capital assets being depreciated	5,543,505	199,649	669,888	6,413,042
Less accumulated depreciation for:				
Buildings and improvements	746,681	18,743	-	765,424
Distribution and collection systems	1,536,960	55,070	-	1,592,030
Equipment	918,979	90,267	-	1,009,246
Vehicles	646,402	20,166	-	666,568
Total accumulated depreciation	3,849,022	184,246	-	4,033,268
Total capital assets being depreciated, net	1,694,483	15,403	669,888	2,379,774
Business-type activities capital assets, net	\$ 2,069,662	\$ 333,965	\$ -	\$ 2,403,627

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 132,555
Sewer	48,711
Sanitation	2,980
Total depreciation expense – business-type activities	<u>\$ 184,246</u>

	Beginning Balance	Increases	Deletions	Ending Balance
Component Unit – IDA:				
Capital assets, not being depreciated:				
Land	\$ 79,747	\$ -	\$ -	\$ 79,747
Construction in progress	-	200,210	-	200,210
Total capital assets, not being depreciated	\$ 79,747	\$ 200,210	\$ -	\$ 279,957



# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt

The following is a summary of long-term debt activity for the Town's governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 1,048,204	\$ 1,055,000	\$ (146,785)	\$ 1,956,419	\$ 164,001
Compensated absences	137,225	97,162	(87,861)	146,526	87,916
Governmental activities long-term liabilities	<u>\$ 1,185,429</u>	<u>\$ 1,152,162</u>	<u>\$ (234,646)</u>	<u>\$ 2,102,945</u>	<u>\$ 251,917</u>

Annual requirements to amortize long-term debt exclusive of compensated absences are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 164,001	\$ 47,998
2017	166,347	44,468
2018	90,691	40,945
2019	93,099	38,538
2020	95,513	36,122
2021-2025	517,240	140,938
2026-2030	356,095	74,950
2031-2035	236,418	42,949
2036-2040	237,015	14,011
	<u>\$ 1,956,419</u>	<u>\$ 480,919</u>

### General Obligation Bonds

\$915,000 general obligation bond issued December 2011, due in annual installments of \$54,139 to \$73,670 through December 2026, plus interest payable annually at 2.84%

\$ 761,545

\$390,000 general obligation bond, issued June 2012, due in annual installments of \$78,000 through June 2017, plus interest payable semi-annually at 1.49%

156,000

\$1,055,000 general obligation bond, issued December 2014, due in semi-annual installments of \$15,839 to \$27,615 through December 2039, plus interest payable semi-annually at 2.29% for the first ten years then five year adjustable rate mortgage with rate caps for the remainder of the 25 year amortization.

1,038,874

Total General Obligation Bonds

\$ 1,956,419

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt (Continued)

Property tax revenues are generally used to pay off long-term debt.

The December 2011 bonds were issued to refinance the \$915,000 general obligation bond that was issued in December 2001 for the purchase of real property.

The June 2012 bond was issued to provide matching funds for a VDOT Revenue Sharing grant for street maintenance projects.

The December 2014 bond was issued for the construction of a facility in Generations Park.

The following is a summary of long-term debt activity for the Town's business-type activity:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activity:					
General obligation bonds	\$ 550,000	\$ -	\$ (55,000)	\$ 495,000	\$ 55,000
Capital lease	8,800	-	(8,800)	-	-
	558,800	-	(63,800)	495,000	55,000
Compensated absences	54,152	51,404	(48,987)	56,569	33,942
Business-type activity long-term liabilities	\$ 612,952	\$ 51,404	\$ (112,787)	\$ 551,569	\$ 88,942

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 55,000	\$ 9,801
2017	55,000	8,712
2018	55,000	7,623
2019	55,000	6,534
2020	55,000	5,445
2021-2024	220,000	10,890
	\$ 495,000	\$ 49,005

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Debt (Continued)

#### General Obligation Bonds

\$550,000 general obligation public improvement bond, Series 2014, issued March 2014, due in annual installment of \$55,000 through March 2024, plus interest payable semi-annually at 1.98% \$ 495,000

Series 2014 bond was issued for the purpose of construction of a water tank adjacent to the Bridgewater Treatment Plant.

At June 30, 2015, the Town had an available legal debt margin of \$39,666,192.

The following is a summary of long-term debt activity for the Town's component unit – Industrial Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit - Industrial Development Authority:					
Bonds and notes payable:					
General obligation bonds	\$ -	\$ 565,000	\$ (2,987)	\$ 562,013	\$ 14,468
Component unit long-term liabilities	\$ -	\$ 565,000	\$ (2,987)	\$ 562,013	\$ 14,468

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 14,468	\$ 19,705
2017	15,035	19,138
2018	15,569	18,604
2019	16,121	18,052
2020	16,646	17,527
2021-2025	92,736	78,130
2026-2030	110,410	60,456
2031-2035	131,452	39,414
2036-2040	149,576	14,361
	<u>\$ 562,013</u>	<u>\$ 285,387</u>

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Long-Term Debt (Continued)

##### General Obligation Bonds

\$225,000 general obligation bond issued December 2014, due in semi-annual installments of \$2,886 to \$6,688 through December 2039, plus interest payable semi-annually at 3.47% for the first ten years then adjustable rate mortgage with rate caps for the remaining 15 years. The rate cap will not exceed a 2.0% adjustment at each five year period.

\$ 222,013

\$340,000 general obligation bond, issued April 2015, due in semi-annual installments of \$4,285 to \$10,107 through April 2040, plus interest payable semi-annually at 3.47% for the first ten years then adjustable rate mortgage with rate caps for the remaining 15 years. The rate cap will not exceed a 2.0% adjustment at each five year period.

340,000

Total General Obligation Bonds

\$ 562,013

The December 2014 bond was issued for the purpose of construction of a restaurant shell adjacent to Generations Park.

The April 2015 bond was issued for the purpose of improving and equipping a restaurant facility adjacent to Generations Park.

#### Note 7. Line of Credit

The Town renewed an unsecured line of credit on February 15, 2015 in the amount of \$250,000 which bears interest at a variable rate (3.25% at June 30, 2015). There was no outstanding balance at June 30, 2015. The line of credit matures February 2016.

#### Note 8. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

##### A. Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Pension Plan (Continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

##### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>• Political subdivision employees.*</li><li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li></ul>
<p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li></ul>
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	
<p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Retirement Contributions</b> <p>Members contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<b>Retirement Contributions</b> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<b>Retirement Contributions</b> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<b>Creditable Service</b> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<b>Creditable Service</b> <p>Same as Plan 1.</p>	<b>Creditable Service</b> <p><b><u>Defined Benefit Component</u></b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contribution Component</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>



# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		<b>Vesting (Continued)</b> <b><u>Defined Contribution Component</u></b> <b>(Continued)</b> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70 1/2.</p>
<b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.  An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <b><u>Defined Benefit Component</u></b> See definition under Plan 1.  <b><u>Defined Contribution Component</u></b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component</u></b> The retirement multiplier for the defined benefit component is 1.0%.  For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
<b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	<b>Political subdivision hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivision hazardous duty employees:</b> Not applicable.
<b>Normal Retirement Age</b>  Age 65.	<b>Normal Retirement Age</b>  Normal Social Security retirement age.	<b>Normal Retirement Age</b>  <b><u>Defined Benefit Component</u></b> Same as Plan 2.
<b>Political subdivisions hazardous duty employees:</b> Age 60.	<b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivisions hazardous duty employees:</b> Not applicable.
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.	<b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.
<b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivisions hazardous duty employees:</b> Not applicable.
		<b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. <b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1.</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p> <p>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Disability Coverage</b></p> <p>Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p><b>Purchase of Prior Service</b> <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u>Defined Contribution Component</u> Not applicable.</p>

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Pension Plan (Continued)

##### A. Plan Description (Continued)

###### Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	18
Inactive Members:	
Vested	8
Non-vested	18
Active elsewhere in VRS	19
Total inactive members	45
Active members	49
Total covered employees	112

###### Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 10.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$210,910 and \$212,519 for the years ended June 30, 2015 and 2014, respectively.

##### B. Net Pension Liability

The Town's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Pension Plan (Continued)

##### B. Net Pension Liability (Continued)

##### **Actuarial Assumptions – General Employees**

The total pension liability for General Employee's in the Town's retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension benefits.

Mortality Rates:	14% of deaths are assumed to be service related.
– Pre-retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.
– Post-retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
– Post-disablement:	RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Pension Plan (Continued)

##### B. Net Pension Liability (Continued)

###### **Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2014.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates:	60% of deaths are assumed to be service related.
– Pre-retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.
– Post-retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
– Post-disablement:	RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability



# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### B. Net Pension Liability (Continued)

##### Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non-U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**TOWN OF BRIDGEWATER, VIRGINIA****NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Pension Plan (Continued)****B. Net Pension Liability (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town's retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**C. Changes in the Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2013	\$ 7,491,391	\$ 6,389,217	\$ 1,102,174
Changes for the Year:			
Service cost	239,778	-	239,778
Interest	516,842	-	516,842
Contributions – employer	-	212,519	(212,519)
Contributions – employee	-	100,101	(100,101)
Net investment income	-	1,021,390	(1,021,390)
Benefit payments, including refunds of employee contributions	(215,871)	(215,871)	-
Administrative expense	-	(5,367)	5,367
Other changes	-	54	(54)
Net changes	540,749	1,112,826	(572,077)
Balance at June 30, 2014	\$ 8,032,140	\$ 7,502,043	\$ 530,097

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### C. Changes in the Net Pension Liability (Continued)

##### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Town, using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's net pension liability (asset)	\$ 1,636,894	\$ 530,097	\$ (387,527)

#### 2) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

#### D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$97,918. The Town also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 456,756
Employer contributions subsequent to the measurement date	210,910	-
Total	\$ 210,910	\$ 456,756

\$210,910 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Pension Plan (Continued)

##### D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 114,189
2017	114,189
2018	114,189
2019	114,189

#### Note 9. Other Postemployment Benefits

##### A. Plan Description

Other postemployment benefits (OPEB) provided by the Town include single-employer defined benefit retiree health insurance premium plans and disability retirement benefit plans.

