

TOWN OF BRIDGEWATER, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025



Prepared by:

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

TOWN OF BRIDGEWATER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2025

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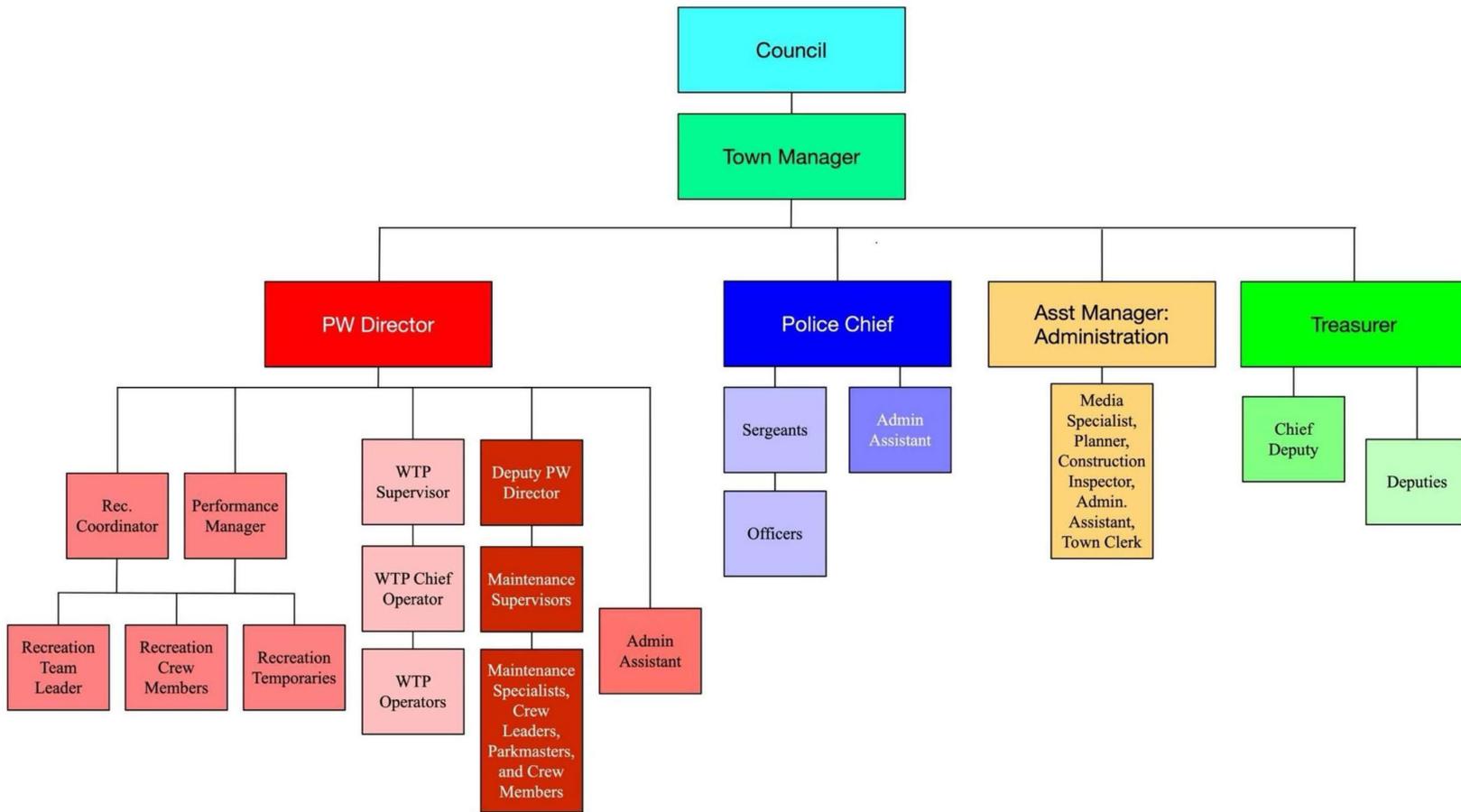
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INTRODUCTORY SECTION



TOWN OF BRIDGEWATER, VIRGINIA

Directory of Principal Officials

OFFICIALS

Theodore W. Flory	Mayor
A. Fontaine Canada	Vice-Mayor
J. Jay Litten	Town Manager
Robyn Whiting	Treasurer
Jason A. Botkins	Town Attorney
Morgan Shirkey	Clerk

MEMBERS OF COUNCIL

Travis Bowman	Steven A. Schofield
William D. Miracle	Stephanie L. Curtis
Jim Tongue	

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

Lisa Hawkins	James R. Harper
Morgan Eye	Brad Neher
Jeff Carr	Debbie S. Byerly
William "Billy" Kyger	

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Bridgewater, Virginia (Town), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town, as of June 30, 2025, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities and Towns*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 6-12 and 73-82, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents as supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 27, 2025

**Town of Bridgewater, Virginia
Management’s Discussion and Analysis**

In general, we are pleased with our financial performance in Fiscal 2025. We use the following metric to provide a quick assessment of our overall revenues:

$$\frac{CUT_a + MealsTax_a + WaterService_a + SewerService_a}{CUT_p + MealsTax_p + WaterService_p + SewerService_p}$$

Basically, we are looking at our four largest revenue categories and comparing actuals to projections. The metric for FY25 was 99.9%. Likewise, the fiscal year as a whole proceeded just about as we had budgeted.

In keeping with our longstanding tradition, we did not raise taxes, and utility increases were held to the underlying inflation rate. With these two principles in place, and with our tax structure relying heavily on transactional taxes, the Town’s inflows tend to rise and fall with the local economy. When local businesses thrive, so do we. Based on our results, it appears that our businesses performed well in FY25.

FINANCIAL HIGHLIGHTS

Total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at June 30, 2025 by approximately \$14.9 million (net position). Of the total net position, approximately \$3.5 was unrestricted surplus.

The Town’s total net position increased approximately \$1.6 million from the previous year’s total net position.

As of June 30, 2025, the Town’s governmental funds had combined ending fund balances of approximately \$4 million, an increase of approximately \$1.2 in comparison with the prior year.

The Town’s total long-term liabilities (excluding compensated absences, subscription liabilities, pension and other postemployment benefits) decreased approximately \$264,000 during fiscal year 2025 due primarily to scheduled debt repayment.

Overview of the Financial Statements

This Annual Comprehensive 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 tax base 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 two legally separate entities, the Industrial Development Authority and Sipe Center Live. Financial information for these component units are 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14.9 million. Most of this total, approximately 76%, 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, right-to-use subscription assets, 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, \$3.6 million is classified as unrestricted surplus.

The following table presents a condensed statement of net position:

Table 1
Summary Statements of Net Position
June 30, 2025 and 2024

	Governmental Activities		Business-type Activity		Total Primary Government	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 6,770,752	\$ 6,355,796	\$ 596,082	\$ 590,933	\$ 7,366,834	\$ 6,946,729
Capital assets, net	10,157,645	9,921,957	5,154,493	5,196,000	15,312,138	15,117,957
Total assets	16,928,397	16,277,753	5,750,575	5,786,933	22,678,972	22,064,686
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefits	35,237	33,169	9,746	8,490	44,983	41,659
Pension plan	544,097	405,858	169,848	128,072	713,945	533,930
Deferred charge on refunding	19,021	20,923	-	-	19,021	20,923
Total deferred outflows of resources	598,355	459,950	179,594	136,562	777,949	596,512
LIABILITIES						
Current and other liabilities	860,624	1,968,144	273,402	282,469	1,134,026	2,250,613
Long-term liabilities	3,859,556	3,821,769	1,065,214	1,119,171	4,924,770	4,940,940
Total liabilities	4,720,180	5,789,913	1,338,616	1,401,640	6,058,796	7,191,553
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefits	26,479	128,959	7,993	39,929	34,472	168,888
Leases related	2,106,892	1,844,860	-	-	2,106,892	1,844,860
Pension plan	270,448	155,897	84,425	49,195	354,873	205,092
Total deferred inflows of resources	2,403,819	2,129,716	92,418	89,124	2,496,237	2,218,840
NET POSITION						
Net investment in capital assets	7,056,334	6,658,713	4,259,716	4,192,524	11,316,050	10,851,237
Restricted	27,698	32,506	856	1,477	28,554	33,983
Unrestricted	3,318,721	2,126,855	238,563	238,730	3,557,284	2,365,585
Total net position	\$ 10,402,753	\$ 8,818,074	\$ 4,499,135	\$ 4,432,731	\$ 14,901,888	\$ 13,250,805

Statement of Activities

Governmental Activities

Revenues: For the fiscal year ended June 30, 2025, revenue from governmental activities totaled \$6.8 million. Sources of revenue are comprised of many different types with taxes typically constituting the largest source of Town revenues in this category. The Town assesses local taxes and fees including personal property, consumer utility, bank stock, meals taxes, business license (BPOL) fees, and the Town's share of the local sales tax. In addition to taxes, the Town receives intergovernmental revenues, revenue from renting property such as space on water towers to telecommunications companies; as well as use fees for recreational facilities such as tennis, golf and skating. For the current fiscal year, a large source of revenue came from meals tax and highway maintenance funds.

Expenses: Expenses for governmental activities, including interest on debt service, totaled \$6.5 million. As the table indicates, General Government Administration and Public Works, which together comprise about 52% of expenses, are 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, 2025:

Table 2
Changes in Net Position
Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 440,632	\$ 532,969	\$ 4,526,569	\$ 4,197,806	\$ 4,967,201	\$ 4,730,775
Operating grants and contributions	1,671,369	1,002,916	-	-	1,671,369	1,002,916
Capital grants and contributions	694,308	2,450,458	347,188	264,574	1,041,496	2,715,032
Total program revenues	2,806,309	3,986,343	4,873,757	4,462,380	7,680,066	8,448,723
General revenues:						
General property taxes	383,218	369,019	-	-	383,218	369,019
Other local taxes	3,078,021	2,954,679	-	-	3,078,021	2,954,679
Intergovernmental, non-categorical aid	161,511	163,124	-	-	161,511	163,124
Use of money and property	338,553	346,910	-	-	338,553	346,910
Miscellaneous	64,047	467,616	49,594	77,106	113,641	544,722
Total general revenues	4,025,350	4,301,348	49,594	77,106	4,074,944	4,378,454
Total revenues	6,831,659	8,287,691	4,923,351	4,539,486	11,755,010	12,827,177
Expenses:						
General government administration	1,350,865	1,489,644	-	-	1,350,865	1,489,644
Public safety	1,321,340	1,154,443	-	-	1,321,340	1,154,443
Public works	2,051,556	2,547,924	-	-	2,051,556	2,547,924
Parks, recreation and cultural	1,058,944	1,494,704	-	-	1,058,944	1,494,704
Community and economic development	304,939	504,093	-	-	304,939	504,093
Sipe Center	362,392	387,839	-	-	362,392	387,839
Interest	86,720	87,881	-	-	86,720	87,881
Water, sewer and sanitation	-	-	3,330,101	3,126,233	3,330,101	3,126,233
Stormwater management	-	-	237,070	124,193	237,070	124,193
Total expenses	6,536,756	7,666,528	3,567,171	3,250,426	10,103,927	10,916,954
Changes in net position before transfers	294,903	621,163	1,356,180	1,289,060	1,651,083	1,910,223
Transfers	1,289,776	749,521	(1,289,776)	(749,521)	-	-
Change in net position	1,584,679	1,370,684	66,404	539,539	1,651,083	1,910,223
Net position, beginning	8,818,074	7,447,390	4,432,731	3,893,192	13,250,805	11,340,582
Net position, ending	\$ 10,402,753	\$ 8,818,074	\$ 4,499,135	\$ 4,432,731	\$ 14,901,888	\$ 13,250,805

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 2025, total operating and non-operating revenues amounted to \$4.9 million, which is an increase of approximately \$384,000 from the prior fiscal year. Approximately 92% of water, sewer, sanitation and stormwater revenues come from charges for service. Approximately 8% of revenues come from capital grants and contributions and miscellaneous income.

Expenses amounted to \$3.6 million for fiscal year 2025. This is an increase of approximately \$317,000 from the previous year. Change in net position before transfers was \$1.3 million in fiscal year 2025, compared to \$1.3 million in fiscal year 2024, an increase of approximately \$67,000.

The business-type activities' net position increased approximately \$66,000 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 increased approximately \$246,000 resulting in an unassigned balance of approximately \$1.7 million. Committed funds, those implemented by the FY19 Fund Balance Policy, increased by approximately \$499,000.

Proprietary funds - The Town's *Enterprise Funds*, which are a type of proprietary fund, provide the same type of information found in the government-wide financial statements, but in greater detail. At June 30, 2025, the unrestricted net position for the enterprise funds totaled about \$239,000 which is a decrease of approximately \$1,000 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, actual revenues were more than budgeted revenues by \$1.3 million. Expenditures were more than budgeted amounts by \$21,000. The excess revenue can partially be accounted for by \$882,000 in ARPA and street maintenance funding carried over from previous years.

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 2025 totaled approximately \$1.3 million. The additions can be attributed largely to the purchase of multiple vehicles and pieces of equipment, the construction of Shiverwood Park, a water and sewer line replacement on West Riverside Drive, the purchase of equipment for traffic control devices, and the beginning of the Wellness Quarter.

Table 3
Changes in Capital Assets
Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated:						
Land and easements	\$ 2,807,937	\$ 2,868,631	\$ 867,542	\$ 867,542	\$ 3,675,479	\$ 3,736,173
Construction in progress	413,217	33,476	254,819	254,819	668,036	288,295
Total capital assets not being depreciated	3,221,154	2,902,107	1,122,361	1,122,361	4,343,515	4,024,468
Capital assets being depreciated or amortized:						
Buildings and improvements	7,410,886	7,357,275	1,065,512	1,065,512	8,476,398	8,422,787
Distribution and collection system	-	-	4,299,536	4,174,808	4,299,536	4,174,808
Equipment	1,981,239	1,652,323	3,221,687	3,193,898	5,202,926	4,846,221
Software	53,970	53,970	216,500	216,500	270,470	270,470
Infrastructure	1,630,945	1,630,945	134,509	134,509	1,765,454	1,765,454
Right-to-use subscription assets	220,917	205,219	16,427	4,081	237,344	209,300
Vehicles	916,621	794,351	1,347,655	1,151,700	2,264,276	1,946,051
Total capital assets being depreciated or amortized	12,214,578	11,694,083	10,301,826	9,941,008	22,516,404	21,635,091
Less accumulated depreciation and amortization:						
Buildings and improvements	2,921,241	2,638,388	906,698	897,384	3,827,939	3,535,772
Distribution and collection system	-	-	2,392,842	2,299,540	2,392,842	2,299,540
Equipment	1,055,760	909,798	1,935,429	1,846,063	2,991,189	2,755,861
Software	53,970	53,970	180,417	108,250	234,387	162,220
Infrastructure	572,244	517,879	29,374	24,390	601,618	542,269
Vehicles	517,215	437,401	819,458	687,661	1,336,673	1,125,062
Right-to-use subscription assets	157,657	116,797	5,476	4,081	163,133	120,878
Total accumulated depreciation and amortization	5,278,087	4,674,233	6,269,694	5,867,369	11,547,781	10,541,602
Total capital assets being depreciated or amortized, net	6,936,491	7,019,850	4,032,132	4,073,639	10,968,623	11,093,489
Capital assets, net	\$ 10,157,645	\$ 9,921,957	\$ 5,154,493	\$ 5,196,000	\$ 15,312,138	\$ 15,117,957

LONG-TERM DEBT

As of June 30, 2025, the Town's long-term liabilities, exclusive of compensated absences, net pension liability and other postemployment benefits, totaled \$3.1 million for governmental activities. Additionally, \$884,000 of debt, exclusive of compensated absences, net pension liability 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 \$62 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, 2025 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
6,826	\$ 650,320,050	\$ 3,077,809	0.0047	\$ 451

The net bonded debt decreased approximately \$144,000, which correlates to a decrease in debt per capita of \$41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Weldon Cooper Center projects that Virginia's unemployment rate will approach five percent by the end of FY25. Our primary concern, of course, lies with citizens who might lose their job, but from a straight financial point of view, a softening labor market would be a mixed bag. Much of our tax base is transactional, of course, so any business slowdown is likely to affect revenues. On the other hand, it might lessen the wage pressure which is impacting all employers.