A retiree, eligible for the plan, is defined as a full-time employee who retires directly from the Town who has completed at least 25 years of service with the Town, or has attained the age of 65 with at least 20 years of service with the Town. Health benefits include medical, dental, and vision coverage. The Town contributes 50% towards health insurance premiums for retirees only and is dependent on if the retiree is covered under the non-Medicare plan or Medicare plan (age 65 or older). The plans were established by Town Council, and any amendments to the plans must be approved by Town Council.

The plans do not issue stand-alone financial reports.

##### B. Funding Policy

The Town Council establishes employer contribution rates for their plan participants. The Town Council has chosen to fund the healthcare benefits on a pay-as-you-go basis.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Other Postemployment Benefits (Continued)

##### C. Annual OPEB Cost and Net OPEB Obligation

In June 2013, the Town had an actuarial valuation performed of postemployment benefits. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The pay-as-you-go cost for OPEB benefits for the Town's plan was \$13,155 and the annual benefit cost was \$38,886. The percentage of OPEB cost contributed was 33.8%.

GASB Statement No. 45 does not require prefunding of OPEB liabilities and the Town has elected not to prefund OPEB liabilities at this time. The difference between the OPEB annual expense and cash payments for OPEB benefits is treated as a liability in the financial statements when the liability is not prefunded. At June 30, 2015, the Town has recorded a liability of \$154,188 on the Statement of Net Position.

The Town is required to contribute the ARC of the employer an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years on an open basis. The following table shows the components of the annual OPEB costs for the year, the estimated amount contributed for the year, and the changes in the net OPEB obligations.

Annual required contribution (ARC)	\$	38,800
Interest on net OPEB obligation		4,496
Adjustment to ARC		(4,410)
Annual OPEB cost		<u>38,886</u>
Contributions made		<u>(13,155)</u>
Increase in net OPEB		25,731
Net OPEB obligation, beginning of year		<u>128,457</u>
Net OPEB obligation, end of year	\$	<u>154,188</u>

#### Trend Information

Trend information is as follows:

Fiscal Year Ended		Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2013	\$	36,337	41.7%	\$	103,293
June 30, 2014		37,669	33.2%		128,457
June 30, 2015		38,886	33.8%		154,188

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Other Postemployment Benefits (Continued)

##### D. Funding Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation, the plan was not funded. The actuarial value of assets was \$-0- resulting in an unfunded actuarial liability (UAAL) of \$436,200.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan are compared with past expectations and new estimates are made for the future. The schedules of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

An actuarial valuation is required to be obtained every three years.

The following table shows the funding status for the Town.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2010	\$ -	\$ 452,600	\$ 452,600	0.00%	\$ 1,858,400	24.35%
June 30, 2013	-	436,200	436,200	0.00%	1,995,500	21.86%

##### E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.5% rate of return and an annual healthcare cost trend rate of 7.0%. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

## **TOWN OF BRIDGEWATER, VIRGINIA**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 10. Interfund Transfers**

The Town transferred \$270,734 from the Water, Sewer and Sanitation Fund to the General Fund for administrative costs.

The Town transferred \$27,753 from the Stormwater Management Fund to the General Fund for administrative costs.

#### **Note 11. Government Services Provided by Authorities**

The City of Harrisonburg, the County of Rockingham, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds to upgrade and expand its treatment plant, due in semi-annual installments of combined principal and interest of \$1,003,131 thereafter, with final maturity at September 1, 2030. The bonds currently outstanding total \$25,129,887. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008 bearing interest from 2.95% to 4.8% with final maturity at October 1, 2021. The bonds currently outstanding are \$7,337,056. In November 2008, the Authority issued \$33,219,297 Sewer Revenue Bonds, series 2008, bearing interest at 2.72%, due in semi-annual installments of combined principal and interest of \$1,187,590, with final maturity at September 1, 2030. The bonds currently outstanding are \$28,078,632. In February 2015, the Authority issued \$4,021,387 Sewer Revenue Bonds, due in semi-annual installments of combined principal and interest of \$115,954 thereafter, with a final maturity at April 1, 2036. The bonds currently outstanding total \$2,066,003.

The Town is obligated for 7.785% of the debt service.

The Authority bills the municipalities a monthly charge which includes an assessment for their respective share of the Authority's debt service, operating, and construction expenditures based on the municipality usage of the sewage treatment facilities. Based on the current average usage, the Town's assessment for the Authority's operating, capital outlay and maintenance, construction and debt service expenditures for the ensuing year will approximate \$316,000, \$37,000 and \$483,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P.O. Box 8, Mt. Crawford, Virginia, 22841.

#### **Note 12. Major Customers**

The Town has two major water and sewer customers. For the year ended June 30, 2015, water and sewer revenue from these customers was approximately \$1,185,000. There are accounts receivable from these customers of approximately \$95,000 at June 30, 2015.

## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. The Town is not self-insured.

The Town has coverage with the Virginia Municipal League Insurance Program (the "Pool") for all insurable risks identified by the Town. Each Pool member jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

#### **Note 14. Contingency**

##### Federal and State-Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### **Note 15. Pending GASB Statements**

At June 30, 2015, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes of OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.



## TOWN OF BRIDGEWATER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Pending GASB Statements (Continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires a state or local government to disclose information about tax abatement. Statement No. 77 will be effective for fiscal years beginning after December 15, 2015.

Management has not determined the effect these new Statements may have on prospective financial statements.

#### Note 16. Summary Disclosure of Significant Commitments and Subsequent Events

On August 12, 2015, the Town purchased land on North Main Street for \$150,000. The land is to be used as a parking lot.

On October 13, 2015, the Industrial Development Authority approved the issuance of a revenue refunding bond up to \$4,000,000. The proceeds will benefit Bridgewater College.

#### Note 17. Prior Period Adjustment

The following adjustments were made to the beginning net position of the Primary Government and the Water, Sewer and Sanitation fund at July 1, 2014:

	Governmental Activities
Net position, beginning of year, as previously reported	\$ 3,100,539
Change in accounting principle for the implementation of GASB Statement No. 68 – to record the VRS net pension liability and related components	(591,086)
Net position, beginning of year, as restated	<u>\$ 2,509,453</u>

# TOWN OF BRIDGEWATER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 17. Prior Period Adjustment (Continued)

	Water, Sewer and Sanitation Fund	Business-Type Activities
Net position, beginning of year, as previously reported	\$ 1,679,359	\$ 1,686,336
Change in accounting principle for the implementation of GASB Statement No. 68 – to record the VRS net pension liability and related components	(298,568)	(298,568)
Net position, beginning of year, as restated	<u>\$ 1,380,791</u>	<u>\$ 1,387,768</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF BRIDGEWATER, VIRGINIA**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2010	\$ -	\$ 452,600	\$ 452,600	0.00%	\$ 1,858,400	24.35%
June 30, 2013	-	436,200	436,200	0.00%	1,995,500	21.86%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percent Funded
June 30, 2013	\$ 36,500	\$ 15,138	41.47%
June 30, 2014	37,600	12,505	33.26%
June 30, 2015	38,800	13,155	33.90%

## TOWN OF BRIDGEWATER, VIRGINIA

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	As of June 30, 2014
Total Pension Liability	
Service cost	\$ 239,778
Interest	516,842
Benefit payments, including refunds of employee contributions	(215,871)
<b>Net change in total pension liability</b>	<b>540,749</b>
Total pension liability - beginning	7,491,391
Total pension liability - ending (a)	<u>\$ 8,032,140</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 212,519
Contributions - employee	100,101
Net investment income	1,021,390
Benefit payments, including refunds of employee contributions	(215,871)
Administrative expense	(5,367)
Other	54
<b>Net change in plan fiduciary net position</b>	<b>1,112,826</b>
Plan fiduciary net position - beginning	6,389,217
Plan fiduciary net position - ending (b)	<u>\$ 7,502,043</u>
	<u>\$ 530,097</u>
Plan fiduciary net position as a percentage of the total pension liability	93.40%
Covered-employee payroll	\$ 2,027,853
Town's net pension liability as a percentage of covered - employee payroll	26.14%

#### Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June, 2012:

LEOS:	NON-LEOS:
Towa. Update mortality table	a. Update mortality table
b. Adjustments to rates of service retirement for females	b. Decrease in rates of service retirement
c. Increase in rates of withdrawal	c. Decrease in rates of disability retirement
d. Decrease in male and female rates of disability	d. Reduce rates of salary increases by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

## TOWN OF BRIDGEWATER, VIRGINIA

### SCHEDULE OF TOWN CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM Last Ten Fiscal Years

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 212,519
Contributions in relation to the CRC	212,519
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 2,027,853
Contributions as a percentage of covered-employee payroll	10.48%

#### Notes to Schedule:

- 1) Valuation date: June 30, 2014
- 2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation 2.50%

- 4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF BRIDGEWATER, VIRGINIA****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****GENERAL FUND****Year Ended June 30, 2015****(With Comparative Amounts for 2014)**

	2015	2014
Revenues:		
General property taxes	\$ 579,922	\$ 542,897
Other local taxes	1,530,330	1,453,313
Permits	4,160	3,078
Fines and forfeitures	40,923	39,718
Use of money and property	87,976	90,455
Miscellaneous	160,142	32,980
Intergovernmental	1,101,594	1,019,878
<b>Total revenues</b>	<b>3,505,047</b>	<b>3,182,319</b>
Expenditures:		
Current:		
General government administration	770,265	734,129
Public safety	878,516	825,896
Public works	1,418,584	1,245,008
Parks, recreation and cultural	1,174,047	445,772
Community and economic development	109,003	117,737
Debt service:		
Principal	146,785	216,520
Interest	38,437	34,135
<b>Total expenditures</b>	<b>4,535,637</b>	<b>3,619,197</b>
<b>Revenues under expenditures</b>	<b>(1,030,590)</b>	<b>(436,878)</b>
Other financing sources:		
General obligation bond issued	1,055,000	-
Transfers in	298,487	682,478
<b>Total other financing sources</b>	<b>1,353,487</b>	<b>682,478</b>
<b>Net change in fund balance</b>	<b>322,897</b>	<b>245,600</b>
Fund balance, beginning	741,144	495,544
Fund balance, ending	\$ 1,064,041	\$ 741,144



**SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real estate taxes	\$ 360,000	\$ 360,000	\$ 370,021	\$ 10,021
Personal property taxes	165,000	165,000	199,462	34,462
Public service corporations property taxes	5,000	5,000	6,018	1,018
Interest and penalties on delinquent taxes	3,000	3,000	4,421	1,421
<b>Total general property taxes</b>	<b>533,000</b>	<b>533,000</b>	<b>579,922</b>	<b>46,922</b>
Other local taxes:				
Local sales and use taxes	160,000	160,000	160,706	706
Consumer utility taxes	395,000	395,000	387,647	(7,353)
Consumption taxes	25,000	25,000	24,874	(126)
Cigarette taxes	20,000	20,000	21,967	1,967
Business license taxes	207,000	207,000	223,970	16,970
Vehicle license taxes	87,000	87,000	82,995	(4,005)
Bank stock taxes	101,000	101,000	146,696	45,696
Meals taxes	440,000	440,000	466,633	26,633
Right-of-way use fee	14,000	14,000	14,842	842
<b>Total other local taxes</b>	<b>1,449,000</b>	<b>1,449,000</b>	<b>1,530,330</b>	<b>81,330</b>
Permits:				
Zoning, building and erosion	4,000	4,000	4,160	160
Fines and forfeitures	42,000	42,000	40,923	(1,077)
Use of money and property:				
Revenue from use of money	1,000	1,000	2,101	1,101
Revenue from use of property	69,000	69,000	85,875	16,875
<b>Total revenue from use of money and property</b>	<b>70,000</b>	<b>70,000</b>	<b>87,976</b>	<b>17,976</b>
Charges for services:				
Stormwater management	68,000	-	-	-
Miscellaneous	8,000	8,000	160,142	152,142
<b>Total revenue from local sources</b>	<b>2,174,000</b>	<b>2,106,000</b>	<b>2,403,453</b>	<b>297,453</b>

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Town of Mt. Crawford:				
Public safety	\$ 47,000	\$ 47,000	\$ 46,720	\$ (280)
<b>Total local aid</b>	47,000	47,000	46,720	(280)
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	95,000	95,000	91,495	(3,505)
Personal property tax relief	102,000	102,000	106,120	4,120
Other	-	-	381	381
<b>Total non-categorical aid</b>	197,000	197,000	197,996	996
Categorical aid:				
Litter control	3,000	3,000	3,038	38
Law enforcement assistance	138,000	138,000	126,224	(11,776)
Urban construction	65,000	65,000	108	(64,892)
VML grant	-	-	2,000	2,000
Transportation enhancement	645,000	645,000	-	(645,000)
Street and highway maintenance	648,000	648,000	715,261	67,261
Asset forfeiture funds	-	-	540	540
<b>Total categorical aid</b>	1,499,000	1,499,000	847,171	(651,829)
<b>Total intergovernmental revenue from the Commonwealth</b>	1,696,000	1,696,000	1,045,167	(650,833)
Revenue from the federal government:				
Categorical aid:				
ISTEA	-	-	9,277	9,277
Urban construction	-	-	430	430
<b>Total intergovernmental revenue from the federal government</b>	-	-	9,707	9,707
<b>Total intergovernmental revenue</b>	1,743,000	1,743,000	1,101,594	(641,406)
<b>Total General Fund</b>	\$ 3,917,000	\$ 3,849,000	\$ 3,505,047	\$ (343,953)

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Town Council:				
Personal services	\$ 30,000	\$ 30,000	\$ 30,155	\$ 155
Fringe benefits	3,000	3,000	2,307	(693)
Other charges	3,000	3,000	3,344	344
<b>Total town council</b>	<b>36,000</b>	<b>36,000</b>	<b>35,806</b>	<b>(194)</b>
Superintendent's office:				
Personal services	154,000	154,000	155,748	1,748
Fringe benefits	50,000	50,000	46,929	(3,071)
Other charges	15,000	15,000	2,431	(12,569)
Capital outlay	3,000	3,000	-	(3,000)
Contractual services	-	-	9,576	9,576
<b>Total superintendent's office</b>	<b>222,000</b>	<b>222,000</b>	<b>214,684</b>	<b>(7,316)</b>
Treasurer's office:				
Personal services	175,000	175,000	178,274	3,274
Fringe benefits	55,000	55,000	52,631	(2,369)
Other charges	16,000	16,000	4,874	(11,126)
Capital outlay	6,000	6,000	-	(6,000)
Contractual services	-	-	11,703	11,703
<b>Total treasurer's office</b>	<b>252,000</b>	<b>252,000</b>	<b>247,482</b>	<b>(4,518)</b>
<b>Total legislative</b>	<b>510,000</b>	<b>510,000</b>	<b>497,972</b>	<b>(12,028)</b>
General and financial administration:				
Legal	50,000	50,000	104,331	54,331
Independent auditor	40,000	40,000	44,100	4,100
Insurance and bonding	100,000	100,000	123,862	23,862
<b>Total general and financial administration</b>	<b>190,000</b>	<b>190,000</b>	<b>272,293</b>	<b>82,293</b>
<b>Total general government administration</b>	<b>700,000</b>	<b>700,000</b>	<b>770,265</b>	<b>70,265</b>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Police department:				
Personal services	\$ 509,000	\$ 509,000	\$ 511,384	\$ 2,384
Fringe benefits	165,000	165,000	157,863	(7,137)
Vehicle operation	36,000	36,000	35,742	(258)
Other charges	65,000	65,000	17,544	(47,456)
Capital outlay	5,000	5,000	72,099	67,099
Contractual services	-	-	38,884	38,884
<b>Total law enforcement and traffic control</b>	<b>780,000</b>	<b>780,000</b>	<b>833,516</b>	<b>53,516</b>
Fire and rescue services:				
Fire department and rescue squad	30,000	30,000	45,000	15,000
<b>Total fire and rescue services</b>	<b>30,000</b>	<b>30,000</b>	<b>45,000</b>	<b>15,000</b>
<b>Total public safety</b>	<b>810,000</b>	<b>810,000</b>	<b>878,516</b>	<b>68,516</b>
Public works:				
Public works department:				
Personal services	165,000	165,000	116,031	(48,969)
Fringe benefits	48,000	48,000	34,152	(13,848)
Other charges	24,000	24,000	3,091	(20,909)
Capital outlay	3,000	3,000	-	(3,000)
Contractual services	-	-	11,826	11,826
<b>Total public works department</b>	<b>240,000</b>	<b>240,000</b>	<b>165,100</b>	<b>(74,900)</b>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public works: (Continued)				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks:				
Personal services	\$ 170,000	\$ 170,000	\$ 137,906	\$ (32,094)
Fringe benefits	57,000	57,000	59,599	2,599
Other charges	70,000	70,000	33,627	(36,373)
Capital outlay	35,000	35,000	20,471	(14,529)
Contractual services	60,000	60,000	107,098	47,098
Street paving	200,000	200,000	362,338	162,338
Urban construction program	40,000	40,000	538	(39,462)
T-21 project	806,000	806,000	-	(806,000)
Main street beautification	5,000	5,000	4,015	(985)
<b>Total highways, streets, bridges and sidewalks</b>	<b>1,443,000</b>	<b>1,443,000</b>	<b>725,592</b>	<b>(717,408)</b>
Street lights	80,000	80,000	79,457	(543)
<b>Total maintenance of highways, streets, bridges and sidewalks</b>	<b>1,523,000</b>	<b>1,523,000</b>	<b>805,049</b>	<b>(717,951)</b>
General properties:				
Personal services	190,000	190,000	178,462	(11,538)
Fringe benefits	64,000	64,000	62,311	(1,689)
Other charges	36,000	36,000	32,435	(3,565)
Capital outlay	25,000	25,000	72,410	47,410
Contractual services	65,000	65,000	102,817	37,817
<b>Total general properties</b>	<b>380,000</b>	<b>380,000</b>	<b>448,435</b>	<b>68,435</b>
<b>Total public works</b>	<b>2,143,000</b>	<b>2,143,000</b>	<b>1,418,584</b>	<b>(724,416)</b>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Parks, recreation and cultural:				
Personal services	\$ 230,000	\$ 230,000	\$ 234,336	\$ 4,336
Fringe benefits	82,000	82,000	79,907	(2,093)
Other charges	48,000	48,000	47,366	(634)
Capital outlay	45,000	1,100,000	745,104	(354,896)
Contractual services	52,000	52,000	67,334	15,334
<b>Total parks, recreation and cultural</b>	<b>457,000</b>	<b>1,512,000</b>	<b>1,174,047</b>	<b>(337,953)</b>
Stormwater Management:				
Personal services	27,000	-	-	-
Fringe benefits	8,000	-	-	-
Other charges	21,000	-	-	-
Capital outlay	10,000	-	-	-
<b>Total stormwater management</b>	<b>66,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and economic development:				
Community development:				
Personal services	26,000	26,000	21,249	(4,751)
Fringe benefits	9,000	9,000	6,272	(2,728)
Other charges	65,000	65,000	68,640	3,640
Contractual services	-	-	4,042	4,042
<b>Total community development</b>	<b>100,000</b>	<b>100,000</b>	<b>100,203</b>	<b>203</b>
Economic development:				
Personal services	2,000	2,000	-	(2,000)
Fringe benefits	1,000	1,000	-	(1,000)
Other charges	1,000	1,000	2,255	1,255
Capital outlay	10,000	10,000	-	(10,000)
Contractual services	2,000	2,000	6,545	4,545
<b>Total economic development</b>	<b>16,000</b>	<b>16,000</b>	<b>8,800</b>	<b>(7,200)</b>
<b>Total community and economic development</b>	<b>116,000</b>	<b>116,000</b>	<b>109,003</b>	<b>(6,997)</b>
Debt service:				
Principal	185,500	185,500	146,785	(38,715)
Interest	28,000	28,000	38,437	10,437
<b>Total debt service</b>	<b>213,500</b>	<b>213,500</b>	<b>185,222</b>	<b>(28,278)</b>
<b>Total General Fund</b>	<b>\$ 4,505,500</b>	<b>\$ 5,494,500</b>	<b>\$ 4,535,637</b>	<b>\$ (958,863)</b>