By now, Bridgewater citizens know what to expect from next year's tax and utility rates. We foresee no change to tax rates and only an inflationary increase in utility rates.

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 Manager or the Town Treasurer at 201 Green Street, Bridgewater, Virginia 22812.

BASIC FINANCIAL STATEMENTS

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority	Sipe Center Live
ASSETS					
Cash and cash equivalents	\$ 3,868,647	\$ 463,391	\$ 4,332,038	\$ 14,142	\$ 39,971
Receivables, net:					
Property taxes	6,600	-	6,600	-	-
Trade and other accounts	95,133	595,226	690,359	-	-
Internal balances	463,391	(463,391)	-	-	-
Due from other governments	76,000	-	76,000	-	-
Lease receivables	2,233,283	-	2,233,283	401,729	-
Restricted investment	23,080	-	23,080	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Net other post employment benefits	4,618	856	5,474	-	-
Capital assets:					
Land	2,799,537	1,122,361	3,921,898	303,247	-
Land easements	8,400	-	8,400	-	-
Buildings and improvements	7,410,886	1,065,512	8,476,398	407,886	-
Infrastructure	1,630,945	134,509	1,765,454	-	-
Distribution and collection systems	-	4,299,536	4,299,536	-	-
Equipment	1,981,239	3,221,687	5,202,926	36,205	-
Software	53,970	216,500	270,470	-	-
Vehicles	916,621	1,347,655	2,264,276	-	-
Construction in progress	413,217	-	413,217	-	-
Right-to-use subscription assets	220,917	16,427	237,344	-	-
Less: accumulated depreciation and amortization	(5,278,087)	(6,269,694)	(11,547,781)	(135,009)	-
Total assets	16,928,397	5,750,575	22,678,972	1,028,200	39,971
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits	35,237	9,746	44,983	-	-
Pension plan	544,097	169,848	713,945	-	-
Deferred charge on refunding	19,021	-	19,021	-	-
Total deferred outflows of resources	598,355	179,594	777,949	-	-
LIABILITIES					
Accounts and deposits payable	241,950	95,397	337,347	-	-
Accrued payroll and benefits	123,741	30,626	154,367	-	-
Accrued interest	11,321	7,487	18,808	2,290	-
Unearned revenue	226,619	-	226,619	4,300	-
Noncurrent liabilities:					
Due within one year:					
Subscription liabilities	21,597	5,473	27,070	-	-
Bonds payable	191,993	121,180	313,173	19,858	-
Compensated absences	43,403	13,240	56,643	-	-
Due in more than one year:					
Subscription liabilities	20,927	5,730	26,657	-	-
Bonds payable	2,885,816	762,394	3,648,210	371,887	-
Compensated absences	28,935	8,827	37,762	-	-
Net pension liability	833,284	260,123	1,093,407	-	-
Other postemployment benefits	90,594	28,140	118,734	-	-
Total liabilities	4,720,180	1,338,617	6,058,797	398,335	-
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	26,479	7,993	34,472	-	-
Lease related	2,106,892	-	2,106,892	386,664	-
Pension plan	270,448	84,425	354,873	-	-
Total deferred inflows of resources	2,403,819	92,418	2,496,237	386,664	-
NET POSITION					
Net investment in capital assets	7,056,334	4,259,716	11,316,050	220,584	-
Restricted:					
Net other post employment benefits	4,618	856	5,474	-	-
Nonexpendable trust principal	6,000	-	6,000	-	-
Cemetery maintenance	17,080	-	17,080	-	-
Unrestricted	3,318,721	238,562	3,557,283	22,617	39,971
Total net position	\$ 10,402,753	\$ 4,499,134	\$ 14,901,887	\$ 243,201	\$ 39,971

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Entity/Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Industrial Development Authority	Sipe Center Live
					Governmental Activities	Business-type Activities	Totals		
Primary government:									
Governmental activities:									
General government administration	\$ 1,350,865	\$ 20,465	\$ 183,634	\$ -	\$ (1,146,766)	\$ -	\$ (1,146,766)	\$ -	\$ -
Public safety	1,321,340	81,375	537,132	-	(702,833)	-	(702,833)	-	-
Public works	2,051,556	6,024	742,472	694,308	(608,752)	-	(608,752)	-	-
Parks, recreation and cultural	1,058,944	158,551	115,082	-	(785,311)	-	(785,311)	-	-
Community and economic development	304,939	-	15,549	-	(289,390)	-	(289,390)	-	-
Sipe Center	362,392	174,217	77,500	-	(110,675)	-	(110,675)	-	-
Interest	86,720	-	-	-	(86,720)	-	(86,720)	-	-
Total governmental activities	6,536,756	440,632	1,671,369	694,308	(3,730,447)	-	(3,730,447)	-	-
Business-type activities:									
Water, sewer and sanitation	3,330,101	4,331,509	-	347,188	-	1,348,596	1,348,596	-	-
Stormwater management	237,071	195,060	-	-	-	(42,011)	(42,011)	-	-
Total business-type activities	3,567,172	4,526,569	-	347,188	-	1,306,585	1,306,585	-	-
Total primary government	\$ 10,103,928	\$ 4,967,201	\$ 1,671,369	\$ 1,041,496	(3,730,447)	1,306,585	(2,423,862)	-	-
Component Units:									
Industrial Development Authority	\$ 38,324	\$ 4,500	\$ -	\$ 6,100	-	-	-	(27,724)	-
Sipe Center Live	\$ 12,122	\$ -	\$ -	\$ -	-	-	-	-	(12,122)
General revenues:									
Taxes:									
General property taxes					383,218	-	383,218	-	-
Other local taxes:									
Consumer utility					787,257	-	787,257	-	-
Meals					1,130,179	-	1,130,179	-	-
Local sales and use					400,676	-	400,676	-	-
Business license					300,380	-	300,380	-	-
Bank stock					283,107	-	283,107	-	-
Other					176,422	-	176,422	-	-
Intergovernmental, non-categorical aid					161,511	-	161,511	-	-
Use of money and property					338,553	-	338,553	55,626	-
Miscellaneous					64,047	49,594	113,641	-	1,525
Transfers					1,289,776	(1,289,776)	-	-	-
Total general revenues and transfers, net					5,315,126	(1,240,182)	4,074,944	55,626	1,525
Change in net position									
Net position, beginning					1,584,679	66,403	1,651,082	27,902	(10,597)
Net position, ending					\$ 8,818,074	\$ 4,432,731	\$ 13,250,805	\$ 215,299	\$ 50,568
Net position, ending					\$ 10,402,753	\$ 4,499,134	\$ 14,901,887	\$ 243,201	\$ 39,971

TOWN OF BRIDGEWATER, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2025**

	General	Permanent Fund <u>Greenwood Cemetery Fund</u>	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,868,647	\$ -	\$ 3,868,647
Receivables, net of allowances for uncollectible amounts:			
Property taxes	6,600	-	6,600
Trade and other accounts	95,133	-	95,133
Due from other funds	463,391	-	463,391
Due from other governments	76,000	-	76,000
Lease receivables	2,233,283	-	2,233,283
Restricted investment	-	23,080	23,080
	<hr/>	<hr/>	<hr/>
Total assets	\$ 6,743,054	\$ 23,080	\$ 6,766,134
LIABILITIES			
Accounts and deposits payable	\$ 241,950	\$ -	\$ 241,950
Accrued payroll and benefits	123,741	-	123,741
Unearned revenue	226,619	-	226,619
	<hr/>	<hr/>	<hr/>
Total liabilities	592,310	-	592,310
DEFERRED INFLOWS OF RESOURCES			
Lease related	2,106,892	-	2,106,892
Unavailable revenue - property taxes	19,000	-	19,000
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	2,125,892	-	2,125,892
FUND BALANCES			
Nonspendable:			
Permanent fund principal	-	6,000	6,000
Restricted for:			
Cemetery maintenance	-	17,080	17,080
Assigned:			
Wellness quarter	546,006	-	546,006
Committed:			
Tactical reserve	579,359	-	579,359
Strategic reserve	1,158,718	-	1,158,718
Unassigned	1,740,769	-	1,740,769
	<hr/>	<hr/>	<hr/>
Total fund balances	4,024,852	23,080	4,047,932
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 6,743,054	\$ 23,080	\$ 6,766,134

TOWN OF BRIDGEWATER, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2025

	Governmental Funds	
Total fund balances - governmental funds	\$	4,047,932
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$	15,435,732
Less: accumulated depreciation and amortization	<u>(5,278,087)</u>	
Net capital assets		10,157,645
Net other postemployment benefits asset		4,618
<p>Deferred outflows of resources - represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.</p>		
Pension plan	544,097	
Other postemployment benefits	35,237	
Deferred charge on refunding	<u>19,021</u>	
		598,355
<p>Other long-term assets are not available to fund current expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>		
		19,000
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
General obligation bonds	(3,077,809)	
Compensated absences	(72,338)	
Subscription liabilities	(42,524)	
Interest payable	(11,321)	
Net pension liability	(833,284)	
Other postemployment benefits liability	<u>(90,594)</u>	
		(4,127,870)
<p>Deferred inflows of resources - represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.</p>		
Pension plan	(270,448)	
Other postemployment benefits	<u>(26,479)</u>	
		<u>(296,927)</u>
Net position of governmental activities		<u><u>\$ 10,402,753</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
Revenues:			
General property taxes	\$ 388,218	\$ -	\$ 388,218
Other local taxes	3,078,021	-	3,078,021
Permits and other licenses	26,489	-	26,489
Fines and forfeitures	81,375	-	81,375
Use of money and property	337,965	588	338,553
Charges for services	332,768	-	332,768
Miscellaneous	64,047	-	64,047
Intergovernmental	2,527,188	-	2,527,188
Total revenues	6,836,071	588	6,836,659
Expenditures:			
Current:			
General government administration	1,289,968	-	1,289,968
Public safety	1,346,043	-	1,346,043
Public works	2,168,523	-	2,168,523
Parks, recreation and cultural	1,113,190	-	1,113,190
Community and economic development	349,360	-	349,360
Sipe Center	368,811	-	368,811
Debt service:			
Principal	244,152	-	244,152
Interest	85,564	-	85,564
Total expenditures	6,965,611	-	6,965,611
Excess (deficiency) of revenues over (under) expenditures	(129,540)	588	(128,952)
Other financing sources:			
Issuance of subscriptions	36,312	-	36,312
General obligation bonds issued	44,006	-	44,006
Transfers in	1,289,776	-	1,289,776
Total other financing sources, net	1,370,094	-	1,370,094
Net change in fund balances	1,240,554	588	1,241,142
Fund balances, beginning	2,784,298	22,492	2,806,790
Fund balances, ending	\$ 4,024,852	\$ 23,080	\$ 4,047,932

TOWN OF BRIDGEWATER, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

	Governmental Funds	
Net change in fund balance - total governmental funds	\$ 1,241,142	
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	\$ 957,279	
Less: depreciation and amortization expense	<u>(654,797)</u>	
Excess of capital outlays over depreciation and amortization		302,482
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(66,794)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		
Unavailable revenue		(5,000)
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:		
Subscriptions	(36,312)	
General obligation bonds	(44,006)	
Principal repayments:		
Subscriptions	56,057	
General obligation bonds	<u>188,095</u>	
		163,834
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	746	
Amortization of deferred charge on refunding	(1,902)	
Compensated absences	21,479	
Changes in pension liabilities and related deferred outflows and inflows of resources	(188,649)	
Changes in OPEB asset/liabilities and related deferred outflows and inflows of resources	<u>117,341</u>	
		<u>(50,985)</u>
Change in net position of governmental activities		<u><u>\$ 1,584,679</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2025**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 370,200	\$ 370,200	\$ 388,218	\$ 18,018
Other local taxes	2,919,175	2,916,349	3,078,021	161,672
Permits and other licenses	12,700	12,700	26,489	13,789
Fines and forfeitures	19,400	74,400	81,375	6,975
Use of money and property	218,850	278,850	337,965	59,115
Charges for services	423,000	378,750	332,768	(45,982)
Miscellaneous	24,000	24,000	64,047	40,047
Intergovernmental	1,471,100	1,512,350	2,527,188	1,014,838
Total revenues	5,458,425	5,567,599	6,836,071	1,268,472
Expenditures:				
Current:				
General government administration	1,288,100	1,273,225	1,289,968	16,743
Public safety	1,224,900	1,338,600	1,346,043	7,443
Public works	1,841,217	2,138,167	2,168,523	30,356
Parks, recreation and cultural	1,050,250	1,150,250	1,113,190	(37,060)
Community and economic development	324,550	385,575	349,360	(36,215)
Sipe Center	430,000	390,000	368,811	(21,189)
Debt service:				
Principal	190,579	190,579	244,152	53,573
Interest and fiscal charges	77,925	77,925	85,564	7,639
Total expenditures	6,427,521	6,944,321	6,965,611	21,290
Deficiency of revenues under expenditures	(969,096)	(1,376,722)	(129,540)	1,247,182
Other financing sources:				
Issuance of subscriptions	-	-	36,312	36,312
General obligation bonds issued	-	-	44,006	44,006
Transfers in	-	-	1,289,776	1,289,776
Total other financing sources	-	-	1,370,094	1,370,094
Net change in fund balance	(969,096)	(1,376,722)	1,240,554	2,617,276
Fund balance, beginning	191,144	141,144	2,784,298	2,617,276
Fund balance, ending	\$ (777,952)	\$ (1,235,578)	\$ 4,024,852	\$ 2,653,588

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2025

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Business-type Activity - Stormwater Management Fund	Total Business-type Activities
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 463,391	\$ -	\$ 463,391
Accounts receivable, net of allowances for uncollectible amounts	567,700	27,526	595,226
Total current assets	1,031,091	27,526	1,058,617
Noncurrent assets:			
Net other postemployment benefits	794	62	856
Capital assets:			
Land	4,600	1,117,761	1,122,361
Buildings and improvements	1,065,512	-	1,065,512
Infrastructure	-	134,509	134,509
Distribution and collection systems	4,299,536	-	4,299,536
Equipment	3,221,687	-	3,221,687
Vehicles	1,083,331	264,324	1,347,655
Software	216,500	-	216,500
Right-to-use subscription asset	16,427	-	16,427
	9,907,593	1,516,594	11,424,187
Less: accumulated depreciation and amortization	(6,058,313)	(211,381)	(6,269,694)
Total capital assets	3,849,280	1,305,213	5,154,493
Total noncurrent assets	3,850,074	1,305,275	5,155,349
Total assets	4,881,165	1,332,801	6,213,966
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	8,794	952	9,746
Pension plan	152,532	17,316	169,848
Total deferred outflows of resources	161,326	18,268	179,594
LIABILITIES			
Current liabilities:			
Accounts and deposits payable	95,016	381	95,397
Accrued payroll and benefits	26,122	4,504	30,626
Due to other funds	463,391	-	463,391
Accrued interest	7,487	-	7,487
Compensated absences	13,240	-	13,240
Subscription liability	5,473	-	5,473
Bonds payable	121,180	-	121,180
Total current liabilities	731,909	4,885	736,794
Noncurrent liabilities:			
Bonds payable	762,394	-	762,394
Net pension liability	233,603	26,520	260,123
Compensated absences	8,827	-	8,827
Subscription liability	5,730	-	5,730
Other postemployment benefits	25,231	2,909	28,140
Total noncurrent liabilities	1,035,785	29,429	1,065,214
Total liabilities	1,767,694	34,314	1,802,008
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	7,177	816	7,993
Pension plan	75,818	8,607	84,425
Total deferred inflows of resources	82,995	9,423	92,418
NET POSITION			
Net investment in capital assets	2,954,503	1,305,213	4,259,716
Net other postemployment benefits	794	62	856
Unrestricted	236,505	2,057	238,562
Total net position	\$ 3,191,802	\$ 1,307,332	\$ 4,499,134

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 PROPRIETARY FUNDS
 Year Ended June 30, 2025**