## TOWN OF BRIDGEWATER, VIRGINIA

### SCHEDULE OF CAPITAL OUTLAYS

Year Ended June 30, 2015

General Fund:	
Public safety:	
Capital outlay:	
Taurus computer equipment	\$ 10,121
Victory motorcycle	27,995
Ford car	33,983
	<u>72,099</u>
Public Works:	
Capital outlay:	
2004 salt spreader	5,400
Mt. View Drive sidewalk	15,071
Air conditioning unit	5,524
N. Main St. parking lot	60,000
NEC DSX40 phone system upgrade	6,886
	<u>92,881</u>
Parks, recreation and cultural:	
Capital outlays:	
GMC truck	4,200
GMC truck	5,100
Generations Park	735,804
	<u>745,104</u>
<b>Total General Fund</b>	<b>\$ 910,084</b>
Water, Sewer and Sanitation Fund:	
Water distribution:	
Capital outlay:	
Water tank	\$ 299,309
Water lines	32,463
Laser	2,600
Generator	34,595
	<u>368,967</u>
Water treatment:	
Capital outlay:	
Turbidity meter	6,500
Generator	67,362
Submersible pump	7,082
	<u>80,944</u>
Sewer:	
Capital outlays:	
Sewer line - College field	19,253
Sewer lines	8,482
Laser	2,600
Generator	26,965
	<u>57,300</u>
Sanitation:	
Capital outlay:	
GMC truck	5,500
GMC truck	5,500
	<u>11,000</u>
<b>Total Water, Sewer and Sanitation Fund</b>	<b>\$ 518,211</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**SCHEDULE OF TAXES RECEIVABLE**

**June 30, 2015**

**(With Comparative Amounts for 2014)**

	2015	2014
Taxes receivable: *		
General Fund:		
Real estate:		
2006	\$ -	\$ 171
2007	-	268
2008	67	335
2009	134	401
2010	491	741
2011	491	1,033
2012	590	2,246
2013	827	3,192
2014	2,908	2,839
2015	2,871	-
December billing for next fiscal year	173,113	161,638
	<u>181,492</u>	<u>172,864</u>
Personal property:		
2010	-	741
2011	643	705
2012	1,882	2,080
2013	2,258	3,503
2014	2,312	-
	<u>7,095</u>	<u>7,029</u>
Less:		
Allowance for uncollectible taxes	<u>11,000</u>	<u>11,000</u>
<b>Taxes receivable - General Fund</b>	<u><u>\$ 177,587</u></u>	<u><u>\$ 168,893</u></u>

\* Includes 10% penalty



**TOWN OF BRIDGEWATER, VIRGINIA**

**SCHEDULE OF REVENUES AND EXPENSES  
PROPRIETARY FUND TYPE  
Year Ended June 30, 2015**

	Water Department	Sewer Department	Sanitation Department	Totals
Operating revenues:				
Charges for services	\$ 900,035	\$ 1,567,757	\$ 475,470	\$ 2,943,262
Connection fees	3,441	1,245	-	4,686
Penalties	20,205	18,541	-	38,746
<b>Total operating revenues</b>	<b>923,681</b>	<b>1,587,543</b>	<b>475,470</b>	<b>2,986,694</b>
Operating expenses:				
Personal services	419,823	91,150	201,024	711,997
Fringe benefits	126,190	34,390	61,830	222,410
Materials, line repairs and other	293,372	43,521	162,240	499,133
Regional Sewer Authority assessment:				
Operations and maintenance	-	325,270	-	325,270
Debt service	-	485,106	-	485,106
Construction	-	39,206	-	39,206
Depreciation	132,555	48,711	2,980	184,246
<b>Total operating expenses</b>	<b>971,940</b>	<b>1,067,354</b>	<b>428,074</b>	<b>2,467,368</b>
<b>Operating income (loss)</b>	<b>(48,259)</b>	<b>520,189</b>	<b>47,396</b>	<b>519,326</b>
Nonoperating revenue (expense):				
Interest expense	(10,920)	-	-	(10,920)
Connection availability fees	108,609	69,056	-	177,665
<b>Total nonoperating revenue, net</b>	<b>97,689</b>	<b>69,056</b>	<b>-</b>	<b>166,745</b>
<b>Income before capital contributions and transfers</b>	<b>49,430</b>	<b>589,245</b>	<b>47,396</b>	<b>686,071</b>
Capital contributions	96,859	25,617	-	122,476
Transfers out	(79,680)	(191,054)	-	(270,734)
<b>Change in net position</b>	<b>\$ 66,609</b>	<b>\$ 423,808</b>	<b>\$ 47,396</b>	<b>\$ 537,813</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**SCHEDULE OF REVENUES AND EXPENSES - ACTUAL AND RATE PER 1,000 GALLONS**

**PROPRIETARY FUND TYPE**

**WATER AND SEWER DEPARTMENTS**

**Year Ended June 30, 2015**

**(With Comparative Totals for 2014)**

	Water Department		Sewer Department		Totals (Memorandum Only)			
					2015		2014	
	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons
Operating revenues:								
Charges for services	\$ 900,035	\$ 4.088	\$ 1,567,757	\$ 7.120	\$ 2,467,792	\$ 11.208	\$ 2,469,868	\$ 11.185
Connection fees	3,441	0.016	1,245	0.006	4,686	0.022	562	0.003
Penalties	20,205	0.092	18,541	0.084	38,746	0.176	42,706	0.193
<b>Total operating revenues</b>	<b>923,681</b>	<b>4.196</b>	<b>1,587,543</b>	<b>7.210</b>	<b>2,511,224</b>	<b>11.406</b>	<b>2,513,136</b>	<b>11.381</b>
Operating expenses:								
Personal services	419,823	1.907	91,150	0.414	510,973	2.321	473,978	2.146
Fringe benefits	126,190	0.573	34,390	0.156	160,580	0.729	183,466	0.831
Materials, line repairs and other	293,372	1.332	43,521	0.198	336,893	1.530	352,877	1.598
Regional Sewer Authority assessment:								
Operations and maintenance	-	-	325,270	1.477	325,270	1.477	371,632	1.683
Debt service	-	-	485,106	2.203	485,106	2.203	503,947	2.282
Construction	-	-	39,206	0.178	39,206	0.178	47,676	0.216
Depreciation	132,555	0.602	48,711	0.221	181,266	0.823	176,887	0.801
<b>Total operating expenses</b>	<b>971,940</b>	<b>4.414</b>	<b>1,067,354</b>	<b>4.847</b>	<b>2,039,294</b>	<b>9.261</b>	<b>2,110,463</b>	<b>9.557</b>
<b>Operating income (loss)</b>	<b>(48,259)</b>	<b>(0.218)</b>	<b>520,189</b>	<b>2.363</b>	<b>471,930</b>	<b>2.145</b>	<b>402,673</b>	<b>1.824</b>
Nonoperating revenue (expense):								
Interest expense	(10,920)	(0.050)	-	-	(10,920)	(0.050)	(7,184)	(0.033)
Loss on disposal of assets	-	-	-	-	-	-	(2,048)	(0.010)
Connection availability fees	108,609	0.493	69,056	0.314	177,665	0.807	67,500	0.306
<b>Total nonoperating revenue, net</b>	<b>97,689</b>	<b>0.443</b>	<b>69,056</b>	<b>0.314</b>	<b>166,745</b>	<b>0.757</b>	<b>58,268</b>	<b>0.263</b>
<b>Income before capital contributions and transfers</b>	<b>\$ 49,430</b>	<b>\$ 0.225</b>	<b>\$ 589,245</b>	<b>\$ 2.677</b>	<b>\$ 638,675</b>	<b>\$ 2.902</b>	<b>\$ 460,941</b>	<b>\$ 2.087</b>
Total water consumption:								
Thousands of gallons	<u>220,186</u>						<u>220,824</u>	

**DISCRETELY PRESENTED COMPONENT UNIT –  
INDUSTRIAL DEVELOPMENT AUTHORITY**

**TOWN OF BRIDGEWATER, VIRGINIA**

**STATEMENT OF NET POSITION**

**DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY**

**June 30, 2015**

<b>ASSETS</b>	
Current Assets:	
Cash, cash equivalents and temporary cash investments	\$ 15,958
Restricted cash	425,710
<b>Total current assets</b>	<b>441,668</b>
Noncurrent Assets:	
Capital assets:	
Land	79,747
Construction in progress	200,210
<b>Total capital assets</b>	<b>279,957</b>
<b>Total noncurrent assets</b>	<b>279,957</b>
<b>Total assets</b>	<b>721,625</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	48,904
Accrued interest	2,881
Unearned revenue	5,491
Bonds payable	14,468
<b>Total current liabilities</b>	<b>71,744</b>
Noncurrent Liabilities:	
Bonds payable	547,545
<b>Total noncurrent liabilities</b>	<b>547,545</b>
<b>Total liabilities</b>	<b>619,289</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(282,056)
Restricted	425,710
Unrestricted	(41,318)
<b>Total net position</b>	<b>\$ 102,336</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY**  
**Year Ended June 30, 2015**

<hr/>	
Operating Revenues:	
Charges for services	\$ 11,184
	<hr/>
<b>Total operating revenues</b>	<b>11,184</b>
	<hr/>
Operating Expenses:	
Personal services	900
Fringe benefits	69
Contractual services	1,500
	<hr/>
<b>Total operating expenses</b>	<b>2,469</b>
	<hr/>
<b>Operating income</b>	<b>8,715</b>
	<hr/>
Nonoperating Expense:	
Interest	6,698
	<hr/>
<b>Change in net position</b>	<b>2,017</b>
	<hr/>
Net Position, beginning	100,319
	<hr/>
Net Position, ending	\$ 102,336
	<hr/> <hr/>

**TOWN OF BRIDGEWATER, VIRGINIA****SCHEDULE OF REVENUE BONDS OUTSTANDING****DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY****June 30, 2015**

Issued on Behalf of	Amount Issued	Date of Issue	Aggregate Outstanding Payable June 30, 2015	Stated Interest Rate	Date of Maturity	Name of Trustee
Bridgewater Village, Inc. - Series 2003 D	\$ 2,000,000	12/23/03	\$ 112,900	various	01/01/16	SunTrust Bank
Bridgewater College - 2006	5,425,000	08/09/06	3,720,000	various	04/01/31	U S Bank
Bridgewater College - 2012	2,240,944	08/24/12	1,664,472	2.76%	08/01/22	SunTrust Bank
Bridgewater Home - Series 2013 A	4,053,540	06/05/13	3,429,918	various	06/05/26	SunTrust Bank
Bridgewater Village - Series 2013 B	3,716,890	06/05/13	<u>3,185,906</u>	various	06/05/27	SunTrust Bank
			<u><u>\$ 12,113,196</u></u>			

**TOWN OF BRIDGEWATER, VIRGINIA****SCHEDULE OF CHANGES IN REVENUE BONDS OUTSTANDING  
DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY  
Year Ended June 30, 2015**

Issued on Behalf of	Date of Issue	Outstanding July 1, 2014	Outstanding June 30, 2015	Decrease
Bridgewater Village, Inc. - Series 2003 D	12/23/03	\$ 313,300	\$ 112,900	\$ (200,400)
Bridgewater College - 2006	08/09/06	3,800,000	3,720,000	(80,000)
Bridgewater College - 2012	08/24/12	1,871,667	1,664,472	(207,195)
Bridgewater Home - Series 2013 A	06/05/13	3,741,729	3,429,918	(311,811)
Bridgewater Village - Series 2013 B	06/05/13	3,451,398	3,185,906	(265,492)
Totals		<u>\$ 13,178,094</u>	<u>\$ 12,113,196</u>	<u>\$ (1,064,898)</u>

Note: This schedule is based upon statements of the respective fiduciaries.