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Operating revenues:			
Charges for services	\$ 4,331,509	\$ 195,060	\$ 4,526,569
Penalties	48,405	-	48,405
Other	1,189	-	1,189
Total operating revenues	4,381,103	195,060	4,576,163
Operating expenses:			
Personal services	671,474	60,849	732,323
Fringe benefits	276,142	40,749	316,891
Materials, line repairs and other	989,213	77,624	1,066,837
Regional Sewer Authority assessment:			
Operations and maintenance	396,847	-	396,847
Debt service	427,546	-	427,546
Construction	182,770	-	182,770
Depreciation	368,657	57,849	426,506
Total operating expenses	3,312,649	237,071	3,549,720
Operating income (loss)	1,068,454	(42,011)	1,026,443
Nonoperating revenue (expense):			
Interest expense	(23,324)	-	(23,324)
Gain on disposal of assets	5,872	-	5,872
Connection availability fees	347,188	-	347,188
Total nonoperating revenue, net	329,736	-	329,736
Income (loss) before transfers	1,398,190	(42,011)	1,356,179
Transfers out	(1,272,374)	(17,402)	(1,289,776)
Change in net position	125,816	(59,413)	66,403
Net position, beginning	3,065,986	1,366,745	4,432,731
Net position, ending	\$ 3,191,802	\$ 1,307,332	\$ 4,499,134

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2025

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Cash flows from operating activities:			
Receipts from customers	\$ 4,379,707	\$ 191,793	\$ 4,571,500
Payments to suppliers for goods and services	(2,000,339)	(89,111)	(2,089,450)
Payments to employees for services and benefits	(944,209)	(85,280)	(1,029,489)
Net cash provided by operating activities	1,435,159	17,402	1,452,561
Cash flows from noncapital and related financing activities:			
Transfers out	(1,272,374)	(17,402)	(1,289,776)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(368,572)	-	(368,572)
Proceeds from the sale of capital assets	5,872	-	5,872
Connection availability fees	347,188	-	347,188
Transfer cash for debt covenant compliance	463,391	-	463,391
Principal paid on:			
General obligation bonds	(119,902)	-	(119,902)
Subscription liability	(5,224)	-	(5,224)
Interest paid on outstanding debt	(22,147)	-	(22,147)
Net cash provided by capital and related financing activities	300,606	-	300,606
Net change in cash and cash equivalents	463,391	-	463,391
Cash and cash equivalents:			
Beginning	-	-	-
Ending	\$ 463,391	\$ -	\$ 463,391
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,068,454	\$ (42,011)	\$ 1,026,443
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	368,657	57,849	426,506
Changes in operating accounts:			
Increase in accounts receivable	(1,396)	(3,267)	(4,663)
Increase in net pension liability	45,302	18,876	64,178
Increase in pension related deferred outflows of resources	(29,456)	(12,320)	(41,776)
Increase in OPEB related deferred outflows of resources	(722)	(534)	(1,256)
Decrease in accounts payable and accrued expenses	(8,819)	(8,542)	(17,361)
Increase (decrease) in net OPEB liability/asset	(4,274)	1,470	(2,804)
Increase (decrease) in pension related deferred inflows of resources	28,542	(807)	27,735
Increase (decrease) in OPEB related deferred inflows of resources	(31,129)	6,688	(24,441)
Net cash provided by operating activities	\$ 1,435,159	\$ 17,402	\$ 1,452,561
Supplemental disclosure of noncash capital activities:			
Asset acquired through right-to-use subscription asset	\$ 16,427	\$ -	\$ 16,427
Debt acquired through subscription	(16,427)	-	(16,427)

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the Town adopted GASB Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*, that were effective for fiscal year 2025. As required by GAAP, these financial statements present the activities of the Town and its component units.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB. 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, 2025. The Town reports two discretely presented component units in separate columns in the combined financial statements to emphasize they are legally separate from the Town.

Discretely Presented Component Units

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 seven 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, 2025 as a discretely presented component unit.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (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.

The Sipe Center Live was created as a nonstock corporation pursuant to Chapter 10 of Title 13.1 of the *Code of Virginia* and organized exclusively for charitable purposes as specified in § 501(c)(3) of the *Internal Revenue Code*. Sipe Center Live is governed by five directors, including the Mayor of the Town, the Town Manager of the Town, and three directors elected by the board of directors. A financial benefit/burden relationship with the Town exists. The elected directors serve a three year term. Sipe Center Live does not issue separate financial statements but is included in the Town's financial statements for fiscal year ended June 30, 2025 as a discretely presented component unit.

The specific purpose of the Sipe Center Live is to attract, promote, and provide access to high quality artistic, musical, and theatrical performances in the Town of Bridgewater, and to maintain and improve Sipe Center, a public building and host for such performances, thereby enhancing the artistic and cultural environment and the quality of life of the residents of the Town of Bridgewater.

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 units. For the most part, the effect of interfund activity has been removed. These statements distinguish between the governmental 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 units.

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

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 funds:

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.

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.

The Town reports the following non-major governmental fund:

Permanent Fund – Greenwood Cemetery Fund

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

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

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. Issuances of long-term debt 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

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

1) Deposits and Investments

Cash and Cash Equivalents

For purposes of reporting cash flows, the Town considers all cash accounts, including cash on hand, demand deposits, and all short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The Town participates in a local government external investment pool, which is reported at amortized cost and classified as cash and cash equivalents. The Town reports a certificate of deposit at fair value and is classified as an investment.

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. Beginning calendar year 2019, the Town eliminated a real estate tax. The portion of the taxes receivable, which is not collected within 45 days, is shown as unavailable revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts 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 expenditures in the periods in which payments are made and, therefore, do not appear as prepaid items on the Balance Sheet or Statement of Net Position.

4) Restricted Investment

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

5) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expenditure) until then. The Town has items related to the pension plan and the other postemployment benefit (OPEB) plans that qualify for reporting in this category. The Town also has a deferred charge on refunding.

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, therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, unavailable revenue, which arises under the modified accrual basis of accounting and 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 other items relate to the Pension and OPEB plans and leases.

6) Capital Assets

Capital assets, which include property, equipment, infrastructure, intangible assets, including right-to-use subscription software, 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 (except for intangible right-to-use subscription assets, the measurement of which is discussed in Note 1.D.9). Donated capital assets are recorded at estimated acquisition value at the date of donation. The Town does not have any impaired capital assets.

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, right-to-use subscription assets and software. Land easements have indefinite useful lives and thus are not subject to amortization. Right-to-use subscription assets and software are subject to amortization over the subscription term and its useful life, respectively.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

6) Capital Assets (Continued)

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

Buildings and improvements	15-40 years
Distribution and collection systems	20-40 years
Equipment	3-40 years
Vehicles	5-7 years
Infrastructure	30 years
Software	3 years
Right-to-use subscription assets	2-5 years

7) Leases

Lessee: The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

At June 30, 2025, the Town did not have any lease assets or liabilities.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

7) Leases (Continued)

Lessor: The Town and IDA are lessors for noncancellable leases of a water tower, residential property, and commercial property. The Town and IDA recognize a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of the lease, the Town and IDA initially measure the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Town and IDA determine (1) the discount rate they use to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town and IDA use their estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

8) Subscription-based information technology arrangements (SBITAs)

For new or modified contracts, the Town determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Town records a subscription asset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Town will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Town recognizes a subscription liability and subscription asset on the Statements of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

8) Subscription-based information technology arrangements (SBITAs) (Continued)

At the commencement of a SBITA, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

9) Compensated Absences

The Town permits employees to accumulate earned but unused vacation and sick leave benefits. In accordance with GASB Statement No. 101, liabilities for compensated absences are recognized for:

- Leave that has not been used, if it is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.
- Leave that has been used but not yet paid or settled.

The Town does not recognize a liability for sick leave balances that are not expected to be paid or settled, such as those forfeited upon separation from service. However, under GASB 101, the Town evaluates historical usage patterns and employment policies to determine the portion of sick leave that is more likely than not to be used.

Employees may earn up to 160 hours of vacation annually, depending on years of service, and may accumulate up to 280 hours. Vacation leave is considered more likely than not to be used or paid and is therefore recognized as a liability.

The Town uses the LIFO (Last-In, First-Out) flows assumption for compensated absences. Under this method, it is assumed that employees use the most recently earned leave first.

In the government-wide and proprietary fund financial statements, all compensated absences are accrued when incurred. In governmental fund financial statements, expenditures are recognized only when the liability has matured, such as through employee resignation or retirement.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

10) 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 activities 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

11) Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Town's retirement plan) is a multi-employer, agent defined benefit plan. 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 fiduciary net 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.

12) Other Postemployment Benefits

Medical Insurance Program

The Town's Medical Insurance Program is a single-employer defined benefit plan administered by the Town. It provides health insurance coverage to all full-time employees who retired prior to January 1, 2022 (must have been covered by the active plan at time of retirement or disability).

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

12) Other Postemployment Benefits (Continued)

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Virginia Local Disability Program

The VRS Political Subdivision Employee Virginia Local Disability Program (VLDP) is a multiple-employer, cost-sharing defined benefit plan. For purposes of measuring the net VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB, and the VLDP OPEB expense, information about the fiduciary net position of the VLDP; and the additions to/deductions from the VLDP's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13) Fund Balance

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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

13) Fund Balance (Continued)

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.

Minimum fund balance policy – The Town has a minimum fund balance policy. The target level of unrestricted General Fund balance is 20% of annual expenditures, with one-third of that total designated as Tactical Reserve and two-thirds designated as Strategic Reserve. The Tactical Reserve will be used in times of fiscal distress, or when the Council determines that an unusual opportunity exists to improve the economy of the Town or to better secure the health, safety, and welfare of its people. The Strategic Reserve will be used only in times of fiscal distress. These reserves are reported in the General Fund committed fund balance and may not be spent without formal action taken by Town Council.

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.

14) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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.

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 fiscal year 2015 for the construction of a building adjacent to Generations Park and added equipment to the building for a restaurant. The Authority leases this facility to a restaurant and the rental income is 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.

G. Subsequent Events

The Town has evaluated subsequent events through October 27, 2025, the date on which the financial statements were available to be issued.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO 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.

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 Town’s investments in the LGIP, totaling \$2,729,785, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. 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 balance was as follows:

Certificate of deposit (maturing October 28, 2025)	<u>\$ 23,080</u>
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The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following investment subject to recurring fair value measurement as of June 30, 2025:

- Certificate of deposit of \$23,080 is valued using quoted market prices (Level 1 inputs).

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unavailable/Unearned Revenue

Receivables at June 30, 2025, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water, Sewer and Sanitation Fund	Stormwater Management Fund	Totals
Property taxes	\$ 16,600	\$ -	\$ -	\$ 16,600
Trade and other accounts	95,133	574,700	27,526	697,359
Gross receivables	111,733	574,700	27,526	713,959
Less allowance for uncollectable accounts	10,000	7,000	-	17,000
Net receivables	\$ 101,733	\$ 567,700	\$ 27,526	\$ 696,959

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$10,000 and \$7,000 at June 30, 2025 for the General Fund and Water, Sewer and Sanitation Fund, respectively.

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 reported in the general fund and unearned revenue reported in the General Fund and Statement of Net Position were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 19,000	\$ -
Sipe Center ticket sales	-	20,278
VDOT Maintenance funds	-	200,014
Other	-	6,327
	\$ 19,000	\$ 226,619

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 \$4,300 at June 30, 2025.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Due from other governments includes the following:

General Fund:

Commonwealth of Virginia:

Local sales and communication tax	\$ 76,000
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Total General Fund	\$ 76,000
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Note 5. Leases

Lease Receivable

During the current fiscal year, the Town leased water towers to third parties. The tower leases are being leased for 22 to 25 years ending between September 2030 and August 2058. The Town will receive annual payments ranging from \$17,000 to \$36,000 for the towers. The Town recognized \$100,687 in lease revenue and \$53,879 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the Town's receivable for lease payments was \$2,233,283. Also, the Town has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$2,106,892.

During the current fiscal year, the component unit IDA leased commercial properties to third parties. The property leases are being leased for 3 to 13 years ending between August 2025 and August 2036. The component unit IDA will receive monthly payments ranging from \$1,500 to \$3,603 for the properties. The component unit IDA recognized \$47,324 in lease revenue and \$8,102 in interest revenue during the current fiscal year related to the lease. As of June 30, 2025, the component unit IDA's receivable for lease payments was \$401,729. Also, the component unit IDA has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$386,664.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,860,231	\$ -	\$ (60,694)	\$ 2,799,537
Land easements	8,400	-	-	8,400
Construction in progress	33,476	388,286	(8,545)	413,217
Total capital assets, not being depreciated or amortized	2,902,107	388,286	(69,239)	3,221,154
Capital assets being depreciated or amortized:				
Buildings and improvements	7,357,275	45,066	8,545	7,410,886
Equipment	1,652,323	335,016	(6,100)	1,981,239
Software	53,970	-	-	53,970
Infrastructure	1,630,945	-	-	1,630,945
Vehicles	794,351	152,599	(30,329)	916,621
Right-to-use subscription assets	205,219	36,312	(20,614)	220,917
Total capital assets being depreciated or amortized	11,694,083	568,993	(48,498)	12,214,578
Less accumulated depreciation and amortization for:				
Buildings and improvements	2,638,388	282,853	-	2,921,241
Equipment	909,798	145,962	-	1,055,760
Software	53,970	-	-	53,970
Infrastructure	517,879	54,365	-	572,244
Vehicles	437,401	110,143	(30,329)	517,215
Right-to-use subscription assets	116,797	61,474	(20,614)	157,657
Total accumulated depreciation and amortization	4,674,233	654,797	(50,943)	5,278,087
Total capital assets being depreciated or amortized, net	7,019,850	(85,804)	2,445	6,936,491
Governmental activities capital assets, net	\$ 9,921,957	\$ 302,482	\$ (66,794)	\$ 10,157,645

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

Governmental activities:	
General government administration	\$ 53,212
Public safety	100,857
Public works	295,301
Community development	15,789
Parks, recreation and cultural	185,628
Sipe Center	4,010
Total depreciation and amortization expense - governmental activities	\$ 654,797

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 867,542	\$ -	\$ 254,819	\$ 1,122,361
Construction in progress	254,819	-	(254,819)	-
Total capital assets, not being depreciated	1,122,361	-	-	1,122,361
Capital assets being depreciated:				
Buildings and improvements	1,065,512	-	-	1,065,512
Infrastructure	134,509	-	-	134,509
Distribution and collection systems	4,174,808	124,728	-	4,299,536
Equipment	3,193,898	27,789	-	3,221,687
Software	216,500	-	-	216,500
Vehicles	1,151,700	216,055	(20,100)	1,347,655
Right-to-use subscription assets	4,081	16,427	(4,081)	16,427
Total capital assets being depreciated	9,941,008	384,999	(24,181)	10,301,826
Less accumulated depreciation for:				
Buildings and improvements	897,384	9,314	-	906,698
Infrastructure	24,390	4,984	-	29,374
Distribution and collection systems	2,299,540	93,302	-	2,392,842
Equipment	1,846,063	89,366	-	1,935,429
Software	108,250	72,167	-	180,417
Vehicles	687,661	151,897	(20,100)	819,458
Right-to-use subscription asset	4,081	5,476	(4,081)	5,476
Total accumulated depreciation	5,867,369	426,506	(24,181)	6,269,694
Total capital assets being depreciated, net	4,073,639	(41,507)	-	4,032,132
Business-type activities capital assets, net	\$ 5,196,000	\$ (41,507)	\$ -	\$ 5,154,493

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 243,823
Sewer	74,974
Sanitation	49,860
Stormwater	57,849
Total depreciation expense and amortization - business-type activities	\$ 426,506

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Component unit - IDA:				
Capital assets not being depreciated:				
Land	\$ 303,247	\$ -	\$ -	\$ 303,247
Total capital assets, not being depreciated	303,247	-	-	303,247
Capital assets being depreciated:				
Buildings and improvements	407,886	-	-	407,886
Equipment	30,105	6,100	-	36,205
Total capital assets being depreciated	437,991	6,100	-	444,091
Less accumulated depreciation for:				
Buildings and improvements	96,149	11,494	-	107,643
Equipment	23,745	3,621	-	27,366
Total accumulated depreciation	119,894	15,115	-	135,009
Total capital assets being depreciated, net	318,097	(9,015)	-	309,082
Component unit - IDA capital assets, net	\$ 621,344	\$ (9,015)	\$ -	\$ 612,329