## **STATISTICAL SECTION**



# TOWN OF BRIDGEWATER, VIRGINIA

## STATISTICAL SECTION

### TABLE OF CONTENTS

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The statistical section of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
<b>Financial Trends</b>	
These tables contain trend information to help the reader understand how the Town's financial performance and financial well being have changed over time.	1 - 5
<b>Revenue Capacity</b>	
These tables contain information to help the reader assess the Town's most significant local revenue sources, the property tax, as well as other revenue sources.	6 - 10
<b>Debt Capacity</b>	
These tables present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	11 - 14
<b>Demographic and Economic Information</b>	
This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	15
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This table contains service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	16

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 1**

**NET POSITION/ASSETS BY COMPONENT**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 1,563,151	\$ 1,578,115	\$ 1,764,563	\$ 2,144,020	\$ 2,256,573	\$ 2,409,533	\$ 2,177,934	\$ 2,471,324	\$ 2,599,041	\$ 2,458,550
Restricted	18,331	19,073	20,107	20,896	21,640	22,774	22,884	22,884	22,884	836,130
Unrestricted (deficit)	717,842	449,082	255,937	(94,208)	76,087	247,986	274,804	243,717	478,614	(567,221)
<b>Total governmental activities net assets</b>	<b>\$ 2,299,324</b>	<b>\$ 2,046,270</b>	<b>\$ 2,040,607</b>	<b>\$ 2,070,708</b>	<b>\$ 2,354,300</b>	<b>\$ 2,680,293</b>	<b>\$ 2,475,622</b>			
<b>Total governmental activities net position</b>								<b>\$ 2,737,925</b>	<b>\$ 3,100,539</b>	<b>\$ 2,727,459</b>
Business-type activities:										
Net investment in capital assets	\$ 1,350,576	\$ 1,351,249	\$ 1,424,292	\$ 1,587,711	\$ 1,578,327	\$ 1,590,879	\$ 1,682,446	\$ 1,763,316	\$ 1,510,862	\$ 1,908,627
Unrestricted	78,524	94,657	8,108	128,309	116,214	113,563	165,764	143,719	175,474	10,321
<b>Total business-type activities net assets</b>	<b>\$ 1,429,100</b>	<b>\$ 1,445,906</b>	<b>\$ 1,432,400</b>	<b>\$ 1,716,020</b>	<b>\$ 1,694,541</b>	<b>\$ 1,704,442</b>	<b>\$ 1,848,210</b>			
<b>Total business-type activities net position</b>								<b>\$ 1,907,035</b>	<b>\$ 1,686,336</b>	<b>\$ 1,918,948</b>
Primary government:										
Net investment in capital assets	\$ 2,913,727	\$ 2,929,364	\$ 3,188,855	\$ 3,731,731	\$ 3,834,900	\$ 4,000,412	\$ 3,860,380	\$ 4,234,640	\$ 4,109,903	\$ 4,367,177
Restricted	18,331	19,073	20,107	20,896	21,640	22,774	22,884	22,884	22,884	836,130
Unrestricted (deficit)	796,366	543,739	264,045	34,101	192,301	361,549	440,568	387,436	654,088	(556,900)
<b>Total primary government net assets</b>	<b>\$ 3,728,424</b>	<b>\$ 3,492,176</b>	<b>\$ 3,473,007</b>	<b>\$ 3,786,728</b>	<b>\$ 4,048,841</b>	<b>\$ 4,384,735</b>	<b>\$ 4,323,832</b>			
<b>Total primary government net position</b>								<b>\$ 4,644,960</b>	<b>\$ 4,786,875</b>	<b>\$ 4,646,407</b>

(2)

Note:

(1) This table reports financial information based on the accrual basis of accounting. The Town implemented GASB Statement No. 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

(2) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68 which reduced net position by \$889,654.

**TOWN OF BRIDGEWATER, VIRGINIA**

**CHANGES IN NET POSITION/ASSETS**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

**(Unaudited)**

**Table 2**

**Page 1**

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government administration	\$ 547,300	\$ 558,086	\$ 643,634	\$ 623,112	\$ 670,323	\$ 687,128	\$ 715,110	\$ 709,603	\$ 765,232	\$ 786,203
Public safety	631,004	664,438	723,798	714,959	768,602	796,247	861,318	826,648	833,948	812,586
Public works	1,459,343	2,292,126	1,890,305	1,722,205	1,268,346	1,170,542	2,101,001	1,302,538	1,298,405	1,369,850
Parks, recreation and cultural	418,314	435,208	440,790	426,139	407,530	448,454	428,657	426,733	482,013	464,969
Community and economic development	86,315	93,392	107,656	119,217	99,609	171,500	90,496	111,075	101,847	108,566
Interest	111,429	114,991	115,215	99,525	91,890	80,004	56,092	39,946	32,738	39,846
<b>Total governmental activities</b>	<b>3,253,705</b>	<b>4,158,241</b>	<b>3,921,398</b>	<b>3,705,157</b>	<b>3,306,300</b>	<b>3,353,875</b>	<b>4,252,674</b>	<b>3,416,543</b>	<b>3,514,183</b>	<b>3,582,020</b>
Business-type activities:										
Water, sewer and sanitation	1,415,411	1,488,704	1,574,221	2,059,887	2,151,399	2,285,051	2,474,727	2,500,118	2,592,145	2,478,288
Stormwater Management	-	-	-	-	-	-	-	-	70,626	58,743
<b>Total business-type activities</b>	<b>1,415,411</b>	<b>1,488,704</b>	<b>1,574,221</b>	<b>2,059,887</b>	<b>2,151,399</b>	<b>2,285,051</b>	<b>2,474,727</b>	<b>2,500,118</b>	<b>2,662,771</b>	<b>2,537,031</b>
<b>Total government</b>	<b>4,669,116</b>	<b>5,646,945</b>	<b>5,495,619</b>	<b>5,765,044</b>	<b>5,457,699</b>	<b>5,638,926</b>	<b>6,727,401</b>	<b>5,916,661</b>	<b>6,176,954</b>	<b>6,119,051</b>
Program revenue:										
Governmental activities:										
Charges for services:										
Public safety	57,432	46,517	38,623	36,059	50,936	55,982	40,862	45,819	42,796	45,083
Public works	255,389	317,039	356,484	-	-	-	-	-	-	-
Operating grants and contributions:										
Public safety	152,711	163,197	157,503	173,053	189,271	193,197	183,947	185,342	174,442	175,484
Public works	519,181	877,658	567,653	908,566	648,682	645,407	1,259,493	668,965	653,460	728,114
Capital grants and contributions:										
General government administration	-	-	-	-	-	85,000	-	-	-	-
Public safety	-	-	-	122,616	-	-	15,390	-	-	-
Public works	-	-	-	-	19,265	-	11,653	18,544	-	-
<b>Total governmental activities program revenue</b>	<b>984,713</b>	<b>1,404,411</b>	<b>1,120,263</b>	<b>1,240,294</b>	<b>908,154</b>	<b>979,586</b>	<b>1,511,345</b>	<b>918,670</b>	<b>870,698</b>	<b>948,681</b>
Business-type activities:										
Charges for services:										
Water, sewer and sanitation	1,910,331	1,954,388	2,053,454	2,694,112	2,699,253	2,653,193	2,875,705	2,944,344	2,935,832	2,947,948
Stormwater Management	-	-	-	-	-	-	-	-	78,512	79,863
Capital grants and contributions:										
Water, sewer and sanitation	47,746	20,342	184,701	91,695	122,500	247,277	85,796	54,000	67,500	300,141
<b>Total business-type activities program revenue</b>	<b>1,958,077</b>	<b>1,974,730</b>	<b>2,238,155</b>	<b>2,785,807</b>	<b>2,821,753</b>	<b>2,900,470</b>	<b>2,961,501</b>	<b>2,998,344</b>	<b>3,081,844</b>	<b>3,327,952</b>
<b>Total government program revenue</b>	<b>2,942,790</b>	<b>3,379,141</b>	<b>3,358,418</b>	<b>4,026,101</b>	<b>3,729,907</b>	<b>3,880,056</b>	<b>4,472,846</b>	<b>3,917,014</b>	<b>3,952,542</b>	<b>4,276,633</b>
Net (expense) revenue:										
Governmental activities	(2,268,992)	(2,753,830)	(2,801,135)	(2,464,863)	(2,398,146)	(2,374,289)	(2,741,329)	(2,497,873)	(2,643,485)	(2,633,339)
Business-type activities	542,666	486,026	663,934	725,920	670,354	615,419	486,774	498,226	419,073	790,921
<b>Total government net expense</b>	<b>(1,726,326)</b>	<b>(2,267,804)</b>	<b>(2,137,201)</b>	<b>(1,738,943)</b>	<b>(1,727,792)</b>	<b>(1,758,870)</b>	<b>(2,254,555)</b>	<b>(1,999,647)</b>	<b>(2,224,412)</b>	<b>(1,842,418)</b>