Note 7. 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 payable:					
General obligation bonds	\$ 3,221,898	\$ 44,006	\$ (188,095)	\$ 3,077,809	\$ 191,993
Compensated absences	93,817	-	(21,479)	72,338	43,403
Subscription liabilities	62,269	36,312	(56,057)	42,524	21,597
Governmental activities long-term activities	\$ 3,377,984	\$ 80,318	\$ (265,631)	\$ 3,192,671	\$ 256,993

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2026	\$ 191,993	\$ 81,005
2027	196,841	76,853
2028	203,225	72,604
2029	194,251	67,232
2030	199,152	61,934
2031-2035	1,074,333	225,267
2036-2040	947,651	76,413
2041-2045	48,019	6,219
2046-2050	9,870	4,156
2051-2055	12,474	1,547
	\$ 3,077,809	\$ 673,230

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds

\$1,055,000 general obligation bond, issued December 2014, due in semi-annual installments of \$19,783 to \$27,615 through December 2039, plus interest payable semi-annually at 3.54% for the first ten years then five year adjustable rate mortgage with rate caps for the remainder of the 25 year amortization.	\$ 687,285
\$300,000 general obligation public improvement bond issued January 2016, due in annual installments of \$15,000 through January 2036, plus interest payable semi-annually at 2.63%.	165,110
\$125,000 general obligation public improvement bond issued August 2017, due in annual installments of \$12,356 through August 2027, plus interest payable semi-annually at 2.48%.	38,507
\$1,319,504 general obligation refunding bond issued October 2020, due in semi-annual installments of \$32,947 to \$44,510 through June 2038, plus interest payable semi-annually at 2.38%.	1,002,381
\$1,397,000 general obligation public improvement bond issued September 2019, due in semi-annual installments beginning April 2021 of \$30,448 to \$48,522 through October 2041, plus interest payable semi-annually at 2.49%.	1,140,520
In May 2025, the Town entered into a loan agreement for up to \$6,700,000 to finance the construction of the Wellness Quarter. The loan bears interest at 4.70% for the first seven years, after which it converts to a seven-year adjustable rate mortgage with rate caps for the remainder of the 21.5-year amortization period. During the initial 18-month interest-only period, monthly payments consist solely of interest. Beginning November 2026, the Town will make 342 monthly principal payments, with interest payable monthly. The loan will be secured by a General Obligation Bond.	<u>44,006</u>
Total General Obligation Bonds	<u><u>\$ 3,077,809</u></u>

Prior to January 2019, property tax revenues were generally used to pay off long-term debt. Real estate tax revenues were replaced with an increase to consumer utility tax revenues beginning calendar year 2019.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

The January 2016 bond was issued to provide matching funds for a VDOT Revenue Sharing grant for street maintenance projects.

The August 2017 bond was issued to purchase real property within the Town.

The September 2019 bond was issued for the construction of improvements to Dry River Road, construction of Phase 1 of the Riverwalk Project and moving approximately 1,000 feet of overhead utilities underground on Main Street.

The October 2020 refunding bond was issued to refinance the \$1,400,000 general obligation public improvement bond that was issued in August 2018 for financing the cost of the Sipe Center. The Town may prepay the principal balance of the bond in whole or in part at any time without premium or penalty.

Subscription liability

During the current fiscal year, the Town had multiple subscription agreements as lessee for software ranging from two to five years. During the current fiscal year, the town entered into two additional subscription agreements with an initial subscription liability in the amount of \$36,312. As of June 30, 2025, the value of the subscription liability was \$42,524.

The Town is required to make annual principal and interest payments ranging from \$1,875 to \$15,418. The subscriptions have an interest rate of 2.59%. The value of the right-to-use subscription assets as of the end of the current fiscal year was \$220,917 and had accumulated amortization of \$157,657.

Annual requirements to amortize subscription obligations are as follows:

Year Ending June 30,	Subscriptions	
	Principal	Interest
2026	\$ 21,597	\$ 1,101
2027	18,236	542
2028	2,691	67
	<u>\$ 42,524</u>	<u>\$ 1,710</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 1,003,476	\$ -	\$ (119,902)	\$ 883,574	\$ 121,180
Compensated absences	24,128	-	(2,061)	22,067	13,240
Subscription liability	-	16,427	(5,224)	11,203	5,473
Business-type activities long-term liabilities	<u>\$ 1,027,604</u>	<u>\$ 16,427</u>	<u>\$ (127,187)</u>	<u>\$ 916,844</u>	<u>\$ 126,653</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2026	\$ 121,180	\$ 18,352
2027	122,018	15,504
2028	121,523	12,637
2029	53,724	10,641
2030	54,613	9,501
2031-2035	287,038	29,766
2036-2038	123,478	3,381
	<u>\$ 883,574</u>	<u>\$ 99,782</u>

General Obligation Bonds

\$190,000 general obligation public improvement bond, issued January 2016, due in annual installments of \$9,500 through January 2036, plus interest payable semi-annually at 2.63%.	\$ 104,225
\$698,750 general obligation public improvement bond, issued August 2017, due in annual installments of \$70,019 through August 2027, plus interest payable semi-annually at 2.48%.	208,619
\$850,000 general obligation public improvement bond, issued April 2018, due in semi-annual installments of \$11,003 to \$26,057 through November 2037, plus interest payable semi-annually at 2.00%.	<u>570,730</u>
Total bonded debt	<u><u>\$ 883,574</u></u>

Subscription liability

During the current fiscal year, the Town entered into one new subscription agreement with an initial subscription liability recorded in the amount of \$16,427. As of June 30, 2025, the value of the subscription liability was \$11,203.

The Town is required to make annual principal and interest payments ranging from \$5,650 to \$5,878. The subscription has an interest rate of 2.59%. The value of the right-to-use subscription asset as of the end of the current fiscal year was \$16,427 and had accumulated amortization of \$5,476.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Subscription liability (continued)

Annual requirements to amortize subscription obligations are as follows:

Year Ending June 30,	Subscriptions	
	Principal	Interest
2026	\$ 5,473	\$ 290
2027	5,730	148
	<u>\$ 11,203</u>	<u>\$ 438</u>

The January 2016 bond was issued for financing the cost of replacing a sewer line on West Bank Street.

The August 2017 and April 2018 bonds were issued for financing the cost of installing a sewer line on Bruce Street and replacing a sewer line on North Main Street.

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 - IDA:					
General obligation bonds	\$ 414,776	\$ -	\$ (23,031)	\$ 391,745	\$ 19,858
Component Unit - IDA long-term liabilities	<u>\$ 414,776</u>	<u>\$ -</u>	<u>\$ (23,031)</u>	<u>\$ 391,745</u>	<u>\$ 19,858</u>

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2026	\$ 19,858	\$ 16,587
2027	20,713	15,731
2028	21,588	14,856
2029	22,543	13,902
2030	23,520	12,925
2031-2035	133,879	48,343
2036-2040	149,644	16,293
	<u>\$ 391,745</u>	<u>\$ 138,637</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds

\$225,000 general obligation bond, issued December 2014, due in semi-annual installments of \$4,096 to \$6,688 through December 2039, plus interest payable semi-annually at 5.47% 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. This debt is guaranteed by the Town. \$ 153,929

\$340,000 general obligation bond, issued April 2015, due in semi-annual installments of \$6,083 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. This debt is guaranteed by the Town. 237,816

\$ 391,745

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.

The Town's and the Town's component unit – Industrial Development Authority's general obligation bonds contain a provision that in the event of default, the timing of repayment of outstanding amounts become immediately due.

Conduit Debt Obligation

The IDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating to or expanding their operations with the Town. Principal and interest on the IRBs are paid entirely by the businesses. Neither the IDA nor the Town guarantees the repayment of principal or interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. The outstanding principal on these IRBs totaled approximately \$34.8 million at June 30, 2025.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 a 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.

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 available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

B. Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>40</u>
Inactive members:	
Vested	11
Non-vested	52
Active elsewhere in VRS	43
Active members	<u>44</u>
Total covered employees	<u><u>190</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

C. Contributions

The contribution requirement for active employees is governed by Sections 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.

The Town's contractually required contribution rate for the year ended June 30, 2025 was 13.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$405,421 and \$257,243 for the years ended June 30, 2025 and 2024, respectively. The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$14,006 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$19,498 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,408,564 for the year ended June 30, 2025.

D. Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

E. 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, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Public Safety Employees

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates:	45% of deaths are assumed to be service related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality Improvements	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

F. 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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
		* Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year expected return of 7.07%. (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue 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.

H. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 13,465,449	\$ 12,648,557	\$ 816,892
Changes for the Year:			
Service cost	337,276	-	337,276
Interest	905,699	-	905,699
Difference between expected and actual experience	623,344	-	623,344
Contributions – employer	-	257,243	(257,243)
Contributions – employee	-	124,819	(124,819)
Net investment income	-	1,215,824	(1,215,824)
Benefit payments, including refunds of employee contributions	(769,926)	(769,926)	-
Administrative expense	-	(8,323)	8,323
Other	-	241	(241)
Net changes	1,096,393	819,878	276,515
Balances at June 30, 2024	\$ 14,561,842	\$ 13,468,435	\$ 1,093,407

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's net pension liability	\$ 2,896,133	\$ 1,093,407	\$ 380,525

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

For the year ended June 30, 2025, the Town recognized pension expense of \$651,702. At June 30, 2025, the Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 308,524	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(354,873)
Employer contributions subsequent to the measurement date	405,421	-
Total	\$ 713,945	\$ (354,873)

The \$405,421 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 ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (4,443)
2027	101,606
2028	(68,431)
2029	(75,081)
	<u>\$ (46,349)</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 9. Other Postemployment Benefits

The Town contributes to two primary OPEB plans, the Group Life Insurance, and the Virginia Local Disability Program. As of and for the year ended June 30, 2025, the Group Life Insurance and Virginia Local Disability Program plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Credit)
Group Life Insurance Program	\$ 118,734	\$ 33,656	\$ 32,283	\$ (3,184)
Virginia Local Disability Program	(5,474)	11,327	2,189	7,302
	<u>\$ 113,260</u>	<u>\$ 44,983</u>	<u>\$ 34,472</u>	<u>\$ 4,118</u>

Detailed disclosures for each plan follow.

1. *Retiree Healthcare Plan*

A. Plan Description

The Town's Medical Insurance Program is a single-employer defined benefit plan administered by the Town.

Benefits Provided

Eligibility conditions: A retired employee, who has participated in the employer's medical program prior to retirement, is eligible to elect post-retirement health insurance coverage if:

- The employee was a full-time employee who retired directly from the Town before January 1, 2022 and who had completed at least 25 years of service with the Town or the employee has attained the age of 65 with at least 20 years of service with the Town.
- Retirees as of January 1, 2022 are eligible to receive benefits until the earlier of (a) the date when benefits otherwise end under the terms of the Town's "2004" policy, and (b) December 31, 2025. After December 31, 2025, no retirees will receive benefits.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

1. *Retiree Healthcare Plan (Continued)*

A. Plan Description (Continued)

Employer Contributions

The Town does not pre-fund OPEB. Instead, it pays benefits directly from general assets on a pay-as-you-go basis. No assets are accumulated in a trust for OPEB that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employee Contributions

None.

B. OPEB Expense

The Town recognized Medical OPEB expense of \$1,098 and \$34,145 for the years ended June 30, 2025 and 2024, respectively.

C. OPEB Liability

At June 30, 2025, only one individual was receiving benefits. The Town has elected not to record the OPEB liability and disclose other information related to the OPEB liability on the basis of its immateriality.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit: The accidental death benefit is double the natural death benefit.• Other Benefit Provisions: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Seatbelt benefit○ Repatriation benefit○ Felonious assault benefit• Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Town were \$14,252 and \$14,748 for the years ended June 30, 2025 and June 30, 2024, respectively.

C. GLI OPEB Liabilities, GLI OPEB Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2025, the Town reported a liability of \$118,734 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01064% as compared to 0.01088% at June 30, 2023.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

For the year ended June 30, 2025, the participating employer recognized GLI OPEB credit of \$3,184. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB credit was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,727	\$ (2,900)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(10,008)
Change in assumptions	677	(5,884)
Changes in proportionate share	-	(13,491)
Employer contribution subsequent to the measurement date	14,252	-
Total	\$ 33,656	\$ (32,283)

The \$14,252 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (10,757)
2027	(2,016)
2028	(2,058)
2029	547
2030	1,405
Total	\$ (12,879)

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation:	
Locality – general employees	3.50% - 5.35%
Locality – hazardous duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest 10 Locality Employers – General Employees

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest 10 Locality Employers – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and services to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. Net GLI OPEB Liability

The net OPEB Liability (NOL) for the GLI represents the program’s total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB liability	\$ 4,196,055
Plan fiduciary net position	<u>3,080,133</u>
GLI Net OPEB liability	<u><u>\$ 1,115,922</u></u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%
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TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
		* Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

G. Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Town for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

H. Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the Town's proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Participating Employer			
Town	\$ 184,647	\$ 118,734	\$ 65,485

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program

A. Plan Description

All full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of the Town who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program (VLDP). This plan is administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. The Town is required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VLDP PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits.</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none">• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
<p>Benefit Amounts The VLDP provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• Short-Term Disability:<ul style="list-style-type: none">○ The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.○ During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.• Long-Term Disability:<ul style="list-style-type: none">○ The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.○ Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

POLITICAL SUBDIVISION EMPLOYEE VLDP PLAN PROVISIONS (Continued)
Virginia Local Disability Program Notes <ul style="list-style-type: none">• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

B. Contributions

The contribution requirement for active hybrid plan employees is governed by Section 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to the Town by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town to the VLDP were \$10,423 and \$9,975 for the years ended June 30, 2025 and June 30, 2024, respectively.

C. VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB

At June 30, 2025, the Town reported an asset of \$5,474 for its proportionate share of the VLDP net OPEB asset. The VLDP net OPEB asset was measured as of June 30, 2024 and the total VLDP OPEB liability used to calculate the VLDP net OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date as of June 30, 2024. The Town's proportion of the VLDP net OPEB asset was based on the Town's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Town's proportion of the VLDP was 0.15173% as compared to 0.17916% at June 30, 2023.

For the year ended June 30, 2025, the Town recognized VLDP OPEB expense of \$7,302. Since there was a change in proportionate share between measurement dates, a portion of the VLDP net OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

C. VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB (Continued)

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 650	\$ (1,153)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(495)
Change in assumptions	-	(127)
Changes in proportionate share	254	(414)
Employer contribution subsequent to the measurement date	10,423	-
Total	\$ 11,327	\$ (2,189)

The \$10,423 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (579)
2027	(77)
2028	(178)
2029	(276)
2030	(179)
Thereafter	4
Total	\$ (1,285)

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation:	
Political subdivision employees	3.50%-5.35%
Investment rate of return	6.75%, including inflation

Mortality Rates – Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. VLDP OPEB Asset

The net OPEB asset (NOA) for the Town VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	<u>VLDP</u> <u>OPEB Plan</u>
Total VLDP OPEB liability	\$ 12,230
Plan fiduciary net position	<u>15,837</u>
Employers' net VLDP OPEB asset	\$ (3,607)

Plan fiduciary net position as a percentage of the total VLDP OPEB liability	129.49%
--	---------

The total VLDP OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net VLDP OPEB Asset is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS 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 estimate 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*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%

* Expected arithmetic nominal return

7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Town for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Town VLDP OPEB 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 Town VLDP OPEB liability.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

H. Sensitivity of the VLDP Net OPEB Asset to Changes in the Discount Rate

The following presents the political subdivision’s proportionate share of the Town net VLDP OPEB asset using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net VLDP OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Participating Employer	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town	\$ (3,980)	\$ (5,474)	\$ (6,788)

I. VLDP OPEB Fiduciary Net Position

Detailed information about the Town VLDP’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10. Interfund Transfers

The Town transferred \$1,272,374 from the Water, Sewer and Sanitation Fund to the General Fund for operations and administrative costs. The Town transferred \$17,402 from the Stormwater Management Fund to the General Fund for capital projects.

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 (HRRSA) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the HRRSA's bonds payable, which then qualifies as a nonexchange of financial guarantees. HRRSA’s outstanding bonds payable at June 30, 2024 (most recent balances available) consist of the following:

Series	Amount	Interest
Series 2007	\$ 11,734,642	2.52%
Series 2008B	13,217,409	2.72%
Series 2015	5,783,258	1.20%
Series 2017	11,104,183	2.25%
Series 2020	6,157,943	1.85%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Government Services Provided by Authorities (Continued)

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

The HRRSA bills the municipalities a monthly charge, which includes an assessment for their respective share of the HRRSA'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 HRRSA's operating, capital outlay and maintenance, construction and debt service expenditures for the ensuing year will approximate \$416,900, \$109,000, and \$504,000, respectively. To obtain a copy of the audited financial statements, contact the HRRSA at 856 North River Road, P.O. Box 8, Mt. Crawford, Virginia 22841.

Note 12. Major Customer

The Town has one major water and sewer customer. For the year ended June 30, 2025, water and sewer revenue from this customer was approximately \$1,291,000. There are accounts receivable from this customer of approximately \$99,000 at June 30, 2025.

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 Risk Sharing Association (the "Association") for all insurable risks identified by the Town. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Pending GASB Statements

At June 30, 2025, 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. 103, *Financial Reporting Model Improvements*, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for the Town beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosures of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets not disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

The requirements related to Statement No. 104 will be effective for the Town beginning with its year ending June 30, 2026.

Note 16. Contractual Commitments

In May 2025, the Town Council approved a contract for the construction of the Wellness Quarter, a new multi-purpose facility designed to host recreational activities, youth sporting events, and community gatherings. The total project cost is \$6,700,000, and construction is scheduled to begin in Fall 2025, with an expected duration of approximately 13 months.

To finance the project, the Town entered into a loan agreement for up to \$6,700,000, which will be subsequently secured by a general obligation bond. This financing structure ensures the availability of funds while leveraging the Town's full faith and credit to support repayment. As of the end of the reporting period, the Town has committed to this capital project. Future financial statements will reflect the progression of this commitment as construction advances and obligations are recognized.

Note 17. Subsequent Event

In July 2025, the Town approved an amendment to the deferred compensation plan, allowing for a Town match of up to \$2,000 per year for employees who have exhausted any matching opportunities found in a VRS plan. This is projected to increase fringe benefits by \$55,000 a year.

In August 2025, the Town approved the purchase of a parcel of land on Main Street needed for the future site of the Midtown Connector, in the amount of \$39,000

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability (Asset)										
Service cost	\$ 238,817	\$ 237,721	\$ 258,759	\$ 264,137	\$ 262,663	\$ 272,815	\$ 275,446	\$ 275,295	\$ 266,915	\$ 337,276
Interest	554,431	585,551	600,059	635,351	670,404	701,383	753,628	824,274	838,269	905,699
Changes of assumptions	-	-	(170,428)	-	308,150	-	508,048	-	-	-
Differences between expected and actual experience	(59,260)	(277,323)	178,671	(5,715)	3,701	309,283	(177,264)	(192,254)	580,738	623,344
Benefit payments, including refunds of employee contributions	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)	(638,465)	(744,726)	(769,926)
Net change in total pension liability	510,599	190,511	545,115	489,933	862,725	803,159	821,221	268,850	941,196	1,096,393
Total pension liability - beginning	8,032,140	8,542,739	8,733,250	9,278,365	9,768,298	10,631,023	11,434,182	12,255,403	12,524,253	13,465,449
Total pension liability - ending (a)	\$ 8,542,739	\$ 8,733,250	\$ 9,278,365	\$ 9,768,298	\$ 10,631,023	\$ 11,434,182	\$ 12,255,403	\$ 12,524,253	\$ 13,465,449	\$ 14,561,842
Plan Fiduciary Net Position										
Contributions - employer	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022	\$ 200,475	\$ 240,122	\$ 257,243
Contributions - employee	100,255	106,156	117,310	115,780	117,706	117,816	112,318	110,065	116,646	124,819
Net investment income	348,875	138,422	985,528	664,791	639,169	192,297	2,746,293	(10,418)	781,150	1,215,824
Benefit payments, including refunds of employee contributions	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)	(638,465)	(744,726)	(769,926)
Administrative expense	(4,619)	(4,883)	(5,607)	(5,720)	(6,259)	(6,602)	(6,861)	(7,905)	(7,955)	(8,323)
Other	(75)	(59)	(880)	(593)	(402)	(229)	259	288	313	241
Net change in plan fiduciary net position	431,957	108,543	957,867	550,699	543,414	(3,950)	2,518,394	(345,960)	385,550	819,878
Plan fiduciary net position - beginning	7,502,043	7,934,000	8,042,543	9,000,410	9,551,109	10,094,523	10,090,573	12,608,967	12,263,007	12,648,557
Plan fiduciary net position - ending (b)	\$ 7,934,000	\$ 8,042,543	\$ 9,000,410	\$ 9,551,109	\$ 10,094,523	\$ 10,090,573	\$ 12,608,967	\$ 12,263,007	\$ 12,648,557	\$ 13,468,435
Town net pension liability (asset) - ending (a)-(b)	\$ 608,739	\$ 690,707	\$ 277,955	\$ 217,189	\$ 536,500	\$ 1,343,609	\$ (353,564)	\$ 261,246	\$ 816,892	\$ 1,093,407
Plan fiduciary net position as a percentage of the total pension liability	92.87%	92.09%	97.00%	97.78%	94.95%	88.25%	102.88%	97.91%	93.93%	92.49%
Covered payroll	\$ 2,012,500	\$ 2,140,697	\$ 2,299,022	\$ 2,259,148	\$ 2,289,726	\$ 2,259,661	\$ 2,415,623	\$ 2,137,260	\$ 2,289,047	\$ 2,452,269
Town's net pension liability (asset) as a percentage of covered payroll	30.25%	32.27%	12.09%	9.61%	23.43%	59.46%	-14.64%	12.22%	35.69%	44.59%

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM
Last Ten Fiscal Years**

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution (CRC)	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022	\$ 200,475	\$ 240,122	\$ 257,243	\$ 405,421
Contributions in relation to the CRC	224,345	183,462	180,281	175,393	173,090	205,022	200,475	240,122	257,243	405,421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,140,697	\$ 2,299,022	\$ 2,259,148	\$ 2,289,726	\$ 2,259,661	\$ 2,415,623	\$ 2,137,260	\$ 2,289,047	\$ 2,452,269	\$ 3,032,319
Contributions as a percentage of covered payroll	10.48%	7.98%	7.98%	7.66%	7.66%	8.49%	9.38%	10.49%	10.49%	13.37%

TOWN OF BRIDGEWATER, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2025**

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changes from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Local's Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE HEALTHCARE PLAN**

	Fiscal Year June 30,							
	2018	2019	2020	2021	2022	2023	2024	
Total OPEB Liability								
Service cost	\$ 41,527	\$ 27,214	\$ 563	\$ 500	\$ 521	\$ -	\$ -	
Interest on total OPEB liability	30,892	28,469	4,059	1,785	940	720	56	
Effect of plan changes	-	-	(400,740)	-	-	-	-	
Effect of economic/demographic gains or losses	-	(115,106)	-	(9,086)	-	(10,088)	-	
Effect of assumptions changes or inputs	(33,252)	(192,682)	802	(11)	(376)	30	(1)	
Benefit payments	(52,560)	(61,048)	(49,313)	(31,593)	(29,358)	(18,068)	(693)	
Net change in total OPEB liability	(13,393)	(313,153)	(444,629)	(38,405)	(28,273)	(27,406)	(638)	
Total OPEB liability - beginning	867,152	853,759	540,606	95,977	57,572	29,299	1,893	
Total OPEB liability - ending	<u>\$ 853,759</u>	<u>\$ 540,606</u>	<u>\$ 95,977</u>	<u>\$ 57,572</u>	<u>\$ 29,299</u>	<u>\$ 1,893</u>	<u>\$ 1,255</u>	
Covered employee payroll	\$ 2,432,300	\$ 2,549,109	\$ 2,549,109	\$ 2,417,709	\$ 2,417,709	\$ 2,389,118	\$ 2,389,118	
Total OPEB liability as a percentage of covered employee payroll	35.10%	21.21%	3.77%	2.38%	1.21%	0.08%	0.05%	

Note to Schedule:

- (1) 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.
- (2) Beginning in fiscal year 2025, the Town is no longer reporting OPEB amounts due to the plans' immateriality.

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF EMPLOYER’S SHARE OF NET OPEB LIABILITY –
GROUP LIFE INSURANCE PROGRAM**

For the Measurement Dates of June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	
Employer's proportion of the net GLI OPEB liability	0.0134%	0.0131%	0.0130%	0.0123%	0.0117%	0.0110%	0.0109%	0.0106%	
Employer's proportionate share of the net GLI OPEB liability	\$ 202,000	\$ 199,000	\$ 210,731	\$ 205,100	\$ 136,219	\$ 132,572	\$ 130,485	\$ 118,734	
Employer's covered payroll	\$ 2,468,713	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038	\$ 2,415,623	\$ 2,394,171	\$ 2,563,423	\$ 2,731,088	
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.18%	6.11%	6.34%	6.19%	5.64%	5.54%	5.09%	4.35%	
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%	

Note to Schedule:

(1) 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 EMPLOYER CONTRIBUTIONS – OPEB –
GROUP LIFE INSURANCE PROGRAM
Last Ten Fiscal Years**

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution (CRC)	\$ 11,572	\$ 12,837	\$ 16,924	\$ 17,287	\$ 17,233	\$ 13,044	\$ 12,929	\$ 13,842	\$ 14,748	\$ 14,252
Contributions in relation to the CRC	11,572	12,837	16,924	17,287	17,233	13,044	12,929	13,842	14,748	14,252
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,410,833	\$ 2,468,713	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038	\$ 2,415,623	\$ 2,394,171	\$ 2,563,423	\$ 2,731,088	\$ 3,032,319
Contributions as a percentage of covered payroll	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%	0.47%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years.

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF EMPLOYER’S SHARE OF NET OPEB LIABILITY (ASSET) –
VIRGINIA LOCAL DISABILITY PROGRAM**

For the Measurement Dates of June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	
Employer's proportion of the net VLDP OPEB liability	0.3278%	0.3032%	0.2659%	0.2297%	0.2107%	0.2058%	0.1792%	0.1517%	
Employer's proportionate share of the net VLDP OPEB liability (asset)	\$ 2,000	\$ 3,000	\$ 5,386	\$ 2,293	\$ (2,133)	\$ (1,210)	\$ (2,883)	\$ (5,474)	
Employer's covered payroll	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312	\$ 964,395	\$ 1,096,559	\$ 1,173,556	
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage of its covered payroll	0.3323%	0.4076%	0.5462%	0.2226%	-0.2520%	-0.1255%	-0.2629%	-0.4664%	
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.40%	51.39%	49.19%	76.84%	119.59%	107.99%	116.89%	129.49%	

Note to Schedule:

(1) 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 EMPLOYER CONTRIBUTIONS – OPEB –
VIRGINIA LOCAL DISABILITY PROGRAM
Last Ten Fiscal Years**

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution (CRC)	\$ 1,809	\$ 3,611	\$ 4,416	\$ 5,916	\$ 6,164	\$ 7,024	\$ 8,004	\$ 9,321	\$ 9,975	\$ 10,423
Contributions in relation to the CRC	1,809	3,611	4,416	5,916	6,164	7,024	8,004	9,321	9,975	10,423
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 301,552	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312	\$ 964,395	\$ 1,096,559	\$ 1,173,556	\$ 1,408,564
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.60%	0.60%	0.83%	0.83%	0.85%	0.85%	0.74%

TOWN OF BRIDGEWATER, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2025**

Note 1. Medical Insurance

A. Changes of Benefit Terms

The Town implemented a change to its retiree health benefits policy. Effective July 1, 2019, participants must retire before January 1, 2022 to be eligible for benefits. Retirees as of January 1, 2022 will be eligible to receive benefits until the earlier of (a) the date when benefits otherwise end under the terms of the Town's "2004" policy, and (b) December 31, 2025. After December 31, 2025, no retirees will receive benefits.

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2025**

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

Non-Largest 10 Locality Employers – Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 3. Virginia Local Disability Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

SUPPLEMENTARY SCHEDULES

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GENERAL FUND**

Year Ended June 30, 2025

(With Comparative Amounts for 2024)

	2025	2024
Revenues:		
General property taxes	\$ 388,218	\$ 362,019
Other local taxes	3,078,021	2,954,679
Permits and other licenses	26,489	21,671
Fines and forfeitures	81,375	109,152
Use of money and property	337,965	346,908
Charges for services	332,768	402,146
Miscellaneous	64,047	467,616
Intergovernmental	2,527,188	3,615,394
Total revenues	6,836,071	8,279,585
Expenditures:		
Current:		
General government administration	1,289,968	1,168,942
Public safety	1,346,043	1,194,130
Public works	2,168,523	3,229,880
Parks, recreation and cultural	1,113,190	1,727,811
Community and economic development	349,360	295,701
Sipe Center	368,811	384,786
Debt service:		
Principal	244,152	263,089
Interest	85,564	87,161
Total expenditures	6,965,611	8,351,500
Deficiency of revenues under expenditures	(129,540)	(71,915)
Other financing sources (uses):		
General obligation bonds issued	44,006	-
Issuance of subscriptions	36,312	12,790
Transfers in	1,289,776	901,408
Transfers out	-	(151,887)
Total other financing sources, net	1,370,094	762,311
Net change in fund balance	1,240,554	690,396
Fund balance, beginning	2,784,298	2,093,902
Fund balance, ending	\$ 4,024,852	\$ 2,784,298

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

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:				
Personal property taxes	\$ 367,200	\$ 367,200	\$ 383,710	\$ 16,510
Interest and penalties on delinquent taxes	3,000	3,000	4,508	1,508
Total general property taxes	370,200	370,200	388,218	18,018
Other local taxes:				
Local sales and use taxes	371,500	371,500	400,676	29,176
Consumer utility taxes	758,800	758,800	787,257	28,457
Consumption taxes	22,800	22,800	23,429	629
Cigarette taxes	13,500	13,500	17,112	3,612
Business license taxes	251,575	251,575	300,380	48,805
Vehicle license taxes	94,500	94,500	103,436	8,936
Bank stock taxes	211,100	283,100	283,107	7
Meals taxes	1,167,800	1,092,974	1,130,179	37,205
Right-of-way use fee	15,800	15,800	20,776	4,976
Transient occupancy	11,800	11,800	11,669	(131)
Total other local taxes	2,919,175	2,916,349	3,078,021	161,672
Permits and other licenses:				
Zoning and building	4,700	4,700	6,024	1,324
Passport application fee	8,000	8,000	20,465	12,465
Total permits and other licenses	12,700	12,700	26,489	13,789
Fines and forfeitures				
	19,400	74,400	81,375	6,975
Use of money and property:				
Revenue from use of money	80,000	140,000	209,589	69,589
Revenue from use of property	138,850	138,850	128,376	(10,474)
Total revenue from use of money and property	218,850	278,850	337,965	59,115
Charges for services:				
Generations park	122,800	122,800	110,365	(12,435)
Golf fees	48,100	48,100	41,561	(6,539)
Sipe Center	242,700	198,450	174,217	(24,233)
Classes and camps	9,400	9,400	6,625	(2,775)
Total charges for services	423,000	378,750	332,768	(45,982)
Miscellaneous				
	24,000	24,000	64,047	40,047
Total revenue from local sources	3,987,325	4,055,249	4,308,883	253,634