TOWN OF BRIDGEWATER, VIRGINIA

CHANGES IN NET POSITION/ASSETS (CONTINUED)

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 2

Page 2

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
General property	\$ 621,574	\$ 601,368	\$ 598,321	\$ 589,737	\$ 557,891	\$ 560,335	\$ 538,464	\$ 506,468	\$ 554,897	\$ 576,922
Consumer utility and communications sales and use	342,871	377,027	426,005	371,762	359,461	274,780	393,629	386,397	385,779	387,647
Meals	298,498	308,256	307,594	311,681	320,339	360,040	347,099	396,659	446,307	466,633
Local sales and use	160,187	160,944	170,441	166,599	131,990	162,442	168,211	247,769	160,076	160,706
Business license	153,042	155,113	163,835	172,228	180,397	172,147	199,905	206,776	217,335	223,970
Other	234,803	182,881	179,599	188,645	206,966	206,814	218,073	252,002	243,816	291,374
Intergovernmental, non-categorical aid	112,377	108,522	103,602	108,229	98,614	198,644	195,902	198,768	191,976	197,996
Use of money and property	60,472	101,835	96,664	89,428	88,035	77,000	81,329	68,678	90,455	87,468
Miscellaneous	12,550	14,393	36,564	31,159	22,238	52,583	17,505	20,335	32,980	160,142
Transfers	516,090	490,437	712,847	465,496	715,807	635,497	376,541	476,324	682,478	298,487
<b>Total governmental activities</b>	<b>2,512,464</b>	<b>2,500,776</b>	<b>2,795,472</b>	<b>2,494,964</b>	<b>2,681,738</b>	<b>2,700,282</b>	<b>2,536,658</b>	<b>2,760,176</b>	<b>3,006,099</b>	<b>2,851,345</b>
Business-type activities:										
Miscellaneous	19,411	21,217	35,407	23,196	23,974	29,979	33,535	36,923	42,706	38,746
Transfers	(516,090)	(490,437)	(712,847)	(465,496)	(715,807)	(635,497)	(376,541)	(476,324)	(682,478)	(298,487)
<b>Total business-type activities</b>	<b>(496,679)</b>	<b>(469,220)</b>	<b>(677,440)</b>	<b>(442,300)</b>	<b>(691,833)</b>	<b>(605,518)</b>	<b>(343,006)</b>	<b>(439,401)</b>	<b>(639,772)</b>	<b>(259,741)</b>
<b>Total primary government</b>	<b>2,015,785</b>	<b>2,031,556</b>	<b>2,118,032</b>	<b>2,052,664</b>	<b>1,989,905</b>	<b>2,094,764</b>	<b>2,193,652</b>	<b>2,320,775</b>	<b>2,366,327</b>	<b>2,591,604</b>
Changes in net assets:										
Governmental activities	243,472	(253,054)	(5,663)	30,101	283,592	325,993	(204,671)			
Business-type activities	45,987	16,806	(13,506)	283,620	(21,479)	9,901	143,768			
<b>Total primary government</b>	<b>\$ 289,459</b>	<b>\$ (236,248)</b>	<b>\$ (19,169)</b>	<b>\$ 313,721</b>	<b>\$ 262,113</b>	<b>\$ 335,894</b>	<b>\$ (60,903)</b>			
Changes in net position:										
Governmental activities								\$ 262,303	\$ 362,614	\$ 218,006
Business-type activities								58,825	(220,699)	531,180
<b>Total primary government</b>								<b>\$ 321,128</b>	<b>\$ 141,915</b>	<b>\$ 749,186</b>

Notes:

- (1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) Sanitation activities and accounts were transferred from governmental activities to business-type activities during fiscal year 2009.
- (3) In fiscal year 2011, the Town implemented the Auditor of Public Accounts' requirement that communication sales and use tax be reported as non-categorical state aid instead of other local taxes as previously reported.
- (4) This table reports financial information based on the accrual basis of accounting. The Town implemented GASB Statement No. 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 3**

**PROGRAM REVENUES BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

**(Unaudited)**

Function/Program	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ -	\$ -	\$ -	\$ -
Public safety	210,143	209,714	196,126	331,728	240,207	249,179	240,199	231,161	217,238	220,567
Public works	774,570	1,194,697	924,137	908,566	667,947	645,407	1,271,146	687,509	653,460	728,114
<b>Total governmental activities</b>	<b>984,713</b>	<b>1,404,411</b>	<b>1,120,263</b>	<b>1,240,294</b>	<b>908,154</b>	<b>979,586</b>	<b>1,511,345</b>	<b>918,670</b>	<b>870,698</b>	<b>948,681</b>
Business-type activities:										
Water, sewer and sanitation	1,958,077	1,974,730	2,238,155	2,785,807	2,821,753	2,900,470	2,961,501	2,998,344	3,003,332	3,248,089
Stormwater management	-	-	-	-	-	-	-	-	78,512	79,863
<b>Total business-type activities</b>	<b>1,958,077</b>	<b>1,974,730</b>	<b>2,238,155</b>	<b>2,785,807</b>	<b>2,821,753</b>	<b>2,900,470</b>	<b>2,961,501</b>	<b>2,998,344</b>	<b>3,081,844</b>	<b>3,327,952</b>
<b>Total government</b>	<b>\$ 2,942,790</b>	<b>\$ 3,379,141</b>	<b>\$ 3,358,418</b>	<b>\$ 4,026,101</b>	<b>\$ 3,729,907</b>	<b>\$ 3,880,056</b>	<b>\$ 4,472,846</b>	<b>\$ 3,917,014</b>	<b>\$ 3,952,542</b>	<b>\$ 4,276,633</b>

Notes:

- (1) Sanitation activities and accounts were transferred from governmental activities to business-type activities during fiscal year 2009.
- (2) During fiscal year 2011, the general government received a land donation from the Industrial Development Authority of the Town of Bridgewater for economic development purposes.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 4**

**FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

		Fiscal Year June 30,				
		2006	2007	2008	2009	2010
General Fund:						
Reserved	\$	168,488	\$ 588,888	\$ 14,836	\$ 45,305	\$ 11,817
Unreserved		646,156	95,392	362,480	(18,849)	217,297
<b>Total General Fund</b>	<b>\$</b>	<b>814,644</b>	<b>\$ 684,280</b>	<b>\$ 377,316</b>	<b>\$ 26,456</b>	<b>\$ 229,114</b>
All Other Governmental Funds:						
Reserved	\$	18,331	\$ 19,073	\$ 20,107	\$ 20,896	\$ 21,640
<b>Total all other governmental funds</b>	<b>\$</b>	<b>18,331</b>	<b>\$ 19,073</b>	<b>\$ 20,107</b>	<b>\$ 20,896</b>	<b>\$ 21,640</b>

		Fiscal Year June 30,				
		2011	2012	2013	2014	2015
General Fund:						
Restricted	\$	-	\$ -	\$ -	\$ -	\$ 813,754
Assigned		-	-	-	-	82,000
Committed		10,000	10,000	10,000	10,000	-
Unassigned		427,550	483,281	485,544	731,144	168,287
<b>Total General Fund</b>	<b>\$</b>	<b>437,550</b>	<b>\$ 493,281</b>	<b>\$ 495,544</b>	<b>\$ 741,144</b>	<b>\$ 1,064,041</b>
All Other Governmental Funds:						
Reserved	\$	-	\$ -	\$ -	\$ -	\$ -
Nonspendable		6,000	6,000	6,000	6,000	6,000
Restricted		16,774	16,884	16,884	16,884	16,376
<b>Total all other governmental funds</b>	<b>\$</b>	<b>22,774</b>	<b>\$ 22,884</b>	<b>\$ 22,884</b>	<b>\$ 22,884</b>	<b>\$ 22,376</b>

Note:

- (1) In fiscal year 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.

TOWN OF BRIDGEWATER, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 5

Page 1

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
General property taxes	\$ 624,574	\$ 605,368	\$ 600,321	\$ 585,737	\$ 556,891	\$ 558,335	\$ 541,464	\$ 509,468	\$ 542,897	\$ 579,922
Other local taxes	1,189,401	1,184,221	1,247,474	1,210,915	1,199,153	1,176,223	1,326,917	1,489,603	1,453,313	1,530,330
Permits	8,043	4,268	3,534	4,021	7,070	4,144	3,425	2,965	3,078	4,160
Fines and forfeitures	49,389	42,249	35,089	32,038	43,866	51,838	37,437	42,854	39,718	40,923
Use of money and property	60,472	102,577	97,698	89,428	88,035	77,000	81,329	68,678	90,455	87,468
Charges for services	254,808	316,297	355,450	-	-	-	-	-	-	-
Miscellaneous	12,550	14,393	36,564	31,159	22,238	52,583	17,505	20,335	32,980	160,142
Intergovernmental	784,269	1,149,377	828,758	1,189,848	936,567	1,037,248	1,639,342	1,053,075	1,019,878	1,101,594
<b>Total revenues</b>	<b>2,983,506</b>	<b>3,418,750</b>	<b>3,204,888</b>	<b>3,143,146</b>	<b>2,853,820</b>	<b>2,957,371</b>	<b>3,647,419</b>	<b>3,186,978</b>	<b>3,182,319</b>	<b>3,504,539</b>
Expenditures:										
General government administration	539,929	547,504	627,972	595,075	618,210	646,078	674,207	676,800	734,129	770,265
Public safety	607,560	668,459	763,730	714,718	730,825	725,534	835,013	767,068	825,896	878,516
Public works	1,497,100	2,480,241	1,817,252	1,843,837	1,233,689	1,127,277	2,090,014	1,311,656	1,245,008	1,418,584
Parks, recreation and cultural	421,087	535,619	505,561	429,787	356,422	400,891	389,595	461,846	445,772	1,174,047
Community and economic development	86,315	93,392	107,656	119,217	99,236	170,291	90,406	109,124	117,737	109,003
Debt service:										
Principal	165,051	167,945	281,183	220,275	229,674	229,965	230,266	291,996	216,520	146,785
Interest and fiscal charges	112,195	108,649	120,311	100,327	98,169	83,262	48,618	42,549	34,135	38,437
<b>Total expenditures</b>	<b>3,429,237</b>	<b>4,601,809</b>	<b>4,223,665</b>	<b>4,023,236</b>	<b>3,366,225</b>	<b>3,383,298</b>	<b>4,358,119</b>	<b>3,661,039</b>	<b>3,619,197</b>	<b>4,535,637</b>
<b>Revenues under expenditures</b>	<b>(445,731)</b>	<b>(1,183,059)</b>	<b>(1,018,777)</b>	<b>(880,090)</b>	<b>(512,405)</b>	<b>(425,927)</b>	<b>(710,700)</b>	<b>(474,061)</b>	<b>(436,878)</b>	<b>(1,031,098)</b>
Other financing sources (uses):										
Transfers in	516,090	490,437	712,847	480,019	715,807	635,497	376,541	476,324	682,478	298,487
Issuance of debt	85,000	563,000	-	50,000	-	-	390,000	-	-	1,055,000
Issuance of short-term debt	-	300,000	-	-	295,000	-	-	-	-	-
Payment of short-term debt	-	(300,000)	-	-	(295,000)	-	-	-	-	-
<b>Total other financing sources, net</b>	<b>601,090</b>	<b>1,053,437</b>	<b>712,847</b>	<b>530,019</b>	<b>715,807</b>	<b>635,497</b>	<b>766,541</b>	<b>476,324</b>	<b>682,478</b>	<b>1,353,487</b>
<b>Net change in fund balances</b>	<b>\$ 155,359</b>	<b>\$ (129,622)</b>	<b>\$ (305,930)</b>	<b>\$ (350,071)</b>	<b>\$ 203,402</b>	<b>\$ 209,570</b>	<b>\$ 55,841</b>	<b>\$ 2,263</b>	<b>\$ 245,600</b>	<b>\$ 322,389</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