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental:				
Local:				
Town of Mt. Crawford:				
Public safety	\$ 72,300	\$ 72,300	\$ 75,810	\$ 3,510
County of Rockingham				
Tourism grant	-	-	49,960	49,960
Total local aid	72,300	72,300	125,770	53,470
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	60,000	60,000	59,104	(896)
Personal property tax relief	102,000	102,000	102,034	34
Vehicle rental tax	1,100	1,100	373	(727)
Total non-categorical aid	163,100	163,100	161,511	(1,589)
Categorical aid:				
Fire programs	-	-	33,804	33,804
Litter control	6,200	6,200	5,486	(714)
Law enforcement assistance	162,300	162,300	168,142	5,842
Street and highway maintenance	1,022,100	1,022,100	1,241,026	218,926
Other	600	600	18,206	17,606
Total categorical aid	1,191,200	1,191,200	1,466,664	275,464
Total intergovernmental revenue from the Commonwealth	1,354,300	1,354,300	1,628,175	273,875
Revenue from the federal government:				
Categorical aid:				
Pedestrian Crosswalk grant	-	-	2,236	2,236
Chesapeake Bay Trust grant	-	-	12,709	12,709
Highway safety grant	-	-	10,821	10,821
ARPA	-	-	663,703	663,703
Riverwalk grant	32,000	17,000	12,514	(4,486)
JAG Grant	12,500	68,750	56,250	(12,500)
Gen-Oak Connector grant	-	-	18,310	18,310
Other	-	-	(3,300)	(3,300)
Total intergovernmental revenue from the federal government	44,500	85,750	773,243	687,493
Total intergovernmental revenue	1,471,100	1,512,350	2,527,188	1,014,838
Total General Fund	\$ 5,458,425	\$ 5,567,599	\$ 6,836,071	\$ 1,268,472

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

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	\$ 41,700	\$ 41,700	\$ 41,523	\$ (177)
Fringe benefits	3,300	3,300	3,178	(122)
Other charges	2,000	2,000	2,901	901
Total Town Council	47,000	47,000	47,602	602
Town Manager's office:				
Personal services	489,700	489,700	498,921	9,221
Fringe benefits	157,900	164,000	164,064	64
Other charges	15,000	15,000	16,676	1,676
Capital outlay	-	-	16,427	16,427
Contractual services	20,000	20,000	12,738	(7,262)
Total town manager's office	682,600	688,700	708,826	20,126
Treasurer's office:				
Personal services	203,300	203,300	205,673	2,373
Fringe benefits	72,500	78,225	78,329	104
Other charges	5,000	5,000	2,260	(2,740)
Contractual services	27,000	27,000	10,015	(16,985)
Total treasurer's office	307,800	313,525	296,277	(17,248)
Total legislative	1,037,400	1,049,225	1,052,705	3,480
General and financial administration:				
Legal	35,000	35,000	52,764	17,764
Independent auditor and actuary	55,700	57,000	53,900	(3,100)
Insurance and bonding	160,000	132,000	130,599	(1,401)
Total general and financial administration	250,700	224,000	237,263	13,263
Total general government administration	1,288,100	1,273,225	1,289,968	16,743

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government: (continued)				
General Fund: (continued)				
Public safety:				
Law enforcement and traffic control:				
Police department:				
Personal services	\$ 717,900	\$ 717,900	\$ 756,070	\$ 38,170
Fringe benefits	242,200	274,000	273,860	(140)
Vehicle operation	40,400	40,400	27,985	(12,415)
Other charges	43,500	43,500	33,310	(10,190)
Capital outlay	83,000	164,900	136,979	(27,921)
Contractual services	67,900	67,900	54,035	(13,865)
Total law enforcement and traffic control	1,194,900	1,308,600	1,282,239	(26,361)
Fire and rescue services:				
Fire program	-	-	33,804	33,804
Fire department and rescue squad	30,000	30,000	30,000	-
Total fire and rescue services	30,000	30,000	63,804	33,804
Total public safety	1,224,900	1,338,600	1,346,043	7,443
Public works:				
Public works department:				
Personal services	189,600	189,600	196,768	7,168
Fringe benefits	55,600	82,500	83,625	1,125
Other charges	3,100	3,100	1,886	(1,214)
Contractual services	40,400	40,400	17,207	(23,193)
Total public works department	288,700	315,600	299,486	(16,114)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government: (continued)				
General Fund: (continued)				
Public works: (continued)				
Maintenance of highways, streets, bridges, sidewalks, and street lights:				
Highways, streets, bridges and sidewalks:				
Personal services	\$ 160,900	\$ 160,900	\$ 158,001	\$ (2,899)
Fringe benefits	64,000	66,250	66,231	(19)
Other charges	50,000	212,000	182,424	(29,576)
Contractual services	183,000	228,000	184,765	(43,235)
Street paving	275,000	275,000	138,988	(136,012)
Capital outlay	80,000	80,000	231,913	151,913
Total highways, streets, bridges, and sidewalks	812,900	1,022,150	962,322	(59,828)
Street lights	104,333	104,333	92,873	(11,460)
Total maintenance of highways, streets, bridges, sidewalks, and street lights	917,233	1,126,483	1,055,195	(71,288)
General properties:				
Personal services	224,400	224,400	222,565	(1,835)
Fringe benefits	86,700	93,000	91,215	(1,785)
Other charges	34,000	34,000	41,832	7,832
Capital outlay	150,000	150,000	245,487	95,487
Contractual services	120,000	174,500	212,743	38,243
Contingency	20,184	20,184	-	(20,184)
Total general properties	635,284	696,084	813,842	117,758
Total public works	1,841,217	2,138,167	2,168,523	30,356

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2025**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government: (continued)				
General Fund: (continued)				
Parks, recreation and cultural:				
Personal services	\$ 445,800	\$ 445,800	\$ 467,589	\$ 21,789
Fringe benefits	155,700	155,700	144,743	(10,957)
Other charges	83,000	83,000	110,876	27,876
Capital outlay	108,250	208,250	250,771	42,521
Contractual services	217,500	217,500	139,211	(78,289)
Contingency	40,000	40,000	-	(40,000)
Total parks, recreation and cultural	1,050,250	1,150,250	1,113,190	(37,060)
Community and economic development:				
Community development:				
Personal services	29,400	29,400	33,647	4,247
Fringe benefits	12,000	6,825	6,891	66
Other charges	149,750	149,750	152,863	3,113
Capital outlay	50,000	107,000	57,420	(49,580)
Contractual services	23,000	23,000	22,657	(343)
Total community development	264,150	315,975	273,478	(42,497)
Economic development:				
Personal services	34,100	34,100	29,532	(4,568)
Fringe benefits	13,300	22,500	21,521	(979)
Other charges	1,000	1,000	3,718	2,718
Capital outlay	-	-	6,100	6,100
Contractual services	12,000	12,000	15,011	3,011
Total economic development	60,400	69,600	75,882	6,282
Total community and economic development	324,550	385,575	349,360	(36,215)
Sipe Center:				
Personal services	92,800	92,800	111,897	19,097
Fringe benefits	30,500	30,500	37,956	7,456
Other charges	20,000	20,000	21,770	1,770
Vending purchases	20,000	20,000	16,128	(3,872)
Contractual services	47,800	47,800	31,423	(16,377)
Capital outlay	37,000	37,000	12,181	(24,819)
Movies	37,000	37,000	38,612	1,612
Performers	144,900	104,900	98,844	(6,056)
Total Sipe Center	430,000	390,000	368,811	(21,189)
Debt service:				
Principal	190,579	190,579	244,152	53,573
Interest	77,925	77,925	85,564	7,639
Total debt service	268,504	268,504	329,716	61,212
Total General Fund	\$ 6,427,521	\$ 6,944,321	\$ 6,965,611	\$ 21,290

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF CAPITAL OUTLAYS
Year Ended June 30, 2025**

General Fund:	
Public works:	
2019 Ford F550 (Bucket Truck)	\$ 87,500
HVAC Unit Town Hall	24,900
Two Display Cabinets for Old Town Hall	15,857
Sipe 2 Storage Building	19,906
Gen-Oak Connector Phase II	26,103
CIP - Pedestrian Crosswalk	2,442
CIP - B-Safe Crosswalks	825
Traffic Camera	14,032
Stoplight Cabinet with Camera	51,382
Salt Spreader Chevy 6500	14,873
Salt Spreader Chevy 6500	14,873
Wellness Quarter	184,823
	<u>457,516</u>
Parks, recreation and cultural:	
Park Sign: Harrison	12,604
Park Sign - Cooks Creek Arb. with solar panel	19,289
Shiverwood Park (ARPA)	134,528
Park Sign: Bridgeview	12,604
Park Sign: Wyant	12,604
Riverwalk Phase III	18,653
Riverwalk Phase IV	20,910
Lesco Ride-on Spreader	6,599
Tennis Center Roof	6,225
Generations Park Roof	6,755
	<u>250,771</u>
Public safety:	
Preemptive Traffic System	51,563
Three Police Radios	20,317
2024 Dodge Durango	65,099
	<u>136,979</u>
Sipe center:	
Sipe Flooring	12,181
	<u>12,181</u>
Community and economic development:	
423 N Main Wall Mount Heat Pump	6,100
Holiday Light Display Oakdale	57,420
	<u>63,520</u>
Total General Fund	<u><u>\$ 920,967</u></u>

**SCHEDULE OF CAPITAL OUTLAYS
Year Ended June 30, 2025**

Water, Sewer and Sanitation Fund:	
Water distribution:	
Rock crusher	\$ 10,608
Water line replacement West Riverside Dr	36,920
	<u>47,528</u>
Water treatment:	
Turbine Pump with Motor	11,903
Actuator for Model Rotork	15,886
	<u>27,789</u>
Sewer	
2023 Dodge RAM	40,823
Sewer line replacement West Riverside Dr	77,200
	<u>118,023</u>
Sanitation	
2024 Kenworth T380 Truck (ARPA)	175,232
	<u>175,232</u>
Total Water, Sewer and Sanitation Fund	 \$ 368,572

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF TAXES RECEIVABLE

June 30, 2025

(With Comparative Amounts for 2024)

	2025	2024
Taxes receivable: *		
General Fund:		
Real estate:		
2018	\$ 134	\$ 134
	<u>134</u>	<u>134</u>
Personal property:		
2019	-	10
2020	-	1,668
2021	1,563	1,999
2022	2,694	3,832
2023	4,195	9,183
2024	8,014	-
	<u>16,466</u>	<u>16,692</u>
Less:		
Allowance for uncollectible taxes	<u>10,000</u>	10,000
Taxes receivable - General Fund	<u><u>\$ 6,600</u></u>	<u><u>\$ 6,826</u></u>

* Includes 10% penalty

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES AND EXPENSES –
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2025**

	Water Department	Sewer Department	Sanitation Department	Totals
Operating revenues:				
Charges for services	\$ 1,355,909	\$ 2,280,803	\$ 694,797	\$ 4,331,509
Penalties	25,250	23,155	-	48,405
Other	-	1,189	-	1,189
Total operating revenues	1,381,159	2,305,147	694,797	4,381,103
Operating expenses:				
Personal services	474,973	83,685	112,816	671,474
Fringe benefits	178,284	39,889	57,969	276,142
Materials, line repairs and other	438,697	59,767	490,749	989,213
Regional Sewer Authority assessment:				
Operations and maintenance	-	396,847	-	396,847
Debt service	-	427,546	-	427,546
Construction	-	182,770	-	182,770
Depreciation and amortization	243,823	74,974	49,860	368,657
Total operating expenses	1,335,777	1,265,478	711,394	3,312,649
Operating income (loss)	45,382	1,039,669	(16,597)	1,068,454
Nonoperating revenue (expense):				
Interest expense	(357)	(22,967)	-	(23,324)
Gain on disposal of assets	-	-	5,872	5,872
Connection availability fees	115,325	231,863	-	347,188
Total nonoperating revenue, net	114,968	208,896	5,872	329,736
Income (loss) before transfers	160,350	1,248,565	(10,725)	1,398,190
Transfers out	(184,733)	(1,074,329)	(13,312)	(1,272,374)
Change in net position	\$ (24,383)	\$ 174,236	\$ (24,037)	\$ 125,816

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, 2025

(With Comparative Totals for 2024)

	Water Department		Sewer Department		Totals (Memorandum Only)			
	Amount	Rate Per	Amount	Rate Per	2025		2024	
		1,000 Gallons		1,000 Gallons	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons
Operating revenues:								
Charges for services	\$ 1,355,909	\$ 5.903	\$ 2,280,803	\$ 9.930	\$ 3,636,712	\$ 15.833	\$ 3,355,956	\$ 15.344
Penalties	25,250	0.110	23,155	0.101	48,405	0.211	56,898	0.260
Other	-	-	1,189	0.005	1,189	0.005	1,693	0.008
Total operating revenues	1,381,159	6.013	2,305,147	10.036	3,686,306	16.049	3,414,547	15.612
Operating expenses:								
Personal services	474,973	2.068	83,685	0.364	558,658	2.432	496,184	2.268
Fringe benefits	178,284	0.776	39,889	0.174	218,173	0.950	173,920	0.796
Materials, line repairs and other	438,697	1.910	59,767	0.260	498,464	2.170	475,027	2.171
Regional Sewer Authority assessment:								
Operations and maintenance	-	-	396,847	1.728	396,847	1.728	400,270	1.830
Debt service	-	-	427,546	1.861	427,546	1.861	427,546	1.955
Construction	-	-	182,770	0.796	182,770	0.796	176,171	0.805
Depreciation	243,823	1.062	74,974	0.326	318,797	1.388	298,982	1.367
Total operating expenses	1,335,777	5.816	1,265,478	5.509	2,601,255	11.325	2,448,100	11.192
Operating income	45,382	0.197	1,039,669	4.527	1,085,051	4.724	966,447	4.420
Nonoperating revenue (expense):								
Interest expense	(357)	(0.002)	(22,967)	(0.100)	(23,324)	(0.102)	(24,565)	(0.112)
Connection availability fees	115,325	0.502	231,863	1.009	347,188	1.511	264,574	1.210
Total nonoperating revenue, net	114,968	0.500	208,896	0.909	323,864	1.409	240,009	1.098
Income before transfers	\$ 160,350	\$ 0.697	\$ 1,248,565	\$ 5.436	\$ 1,408,915	\$ 6.133	\$ 1,206,456	\$ 5.518
Total water consumption:								
Thousands of gallons	<u>229,694</u>						<u>218,714</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, 2025

ASSETS	
Current assets:	
Cash	\$ 14,142
Lease receivable	29,171
Total current assets	<u>43,313</u>
Noncurrent assets:	
Lease receivable	<u>372,558</u>
Capital assets:	
Land	303,247
Buildings and improvements	407,886
Equipment	36,205
Less: accumulated depreciation	<u>(135,009)</u>
Total capital assets, net	<u>612,329</u>
Total noncurrent assets	<u>984,887</u>
Total assets	<u>1,028,200</u>
LIABILITIES	
Current liabilities:	
Accrued interest	2,290
Unearned revenue	4,300
Bonds payable	19,858
Total current liabilities	<u>26,448</u>
Noncurrent liabilities:	
Bonds payable	<u>371,887</u>
Total noncurrent liabilities	<u>371,887</u>
Total liabilities	<u>398,335</u>
DEFERRED INFLOWS OF RESOURCES	
Leases related	386,664
Total deferred inflows of resources	<u>386,664</u>
NET POSITION	
Net investment in capital assets	220,584
Unrestricted	<u>22,617</u>
Total net position	<u>\$ 243,201</u>

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
DISCRETELY PRESENTED COMPONENT UNIT –
INDUSTRIAL DEVELOPMENT AUTHORITY
Year Ended June 30, 2025**

Operating revenues:	
Use of money and property	\$ 55,626
Charges for services	<u>4,500</u>
Total operating revenues	<u>60,126</u>
Operating expenses:	
Personal services	650
Fringe benefits	50
Contractual services	13,852
Depreciation	<u>15,115</u>
Total operating expenses	<u>29,667</u>
Operating income	30,459
Nonoperating expense:	
Interest	<u>8,657</u>
Income before capital contributions	21,802
Capital contributions	<u>6,100</u>
Change in net position	27,902
Net position, beginning	<u>215,299</u>
Net position, ending	<u><u>\$ 243,201</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY Year Ended June 30, 2025

Cash flows from operating activities:	
Receipts from customers	\$ 45,400
Payments to suppliers for goods and services	(13,852)
Payments to employees for services and benefits	(700)
Net cash provided by operating activities	<u>30,848</u>
Cash flows from capital and related financing activities:	
Principal paid on:	
General obligation bonds	(23,031)
Interest paid on outstanding debt	(12,135)
Net cash used in capital and related financing activities	<u>(35,166)</u>
Net change in cash	(4,318)
Cash:	
Beginning	<u>18,460</u>
Ending	<u><u>\$ 14,142</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 30,459
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	15,115
Changes in operating accounts:	
Decrease in lease receivable	36,822
Decrease in deferred inflows of resources	(51,348)
Decrease in unearned revenue	(200)
Net cash provided by operating activities	<u>\$ 30,848</u>
Supplemental disclosure of noncash capital activities:	
Lease receivable recognized for new lease agreement	\$ 383,079
Deferred inflow of resources recognized for new lease agreement	(383,079)
Contribution of equipment from primary government	6,100

**DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE**

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
June 30, 2025**

ASSETS	
Current assets:	
Cash	\$ 39,971
Total current assets	<u>39,971</u>
Total assets	<u>39,971</u>
NET POSITION	
Unrestricted	<u>39,971</u>
Total net position	<u>\$ 39,971</u>

TOWN OF BRIDGEWATER, VIRGINIA

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
Year Ended June 30, 2025**

Operating revenues:	
Other income - donations	<u>\$ 1,525</u>
Total operating revenues	<u>1,525</u>
Operating expenses:	
Other	<u>12,122</u>
Total operating expenses	<u>12,122</u>
Operating loss	(10,597)
Change in net position	<u>(10,597)</u>
Net position, beginning	<u>50,568</u>
Net position, ending	<u><u>\$ 39,971</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF CASH FLOWS –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
Year Ended June 30, 2025**

Cash flows from operating activities:	
Receipts from donations	\$ 1,525
Payments to suppliers for goods and services	<u>(12,122)</u>
Net cash used in operating activities	<u>(10,597)</u>
Net change in cash	(10,597)
Cash:	
Beginning	<u>50,568</u>
Ending	<u><u>\$ 39,971</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (10,597)</u>
Net cash used in operating activities	<u><u>\$ (10,597)</u></u>

STATISTICAL SECTION

TOWN OF BRIDGEWATER, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

The statistical section of the Town's annual comprehensive 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
Financial Trends 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
Revenue Capacity 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.	6-11
Debt Capacity 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.	12-15
Demographic and Economic Information This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	16
Operating Information 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.	17

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive 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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 2,983,582	\$ 3,736,218	\$ 3,982,455	\$ 3,971,482	\$ 4,445,390	\$ 3,759,420	\$ 5,250,343	\$ 6,009,467	\$ 6,658,713	\$ 7,056,334
Restricted	22,382	22,403	22,423	22,461	22,464	22,486	22,488	22,490	25,005	27,698
Unrestricted (deficit)	97,911	(657,869)	(816,258)	(377,372)	(150,865)	187,025	600,643	1,415,433	2,134,356	3,318,721
Total governmental activities net assets										
Total governmental activities net position	<u>\$ 3,103,875</u>	<u>\$ 3,100,752</u>	<u>\$ 3,188,620</u>	<u>\$ 3,616,571</u>	<u>\$ 4,316,989</u>	<u>\$ 3,968,931</u>	<u>\$ 5,873,474</u>	<u>\$ 7,447,390</u>	<u>\$ 8,818,074</u>	<u>\$ 10,402,753</u>
Business-type activities:										
Net investment in capital assets	\$ 2,133,564	\$ 2,075,168	\$ 1,633,372	\$ 1,571,093	\$ 1,600,558	\$ 1,604,310	\$ 2,726,028	\$ 3,780,609	\$ 4,192,524	\$ 4,259,716
Restricted	-	-	-	-	-	-	-	-	370	856
Unrestricted	91,676	120,839	(43,434)	(72,523)	101,257	(11,099)	(35,836)	112,583	239,837	238,562
Total business-type activities net assets										
Total business-type activities net position	<u>\$ 2,225,240</u>	<u>\$ 2,196,007</u>	<u>\$ 1,589,938</u>	<u>\$ 1,498,570</u>	<u>\$ 1,701,815</u>	<u>\$ 1,593,211</u>	<u>\$ 2,690,192</u>	<u>\$ 3,893,192</u>	<u>\$ 4,432,731</u>	<u>\$ 4,499,134</u>
Primary government:										
Net investment in capital assets	\$ 5,117,146	\$ 5,811,386	\$ 5,615,827	\$ 5,542,575	\$ 6,045,948	\$ 5,363,730	\$ 7,976,371	\$ 9,790,076	\$ 10,851,237	\$ 11,316,050
Restricted	22,382	22,403	22,423	22,461	22,464	22,486	22,488	22,490	25,375	28,554
Unrestricted (deficit)	189,587	(537,030)	(859,692)	(449,895)	(49,608)	175,926	564,807	1,528,016	2,374,193	3,557,283
Total primary government net assets										
Total primary government net position	<u>\$ 5,329,115</u>	<u>\$ 5,296,759</u>	<u>\$ 4,778,558</u>	<u>\$ 5,115,141</u>	<u>\$ 6,018,804</u>	<u>\$ 5,562,142</u>	<u>\$ 8,563,666</u>	<u>\$ 11,340,582</u>	<u>\$ 13,250,805</u>	<u>\$ 14,901,887</u>
		(1)						(2)		

Notes:

- (1) June 30, 2017 net position was restated for the implementation of GASB Statement No. 75 which reduced net position by \$778,140.
- (2) June 30, 2023 net position was restated for the implementation of GASB Statement No. 96 which reduced net position by \$60,060.

TOWN OF BRIDGEWATER, VIRGINIA

Table 2
Page 1

CHANGES IN NET POSITION / ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government administration	\$ 1,064,171	\$ 780,506	\$ 819,775	\$ 879,486	\$ 846,698	\$ 1,067,040	\$ 1,093,517	\$ 1,155,740	\$ 1,489,644	\$ 1,350,865
Public safety	815,116	784,779	845,679	774,021	791,134	893,368	964,682	1,022,073	1,154,443	1,321,340
Public works	2,012,876	1,919,106	1,999,370	1,901,366	1,219,675	3,757,244	3,008,778	2,354,529	2,547,924	2,051,556
Parks, recreation and cultural	670,901	740,707	803,811	811,329	754,113	763,500	797,233	922,723	1,494,704	1,058,944
Community and economic development	145,009	151,255	190,969	194,784	185,401	189,297	535,936	388,125	504,093	304,939
Sipe Center	-	-	-	-	154,004	162,482	356,109	328,567	387,839	362,392
Interest	53,294	56,345	54,211	95,928	98,002	84,328	101,366	94,419	87,881	86,720
Total governmental activities	4,761,367	4,432,698	4,713,815	4,656,914	4,049,027	6,917,259	6,857,621	6,266,176	7,666,528	6,536,756
Business-type activities:										
Water, sewer and sanitation	2,424,121	2,631,063	2,780,204	2,797,328	2,585,546	2,975,789	2,815,140	2,833,381	3,126,233	3,330,101
Stormwater management	171,900	222,050	161,253	96,227	166,522	98,411	145,559	162,983	124,193	237,071
Total business-type activities	2,596,021	2,853,113	2,941,457	2,893,555	2,752,068	3,074,200	2,960,699	2,996,364	3,250,426	3,567,172
Total government	7,357,388	7,285,811	7,655,272	7,550,469	6,801,095	9,991,459	9,818,320	9,262,540	10,916,954	10,103,928
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	-	485	14,809	18,966	17,357	-	-	8,718	16,975	20,465
Public safety	45,313	25,907	39,533	53,546	41,849	24,920	21,328	19,628	109,152	81,375
Public works	-	6,025	11,531	8,541	12,065	10,719	9,603	11,176	4,696	6,024
Parks, recreation and cultural	-	114,967	129,937	142,934	252,165	124,940	163,051	174,547	173,903	158,551
Sipe Center	-	-	-	-	-	45,798	150,371	201,921	228,243	174,217
Operating grants and contributions:										
General government administration	-	-	-	-	-	-	1,945,358	52,746	282	183,634
Public safety	308,443	179,549	183,909	199,648	207,036	508,142	255,076	294,467	242,858	537,132
Public works	1,057,811	819,933	1,159,124	1,075,125	582,089	1,928,377	1,708,111	1,894,279	539,639	742,472
Parks, recreation and cultural	-	-	-	-	-	-	-	-	220,094	115,082
Community and economic development	-	-	-	-	-	90,214	41,010	-	18	15,549
Sipe Center	-	-	-	-	-	-	-	-	25	77,500
Capital grants and contributions:										
General government administration	-	-	-	-	-	-	-	789,821	-	-
Public safety	-	-	-	-	-	-	-	54,317	-	-
Public works	-	-	-	-	1,321	-	1,127,181	175,772	2,304,140	694,308
Community and economic development	-	-	-	-	-	-	-	140,895	100,000	-
Parks, recreation and cultural	-	7,750	-	-	-	-	-	-	46,318	-
Total governmental activities program revenue	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110	5,421,089	3,818,287	3,986,343	2,806,309
Business-type activities:										
Charges for services:										
Water, sewer and sanitation	3,087,391	3,187,973	3,345,715	3,211,655	3,364,294	3,236,656	3,418,633	3,692,402	4,015,664	4,331,509
Stormwater Management	71,747	100,088	132,797	148,513	165,788	157,961	165,037	174,053	182,142	195,060
Capital grants and contributions:										
Water, sewer and sanitation	226,982	210,119	181,169	151,571	143,972	109,444	464,147	451,986	264,574	347,188
Total business-type activities program revenue	3,386,120	3,498,180	3,659,681	3,511,739	3,674,054	3,504,061	4,047,817	4,318,441	4,462,380	4,873,757
Total government program revenue	4,797,687	4,652,796	5,198,524	5,010,499	4,787,936	6,237,171	9,468,906	8,136,728	8,448,723	7,680,066
Net (expense) revenue:										
Governmental activities	(3,349,800)	(3,278,082)	(3,174,972)	(3,158,154)	(2,935,145)	(4,184,149)	(1,436,532)	(2,447,889)	(3,680,185)	(3,730,447)
Business-type activities	790,099	645,067	718,224	618,184	921,986	429,861	1,087,118	1,322,077	1,211,954	1,306,585
Total government net expense	(2,559,701)	(2,633,015)	(2,456,748)	(2,539,970)	(2,013,159)	(3,754,288)	(349,414)	(1,125,812)	(2,468,231)	(2,423,862)

TOWN OF BRIDGEWATER, VIRGINIA

CHANGES IN NET POSITION / ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
General property	\$ 590,960	\$ 611,129	\$ 632,407	\$ 459,608	\$ 284,099	\$ 290,738	\$ 309,647	\$ 385,597	\$ 369,019	\$ 383,218
Consumer utility and communications sales and use	387,969	388,104	370,722	541,858	755,307	712,344	735,101	752,476	778,940	787,257
Meals	530,632	548,988	618,979	646,425	709,943	819,144	930,375	1,135,099	1,126,257	1,130,179
Local sales and use	198,749	192,639	196,399	206,402	235,473	298,687	298,889	332,276	386,585	400,676
Bank stock	150,249	154,259	171,849	185,621	147,837	194,679	235,246	211,087	230,050	283,107
Business license	224,118	220,114	218,755	222,382	232,684	212,556	189,060	249,221	265,976	300,380
Other	138,536	141,781	142,385	139,861	155,012	150,031	178,326	190,633	166,871	176,422
Intergovernmental, non-categorical aid	191,335	187,398	186,204	179,457	176,593	175,444	175,913	172,021	163,124	161,511
Use of money and property	175,097	96,141	100,451	118,344	105,268	100,597	141,047	309,471	346,910	338,553
Miscellaneous	621,785	26,134	42,082	138,628	74,383	296,476	114,016	50,972	467,616	64,047
Transfers	516,786	708,272	1,136,806	747,519	758,964	585,395	33,455	172,892	749,521	1,289,776
Total governmental activities	3,726,216	3,274,959	3,817,039	3,586,105	3,635,563	3,836,091	3,341,075	3,961,745	5,050,869	5,315,126
Business-type activities:										
Miscellaneous	32,979	33,972	36,454	37,967	40,223	46,930	43,318	53,815	77,106	49,594
Transfers	(516,786)	(708,272)	(1,136,806)	(747,519)	(758,964)	(585,395)	(33,455)	(172,892)	(749,521)	(1,289,776)
Total business-type activities	(483,807)	(674,300)	(1,100,352)	(709,552)	(718,741)	(538,465)	9,863	(119,077)	(672,415)	(1,240,182)
Total primary government	3,242,409	2,600,659	2,716,687	2,876,553	2,916,822	3,297,626	3,350,938	3,842,668	4,378,454	4,074,944
Changes in net position:										
Governmental activities	376,416	(3,123)	642,067	427,951	700,418	(348,058)	1,904,543	1,513,856	1,370,684	1,584,679
Business-type activities	306,292	(29,233)	(382,128)	(91,368)	203,245	(108,604)	1,096,981	1,203,000	539,539	66,403
Total primary government	\$ 682,708	\$ (32,356)	\$ 259,939	\$ 336,583	\$ 903,663	\$ (456,662)	\$ 3,001,524	\$ 2,716,856	\$ 1,910,223	\$ 1,651,082

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) In fiscal year 2016, the Town sold property for \$590,722 and was classified as miscellaneous revenue on the Statement of Activities.
- (3) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

PROGRAM REVENUES BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General government administration	\$ -	\$ 485	\$ 14,809	\$ 18,966	\$ 17,357	\$ -	\$ 1,945,358	\$ 851,285	\$ 17,257	\$ 204,099
Public safety	353,756	205,456	223,442	253,194	248,885	533,062	276,404	368,412	352,010	618,507
Public works	1,057,811	825,958	1,170,655	1,083,666	595,475	1,939,096	2,844,895	2,081,227	2,848,475	1,442,804
Parks, recreation and cultural	-	122,717	129,937	142,934	252,165	124,940	163,051	174,547	440,315	273,633
Community and economic development	-	-	-	-	-	90,214	41,010	140,895	100,018	15,549
Sipe Center	-	-	-	-	-	45,798	150,371	201,921	228,268	251,717
Total governmental activities	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110	5,421,089	3,818,287	3,986,343	2,806,309
Business-type activities:										
Water, sewer and sanitation	3,314,373	3,398,092	3,526,884	3,363,226	3,508,266	3,346,100	3,882,780	4,144,388	4,280,238	4,678,697
Stormwater management	71,747	100,088	132,797	148,513	165,788	157,961	165,037	174,053	182,142	195,060
Total business-type activities	3,386,120	3,498,180	3,659,681	3,511,739	3,674,054	3,504,061	4,047,817	4,318,441	4,462,380	4,873,757
Total government	\$ 4,797,687	\$ 4,652,796	\$ 5,198,524	\$ 5,010,499	\$ 4,787,936	\$ 6,237,171	\$ 9,468,906	\$ 8,136,728	\$ 8,448,723	\$ 7,680,066

TOWN OF BRIDGEWATER, VIRGINIA

Table 4

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,				
	2016	2017	2018	2019	2020
General Fund:					
Assigned	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -
Committed	-	-	-	-	48,759
Unassigned	896,320	90,347	392,196	591,748	459,565
Total General Fund	\$ 896,320	\$ 100,347	\$ 402,196	\$ 591,748	\$ 508,324
All other governmental funds:					
Nonspendable	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted	16,382	16,403	16,423	16,461	16,464
Total all other governmental funds	\$ 22,382	\$ 22,403	\$ 22,423	\$ 22,461	\$ 22,464

	Fiscal Year June 30,				
	2021	2022	2023	2024	2025
General Fund:					
Assigned	\$ -	\$ -	\$ -	\$ 50,318	\$ 546,006
Committed	159,207	339,276	716,537	1,239,091	1,738,077
Unassigned	816,853	1,043,183	1,377,365	1,494,889	1,740,769
Total General Fund	\$ 976,060	\$ 1,382,459	\$ 2,093,902	\$ 2,784,298	\$ 4,024,852
All other governmental funds:					
Nonspendable	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted	16,486	16,488	16,490	16,492	17,080
Total all other governmental funds	\$ 22,486	\$ 22,488	\$ 22,490	\$ 22,492	\$ 23,080