**Table 5**

**Page 2**

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt service as a percentage of noncapital expenditures:										
<b>Total debt service</b>	<u>\$ 277,246</u>	<u>\$ 276,594</u>	<u>\$ 401,494</u>	<u>\$ 320,602</u>	<u>\$ 327,843</u>	<u>\$ 313,227</u>	<u>\$ 278,884</u>	<u>\$ 334,545</u>	<u>\$ 250,655</u>	<u>\$ 185,222</u>
Total expenditures	\$ 3,429,237	\$ 4,601,809	\$ 4,223,665	\$ 4,023,236	\$ 3,366,225	\$ 3,383,298	\$ 4,358,119	\$ 3,661,039	\$ 3,619,197	\$ 4,535,637
Less: capital outlay	(165,868)	(446,863)	(215,429)	(389,155)	(68,265)	(7,657)	(76,643)	(151,506)	(60,365)	(910,084)
<b>Noncapital expenditures</b>	<u>\$ 3,263,369</u>	<u>\$ 4,154,946</u>	<u>\$ 4,008,236</u>	<u>\$ 3,634,081</u>	<u>\$ 3,297,960</u>	<u>\$ 3,375,641</u>	<u>\$ 4,281,476</u>	<u>\$ 3,509,533</u>	<u>\$ 3,558,832</u>	<u>\$ 3,625,553</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>8.50%</u>	<u>6.70%</u>	<u>10.02%</u>	<u>8.82%</u>	<u>9.94%</u>	<u>9.28%</u>	<u>6.51%</u>	<u>9.53%</u>	<u>7.04%</u>	<u>5.11%</u>

Note:

- (1) The amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.



TOWN OF BRIDGEWATER, VIRGINIA

Table 6

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	General Property Including Interest and Penalty	Consumer Utility	Consumption	Local Sales and Use	Bank Stock	Cable Franchise	Meals	Right-of-way Use Fee	Business Licenses	Motor Vehicle	Communication Sales and Use	Cigarette	Totals
2006	\$ 624,574	\$ 342,871	\$ 25,698	\$ 160,187	\$ 80,628	\$ 35,105	\$ 298,498	\$ 15,444	\$ 153,042	\$ 77,928	\$ -	\$ -	\$ 1,813,975
2007	605,368	272,288	25,416	160,944	63,694	42,601	308,256	15,232	155,113	78,539	62,138	-	1,789,589
2008	600,321	327,288	25,649	170,441	61,822	-	307,594	15,047	163,835	77,081	98,717	-	1,847,795
2009	585,737	275,634	25,298	166,599	71,495	-	311,681	15,032	172,228	76,820	96,128	-	1,796,652
2010	556,891	266,268	24,493	131,990	89,615	-	320,339	17,404	180,397	75,454	93,193	-	1,756,044
2011	558,335	274,780	25,108	162,442	108,360	-	360,040	15,158	172,147	58,188	-	-	1,734,558
2012	541,464	393,629	24,594	168,211	95,393	-	347,099	13,171	199,905	84,915	-	-	1,868,381
2013	509,468	386,397	24,672	247,769	101,619	-	396,659	14,082	206,776	87,377	-	24,252	1,999,071
2014	542,897	385,779	24,893	160,076	107,330	-	446,307	13,978	217,335	75,473	-	22,142	1,996,210
2015	579,922	387,647	24,874	160,706	146,696	-	466,633	14,842	223,970	82,995	-	21,967	2,110,252
Change 2006-2015	-7.15%	13.06%	-3.21%	0.32%	81.94%	-100.00%	56.33%	-3.90%	46.35%	6.50%	0.00%	100.00%	16.33%

Notes:

- (1) Beginning January 1, 2007, the Commonwealth of Virginia began collecting Consumer Utility and Cable Franchise taxes on behalf of the Town. This revenue is shown as Communication Sales and Use through June 30, 2010.
- (2) In fiscal year 2011, the Town implemented the Auditor of Public Accounts' requirement that Communication Sales and Use Tax be reported as non-categorical state aid instead of other local taxes as described in Note 1.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 7**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year June 30,	Residential Property	Public Service Corporation	Nontaxable	Total Assessed Value	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2006	\$ 309,706,143	\$ 4,510,700	\$ 140,592,650	\$ 454,809,493	\$ 314,216,843	16.85%	\$ 0.08	\$ 314,216,843	100.00%
2007	371,380,054	5,015,995	161,751,100	538,147,149	376,396,049	19.79%	0.08	376,396,049	100.00%
2008	373,604,271	5,261,795	162,528,650	541,394,716	378,866,066	0.66%	0.08	378,866,066	100.00%
2009	375,779,954	4,870,702	162,774,050	543,424,706	380,650,656	0.47%	0.08	380,650,656	100.00%
2010	382,695,690	5,088,222	175,783,800	563,567,712	387,783,912	1.87%	0.08	387,783,912	100.00%
2011	389,052,878	5,795,586	189,175,750	584,024,214	394,848,464	1.82%	0.08	394,848,464	100.00%
2012	392,261,009	5,829,251	189,573,100	587,663,360	398,090,260	0.82%	0.08	398,090,260	100.00%
2013	395,914,725	5,912,756	191,489,150	593,316,631	401,827,481	0.94%	0.09	401,827,481	100.00%
2014	405,446,028	6,131,545	197,048,600	608,626,173	411,577,573	2.43%	0.09	411,577,573	100.00%
2015	409,796,273	6,429,834	200,667,200	616,893,307	416,226,107	1.13%	0.09	416,226,107	100.00%

Notes:

- (1) Real and personal property tax assessments are made by the Commissioner of the Revenue for the County of Rockingham, Virginia for current use of the County and Town property. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.
- (2) Town assesses taxes at 100% of total assessed value.
- (3) Reassessments effective January 1, 2006, 2010 and 2014.
- (4) The total direct tax rate is per \$100 of assessed value.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 8**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year June 30,	Tax Rates - Town			Tax Rates - Rockingham County			Tax Rates - Combined		
	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools
2006	\$ 0.08	\$ 0.75	\$ 0.75	\$ 0.58	\$ 2.80	\$ 2.55	\$ 0.66	\$ 3.55	\$ 3.30
2007	0.08	0.75	0.75	0.58	2.80	2.55	0.66	3.55	3.30
2008	0.08	0.75	0.75	0.60	2.80	2.55	0.68	3.55	3.30
2009	0.08	0.75	0.75	0.60	2.80	2.55	0.68	3.55	3.30
2010	0.08	0.75	0.75	0.60	2.80	2.55	0.68	3.55	3.30
2011	0.08	0.75	0.75	0.60	2.80	2.55	0.68	3.55	3.30
2012	0.08	0.75	0.38	0.64	2.85	2.55	0.72	3.60	2.93
2013	0.09	0.75	-	0.64	2.85	2.55	0.73	3.60	2.55
2014	0.09	0.75	-	0.64	2.85	2.55	0.73	3.60	2.55
2015	0.09	0.75	-	0.66	2.90	2.55	0.75	3.65	2.55

Notes:

- (1) These rates are per \$100 of assessed value for real estate and personal property.
- (2) The Commonwealth of Virginia has no limitations on local tax rates.
- (3) Real property taxes are due in semi-annual installments by June 5 and December 5, and become delinquent thereafter.
- (4) No discounts are allowed for early payment.
- (5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 9**

**PRINCIPAL PROPERTY TAXPAYERS**

**Current Year and Nine Years Ago**

**(Unaudited)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Bridgewater Retirement Village	\$ 45,693,100	1	11.17%	\$ 37,314,000	1	10.50%
Tiben Limited Company (Marshall's)	18,565,100	2	4.54%	18,928,900	2	5.33%
Perdue Farms, Inc.	5,133,900	3	1.26%	10,034,800	3	2.82%
French, Larry B and Pamela	4,950,900	4	1.21%	2,747,600	4	0.77%
Heatwole Construction	2,868,300	5	0.70%	-	-	-
North Grove Rentals, LLC	2,119,000	6	0.52%	-	-	-
Ashby 28, LLC	1,833,100	7	0.45%	1,356,000	8	0.38%
Parkside, LLC	1,680,000	8	0.41%	-	-	-
A Bird in Hand Land, LLC	1,598,900	9	0.39%	-	-	-
Newland Enterprises	1,594,300	10	0.39%	-	-	-
Scarlet Maple Farms	-	-	-	1,877,800	5	0.53%
Bridgewater Division of Ethan Allen	-	-	-	1,670,200	6	0.47%
Good Printers, Inc.	-	-	-	1,540,900	7	0.43%
Shickel Machine Shop	-	-	-	1,260,700	9	0.35%
Hi-Acres Farm	-	-	-	1,083,600	10	0.30%
<b>Total</b>	<b>\$ 86,036,600</b>		<b>21.04%</b>	<b>\$ 77,814,500</b>		<b>21.88%</b>

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 10**

**REAL PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 264,883	\$ 261,948	98.89%	\$ 2,935	\$ 264,883	100.00%
2007	297,141	295,905	99.58%	1,236	297,141	100.00%
2008	299,908	293,160	97.75%	6,748	299,908	100.00%
2009	303,025	298,634	98.55%	4,269	302,903	99.96%
2010	307,056	302,094	98.38%	4,678	306,772	99.91%
2011	312,031	305,715	97.98%	5,869	311,584	99.86%
2012	314,036	309,769	98.64%	3,820	313,589	99.86%
2013	335,295	330,693	98.63%	3,929	334,622	99.80%
2014	362,129	357,687	98.77%	2,773	360,460	99.54%
2015	367,506	363,278	98.85%	-	363,278	98.85%

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 11**

**RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year June 30,	Governmental Activities		Business-Type Activities			Total	Percentage of Per Capita Personal Income	Debt Per Capita	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	General Bonded Debt Outstanding
	General Obligation Bonds	Note	Revenue Bonds	Note	Capital Lease				General Obligation Bonds		Debt Per Capita
2006	\$ 2,059,450	\$ 85,000	\$ 710,550	\$ 3,240	\$ 169,880	\$ 3,028,120	2.04%	\$ 559	\$ 2,059,450	0.66%	\$ 380
2007	2,470,175	69,330	625,325	-	144,619	3,309,449	2.14%	613	2,470,175	0.66%	458
2008	2,205,300	53,022	540,100	-	171,177	2,969,599	1.76%	547	2,205,300	0.58%	407
2009	1,806,625	50,000	588,675	149,049	129,295	2,723,644	1.64%	502	1,806,625	0.47%	333
2010	1,586,350	40,601	458,850	110,143	85,092	2,281,036	1.38%	421	1,586,350	0.41%	293
2011	1,366,075	30,911	329,025	69,858	32,380	1,828,249	1.06%	324	1,366,075	0.35%	242
2012	1,535,800	20,920	199,200	47,279	-	1,803,199	0.97%	319	1,535,800	0.39%	272
2013	1,264,724	-	62,500	-	35,200	1,362,424	0.71%	241	1,264,724	0.31%	224
2014	1,048,204	-	550,000	-	8,800	1,607,004	N/A	273	1,048,204	0.25%	178
2015	1,956,419	-	495,000	-	-	2,451,419	N/A	417	1,956,419	0.47%	333

**Notes:**

(1) Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.

(2) Population and personal income data can be found in table 15.

(3) See table 7 for property value data.

(4) Excludes debt issued by IDA.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 12**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**Year Ended June 30, 2015**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Rockingham County, Virginia	\$ 92,621,470	2.73%	\$ 2,528,566
Town Direct Debt			<u>1,956,419</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 4,484,985</u></u>

Note:

- (1) Overlapping debt is not bonded debt of the Town on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town are obligated to pay through direct tax levies and charges for services of these respective governmental entities. The debt of Rockingham County, Virginia is a direct general obligation debt of the County which provides facilities that benefit all County residents including those of incorporated towns.

# TOWN OF BRIDGEWATER, VIRGINIA

Table 13

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legal debt margin	\$ 31,421,664	\$ 37,560,242	\$ 46,013,039	\$ 46,203,768	\$ 38,778,391	\$ 39,484,846	\$ 39,809,026	\$ 40,182,748	\$ 41,157,757	\$ 41,622,611
Total net debt applicable to limit	2,144,450	2,539,505	2,258,322	1,856,625	1,626,951	1,396,986	1,556,720	1,264,724	1,048,204	1,956,419
Available legal debt margin	\$ 29,277,214	\$ 35,020,737	\$ 43,754,717	\$ 44,347,143	\$ 37,151,440	\$ 38,087,860	\$ 38,252,306	\$ 38,918,024	\$ 40,109,553	\$ 39,666,192
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	6.82%	6.76%	4.91%	4.02%	4.20%	3.54%	3.91%	3.15%	2.55%	4.70%

Legal debt margin calculation for fiscal year 2015:

Assessed value of real estate \$ 416,226,107

Debt limit (10% of assessed value) \$ 41,622,611

Debt applicable to limit:  
Net direct debt outstanding 1,956,419

Available legal debt margin \$ 39,666,192

Summary of outstanding debt:

Gross bonded debt \$ 2,451,419

Less: enterprise debt 495,000

\$ 1,956,419

Note:

- (1) Section 15.1-176 of 1950 *Code of Virginia*, as amended, limits to 10% the assessed valuation of the real estate subject to taxation as the amount of debt which can be issued by the Town. Debt includes any bonds or other interest bearing obligations including existing indebtedness. Excluded from the debt margin calculation are bonds payable from enterprise funds issued under Article VII Section 10(a)(2) of the *Constitution of Virginia*.



**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 14**

**BOND COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year June 30,	Water, Sewer and Sanitation Fund						
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Total Coverage
				Principal	Interest	Totals	
2006	\$ 1,977,488	\$ 1,237,573	\$ 739,915	\$ 85,225	\$ 32,676	\$ 117,901	\$ 6.28
2007	1,995,947	1,297,008	698,939	85,225	37,397	122,622	5.70
2008	2,273,562	1,369,202	904,360	85,225	33,825	119,050	7.60
2009	2,802,941	1,787,157	1,015,784	129,825	44,556	174,381	5.83
2010	2,845,727	1,890,241	955,486	129,825	30,362	160,187	5.96
2011	2,930,449	2,038,042	892,407	129,825	21,694	151,519	5.89
2012	2,990,240	2,240,339	749,901	129,825	14,975	144,800	5.18
2013	2,981,267	2,267,085	714,182	136,700	7,830	144,530	4.94
2014	2,978,538	2,386,931	591,607	62,500	7,184	69,684	8.49
2015	2,986,694	2,283,122	703,572	55,000	10,920	65,920	10.67

Notes:

- (1) Utility service charges includes all revenues of the fund except gains on sales of capital assets, developer donated assets, capital grants, and transfers in.
- (2) Operating expenses are exclusive of depreciation, amortization, interest expense, losses on sales of capital assets, and transfers out.
- (3) Sanitation accounts were transferred from the general government to the proprietary fund during fiscal year 2009.

**TOWN OF BRIDGEWATER, VIRGINIA****Table 15****DEMOGRAPHIC AND ECONOMIC STATISTICS****Last Ten Calendar Years****(Unaudited)**

Calendar Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) Unemployment Rate
2006	5,413	\$ 148,202,527	\$ 27,379	2.7%
2007	5,399	154,352,011	28,589	2.7%
2008	5,424	168,442,320	31,055	3.5%
2009	5,424	166,370,352	30,673	6.4%
2010	5,420	165,044,420	30,451	6.3%
2011	5,644	173,197,428	30,687	5.9%
2012	5,644	186,240,712	32,998	5.5%
2013	5,644	192,832,904	34,166	5.0%
2014	5,879	(4)	(4)	4.5%
2015	5,879	(4)	(4)	4.6%

Notes:

(1) Population estimates obtained from the United States Bureau of the Census for years 2006 through 2015.

(2) This information is not maintained for Towns. The amounts used are for the County of Rockingham, Virginia, which the Town lies within. The County obtained its information from the Bureau of Economic Analysis.

(3) This information is not maintained for Towns. The amounts used are for the County of Rockingham, Virginia, which the Town lies within. The County obtained its information for years 2006 through 2009 from the Virginia Employment Commission - Harrisonburg/Rockingham County Branch; 2010 through 2015 information was obtained from the U.S. Bureau of Labor Statistics for Rockingham County.

(4) Information was not available.

**TOWN OF BRIDGEWATER, VIRGINIA**

**Table 16**

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS**

**Last Ten Fiscal Years**

**(Unaudited)**

Function/Program	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government administration:										
Legislative:										
Superintendent's office	2	2	2	2	2	2	2	2	2	2
Treasurer's office	3	3	3	3	3	3	3	3	3	3
Public safety:										
Law enforcement and traffic control	9	9	9	9	9	9	9	9	9	9
Public works:										
Public works department	3	3	4	4	3	3	3	4	4	3
Maintenance	6	6	6	6	6	7	6	6	6	5
General properties	6	6	6	5	5	5	5	5	5	5
Parks, recreation and cultural	4	4	4	4	4	4	4	5	6	5
Water, Sewer and Sanitation:										
Administration	1	1	1	1	1	1	1	1	1	1
Transmission	6	6	6	6	6	6	5	5	5	5
Purification	6	6	5	5	5	5	5	5	5	5
Sewer maintenance	2	2	2	2	2	2	2	2	2	2
Sanitation	2	5	5	5	5	5	5	5	6	6
<b>Total</b>	<b>50</b>	<b>53</b>	<b>53</b>	<b>52</b>	<b>51</b>	<b>52</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>51</b>

Note:

(1) Sanitation activities and accounts were transferred from governmental activities to business-type activities during fiscal year 2009.

## **COMPLIANCE SECTION**



**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**

To the Honorable Mayor and Members of Council  
Town of Bridgewater, Virginia  
Bridgewater, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bridgewater, Virginia (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 21, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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. We did identify a deficiency in internal control as described in the accompanying Schedule of Findings and Responses as 2015-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement amounts. 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 is required to be reported under *Government Auditing Standards*.

The Town's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

## **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 Town'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 21, 2015

**TOWN OF BRIDGWATER, VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

**A. Significant Deficiency in Internal Control**

2015-001      Financial Statement Presentation

Based on the adjustments made during the Town's annual audit, it does not appear that the Town's management is able to draft financial statements, including all footnotes and disclosures, in accordance with accounting principles generally accepted in the United States of America, including the implementation of GASB Statements, without assistance. Management provides this information for year-end adjustments and management is provided all year-end journal entries made during the audit, which are verified by management and posted to the Town's general ledger. Once the financial statements have been drafted, management is able to verify that all balances and disclosures are accurate and complete.

**Management's Response**

The Town of Bridgewater is not in a position to hire a full-time, in-house Certified Public Accountant at this time, nor will we be able to do so in the near future. It appears this would be required in order to remedy the above noted deficiency.