TOWN OF BRIDGEWATER, VIRGINIA

Table 5
Page 1

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
General property taxes	\$ 593,960	\$ 611,129	\$ 631,407	\$ 462,608	\$ 282,099	\$ 290,738	\$ 308,647	\$ 378,597	\$ 362,019	\$ 388,218
Other local taxes	1,630,253	1,645,885	1,719,089	1,942,549	2,236,256	2,387,441	2,566,997	2,870,792	2,954,679	3,078,021
Permits and other licenses	3,499	6,510	26,340	27,507	29,422	10,719	9,603	19,894	21,671	26,489
Fines and forfeitures	41,814	25,907	39,533	53,546	41,849	24,920	21,328	19,628	109,152	81,375
Use of money and property	92,345	96,141	100,451	118,344	105,268	100,597	141,047	309,471	346,910	338,553
Charges for services	56,976	114,967	129,937	142,934	252,165	170,738	313,422	376,468	402,146	332,768
Miscellaneous	56,833	26,134	42,082	138,628	74,383	296,476	114,015	50,972	130,283	64,047
Intergovernmental	1,557,589	1,186,880	1,529,237	1,454,230	967,039	2,702,177	5,252,649	3,574,318	3,615,394	2,527,188
Total revenues	4,033,269	3,713,553	4,218,076	4,340,346	3,988,481	5,983,806	8,727,708	7,600,140	7,942,254	6,836,659
Expenditures:										
General government administration	760,492	771,999	821,438	806,421	896,691	969,962	1,058,567	1,136,400	1,168,942	1,289,968
Public safety	953,365	769,232	815,321	817,721	827,959	832,439	1,090,701	1,088,201	1,194,130	1,346,043
Public works	2,273,855	2,492,724	2,285,238	3,104,722	1,893,947	3,572,196	4,191,432	2,838,535	3,229,880	2,168,523
Parks, recreation and cultural	1,515,081	745,407	960,286	943,186	711,094	1,016,986	775,087	879,018	1,727,811	1,113,190
Community and economic development	137,385	150,315	232,991	191,048	181,665	171,916	535,707	424,580	295,701	349,360
Sipe Center	-	-	-	-	154,004	146,341	356,844	345,992	384,786	368,811
Debt service:										
Principal	164,155	230,147	166,847	340,755	252,917	520,207	245,240	288,585	263,089	244,152
Interest and fiscal charges	48,165	57,953	55,892	94,422	98,740	110,776	101,184	93,594	87,161	85,564
Total expenditures	5,852,498	5,217,777	5,338,013	6,298,275	5,017,017	7,340,823	8,354,762	7,094,905	8,351,500	6,965,611
Revenues under expenditures	(1,819,229)	(1,504,224)	(1,119,937)	(1,957,929)	(1,028,536)	(1,357,017)	372,946	505,235	(409,246)	(128,952)
Other financing sources (uses):										
Sale of capital asset	590,722	-	-	-	-	-	-	-	337,333	-
Issuance of SBITAs	-	-	-	-	-	-	-	33,318	12,790	36,312
Transfers in	618,780	841,971	1,211,971	752,450	758,964	585,395	273,373	970,924	901,408	1,289,776
Transfers out	(101,994)	(133,699)	(75,165)	(4,931)	-	-	(239,918)	(798,032)	(151,887)	-
Refunding bonds issued	-	-	-	-	-	1,319,504	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(1,290,973)	-	-	-	-
Issuance of debt	544,000	-	285,000	1,400,000	186,151	1,210,849	-	-	-	44,006
Total other financing sources, net	1,651,508	708,272	1,421,806	2,147,519	945,115	1,824,775	33,455	206,210	1,099,644	1,370,094
Net change in fund balances	\$ (167,721)	\$ (795,952)	\$ 301,869	\$ 189,590	\$ (83,421)	\$ 467,758	\$ 406,401	\$ 711,445	\$ 690,398	\$ 1,241,142

TOWN OF BRIDGEWATER, VIRGINIA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ 212,320	\$ 288,100	\$ 222,739	\$ 435,177	\$ 351,657	\$ 630,983	\$ 346,424	\$ 382,179	\$ 350,250	\$ 329,716
Total expenditures	\$ 5,852,498	\$ 5,217,777	\$ 5,338,013	\$ 6,298,275	\$ 5,017,017	\$ 7,340,823	\$ 8,354,762	\$ 7,094,905	\$ 8,351,500	\$ 6,965,611
Less: capital outlay	(1,398,661)	(769,033)	(648,256)	(1,453,718)	(750,779)	(764,586)	(1,607,213)	(917,554)	(1,771,588)	(957,279)
Noncapital expenditures	\$ 4,453,837	\$ 4,448,744	\$ 4,689,757	\$ 4,844,557	\$ 4,266,238	\$ 6,576,237	\$ 6,747,549	\$ 6,177,351	\$ 6,579,912	\$ 6,008,332
Debt service as a percentage of noncapital expenditures	4.77%	6.48%	4.75%	8.98%	8.24%	9.59%	5.13%	6.19%	5.32%	5.49%

Note:

(1) The amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances 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	Meals	Right-of-way Use Fee	Business Licenses	Motor Vehicle	Cigarette	Transient Occupancy	Totals
2016	\$ 593,960	\$ 387,969	\$ 24,225	\$ 198,749	\$ 150,249	\$ 530,632	\$ 11,983	\$ 224,118	\$ 81,893	\$ 20,435	\$ -	\$ 2,224,213
2017	611,129	388,104	24,186	192,639	154,259	548,988	13,324	220,114	84,417	19,854	-	2,257,014
2018	631,407	370,722	24,106	196,399	171,849	618,979	10,362	218,755	86,338	18,294	-	2,347,211
2019	462,608	541,858	24,635	206,402	185,621	646,425	9,598	222,382	87,762	17,599	267	2,405,157
2020	282,099	755,307	23,544	235,473	147,837	709,943	21,267	232,684	90,800	17,097	2,304	2,518,355
2021	290,738	712,344	23,233	298,687	194,679	819,144	18,730	212,556	91,808	15,826	434	2,678,179
2022	308,647	735,101	23,473	298,889	189,060	930,375	31,548	235,246	100,718	20,454	2,133	2,875,644
2023	378,597	752,476	24,479	332,276	211,087	1,135,099	14,427	249,221	99,222	45,549	6,956	3,249,389
2024	362,019	778,940	24,581	386,585	230,050	1,126,257	14,453	265,976	102,763	12,339	12,735	3,316,698
2025	388,218	787,257	23,429	400,676	283,107	1,130,179	20,776	300,380	103,436	17,112	11,669	3,466,239
Change 2016-2025	-34.64%	102.92%	-3.29%	101.60%	88.43%	112.99%	73.38%	34.03%	26.31%	-16.26%	100.00%	55.84%

Note:

(1) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

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
2016	\$ 411,823,951	\$ 7,015,135	\$ 201,132,900	\$ 619,971,986	\$ 418,839,086	0.63%	\$ 0.09	\$ 418,839,086	100.00%
2017	413,540,334	7,256,522	201,203,800	622,000,656	420,796,856	0.47%	0.09	420,796,856	100.00%
2018	422,027,830	6,965,994	202,041,200	631,035,024	428,993,824	1.95%	0.085/0.09	428,993,824	100.00%
2019	442,236,400	7,342,604	203,218,700	652,797,704	449,579,004	4.80%	-	449,579,004	100.00%
2020	446,982,200	7,055,073	-	454,037,273	454,037,273	0.99%	-	454,037,273	100.00%
2021	461,634,390	7,177,666	-	468,812,056	468,812,056	3.25%	-	468,812,056	100.00%
2022	624,433,990	7,287,366	-	631,721,356	631,721,356	34.75%	-	631,721,356	100.00%
2023	633,570,690	8,720,032	-	642,290,722	642,290,722	37.00%	-	642,290,722	100.00%
2024	638,439,495	7,827,461	-	646,266,956	646,266,956	2.30%	-	646,266,956	100.00%
2025	650,320,050	8,046,166	-	658,366,216	658,366,216	2.50%	-	658,366,216	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, 2018 and 2022.
- (4) The total direct tax rate is per \$100 of assessed value.
- (5) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

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
2016	\$ 0.09	\$ 0.75	\$ -	\$0.68/0.70	\$ 2.90	\$ 2.55	\$0.77/0.79	\$ 3.65	\$ 2.55
2017	0.09	0.75	-	0.70	2.90	2.55	0.79	3.65	2.55
2018	0.085/0.09	0.75	-	0.74	3.00	2.55	0.83	3.75	2.55
2019	-	0.75	-	0.74	3.00	2.55	0.74	3.75	2.55
2020	-	0.75	-	0.74	3.00	2.55	0.74	3.75	2.55
2021	-	0.75	-	0.74	3.00	2.55	0.74	3.75	2.55
2022	-	0.75	-	0.68	3.00	2.55	0.68	3.75	2.55
2023	-	0.75	-	0.68	3.00	2.55	0.68	3.75	2.55
2024	-	0.75	-	0.68	3.00	2.55	0.68	3.75	2.55
2025	-	0.75	-	0.68	3.00	2.55	0.68	3.75	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. Beginning January 1, 2019 the Town eliminated the Real Estate Tax and replaced with an increase to the Consumer Utility Tax.
- (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.

PRINCIPAL MEALS TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Meals Taxpayer	2025 Rank	2016 Rank
McDonalds	1	1
El Charro	2	2
Smiley's	3	-
Dairy Queen	4	3
Domino's	5	4
NY Flying Pizza	6	-
The Cracked Pillar	7	-
Francesco's	8	5
Sakura	9	-
Subway	10	6
Il Prosecco	-	7
Bob-A-Rea's	-	8
7-Eleven	-	9
Papa John's	-	10
Total Meals Tax	\$ 860,354	\$ 530,632

Notes:

- (1) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax. Due to this the elimination of the Real Estate tax, the Town opted to not show principal property taxpayer data for Real Estate for fiscal year 2020.
- (2) The Meals Tax Rate was 6% for fiscal years 2015 through 2019 and 7% for fiscal years 2020 through 2024.
- (3) Per State code, meals tax remittances for individual businesses are protected information and, therefore, masked in this report.

OTHER TAX RATES
Current Year and Nine Years Ago
(Unaudited)

Fiscal year June 30,	Consumer Utility - Electric			Consumer Utility - Natural Gas			Meals
	Residential	Non-Residential (first 6,300 kWh)	Non-Residential (over 6,300 kWh)	Residential	Non-Residential (first 1,225 CCF)	Non-Residential (over 1,225 CCF)	
2016	\$ 0.0142/kWh	\$ 0.0125/kWh	\$ 0.0041/kWh	\$.0251/CCF	\$.0124/CCF	\$.0057/CCF	6%
2017	0.0142/kWh	0.0125/kWh	0.0041/kWh	.0251/CCF	.0124/CCF	.0057/CCF	6%
2018	0.0142/kWh	0.0125/kWh	0.0041/kWh	.0251/CCF	.0124/CCF	.0057/CCF	6%
2019	0.0142/kWh	0.0125/kWh	0.0041/kWh	.0251/CCF	.0124/CCF	.0057/CCF	6%
2020	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%
2021	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%
2022	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%
2023	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%
2024	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%
2025	0.0284/kWh	0.0250/kWh	0.0085/kWh	.0502/CCF	.0248/CCF	.0114/CCF	7%

Notes:

- (1) The 2019 Consumer Utility - Electric and Consumer Utility - Natural Gas rates were effective as of January 1, 2019.
- (2) The 2020 Meals Tax Rate increased to 7% effective November 1, 2019.

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
2016	\$ 370,491	\$ 368,206	99.38%	\$ 2,285	\$ 370,491	100.00%
2017	373,345	369,909	99.08%	3,436	373,345	100.00%
2018	371,202	367,153	98.91%	4,049	371,202	100.00%
2019	184,881	183,511	99.26%	1,248	184,759	99.93%
2020	-	-	N/A	-	-	N/A
2021	-	-	N/A	-	-	N/A
2022	-	-	N/A	-	-	N/A
2023	-	-	N/A	-	-	N/A
2024	-	-	N/A	-	-	N/A
2025	-	-	N/A	-	-	N/A

Source: Treasurer

Note:

The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

**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 Personal Income	Debt Per Capita	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	General Bonded Debt Outstanding
	General Obligation Bonds	SBITAs Liability	General Obligation Bonds	SBITA Liability	Private Placement Notes				General Obligation Bonds		Debt Per Capita
2016	\$ 2,336,264	\$ -	\$ 630,000	\$ -	\$ 198,001	\$ 3,164,265	1.49%	\$ 537	\$ 2,336,264	0.56%	\$ 397
2017	2,106,117	-	565,445	-	153,123	2,824,685	1.23%	467	2,106,117	0.50%	348
2018	2,224,270	-	1,239,954	-	106,675	3,570,899	1.48%	589	2,224,270	0.52%	367
2019	3,283,515	-	1,868,479	-	165,509	5,317,503	2.11%	871	3,283,515	0.73%	538
2020	3,216,749	-	1,696,943	-	103,144	5,016,836	1.89%	816	3,216,749	0.71%	523
2021	3,935,922	-	1,523,808	-	65,554	5,525,284	1.90%	899	3,935,922	0.84%	641
2022	3,690,682	-	1,351,661	-	42,557	5,084,900	1.60%	823	3,690,682	0.58%	597
2023	3,436,352	98,114	1,177,894	2,066	20,265	4,734,691	N/A	707	3,436,352	0.54%	513
2024	3,221,928	62,269	1,003,476	-	-	4,287,673	N/A	650	3,221,928	0.50%	488
2025	3,077,809	42,524	883,574	11,203	-	4,015,110	N/A	588	3,077,809	0.47%	451

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.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2025
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Rockingham County, Virginia	\$ 78,654,314	4.52%	\$ 3,557,177
Town Direct Debt			<u>3,077,809</u>
Total direct and overlapping debt			<u><u>\$ 6,634,986</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.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Legal debt margin	\$ 41,883,909	\$ 42,079,686	\$ 42,899,382	\$ 44,957,900	\$ 44,957,900	\$ 46,881,206	\$ 63,172,136	\$ 59,920,537	\$ 63,843,950	\$ 65,032,005
Total net debt applicable to limit	2,336,264	2,106,117	2,224,270	3,283,515	3,283,515	3,935,922	3,690,682	3,534,466	3,284,197	3,077,809
Available legal debt margin	\$ 39,547,645	\$ 39,973,569	\$ 40,675,112	\$ 41,674,385	\$ 41,674,385	\$ 42,945,284	\$ 59,481,454	\$ 56,386,071	\$ 60,559,753	\$ 61,954,196
Total net debt applicable to the limit as a percentage of debt limit	5.58%	5.01%	5.18%	7.30%	7.30%	8.40%	5.84%	5.90%	5.14%	4.73%
Legal debt margin calculation for fiscal year 2025:			Summary of outstanding debt:							
Assessed value of real estate	<u>\$ 650,320,050</u>				Gross bonded debt		\$ 3,961,383			
Debt limit (10% of assessed value)	\$ 65,032,005				Less: enterprise debt		<u>883,574</u>			
Debt applicable to limit:							<u>\$ 3,077,809</u>			
Net direct debt outstanding	<u>3,077,809</u>									
Available legal debt margin	<u>\$ 61,954,196</u>									

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.

BOND COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Water, Sewer and Sanitation Fund						Total Coverage
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service		Totals	
				Principal	Interest		
2016	\$ 3,120,370	\$ 2,179,720	\$ 940,650	\$ 55,000	\$ 15,036	\$ 70,036	13.43
2017	3,221,945	2,365,789	856,156	64,555	19,265	83,820	10.21
2018	3,382,169	2,512,231	869,938	134,574	31,986	166,560	5.22
2019	3,249,622	2,517,731	731,891	64,555	43,548	108,103	6.77
2020	3,404,517	2,295,821	1,108,696	171,536	44,523	216,059	5.13
2021	3,283,586	2,756,513	527,073	173,135	38,459	211,594	2.49
2022	3,461,951	2,783,321	678,630	195,144	34,319	229,463	2.96
2023	3,741,128	2,557,463	1,183,665	198,074	31,717	229,791	5.15
2024	4,074,255	2,780,346	1,293,909	196,749	25,742	222,491	5.82
2025	4,381,103	2,943,992	1,437,111	125,126	22,147	147,273	9.76

Notes:

- (1) Utility service charges includes all revenues of the fund except gains on sales of capital assets, developer donated assets, capital grants, connection availability fees, and transfers in.
- (2) Operating expenses exclude depreciation, amortization, interest expense, losses on sales of capital assets, and transfers out.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Calendar Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) Unemployment Rate
2016	5,889	\$ 212,127,669	\$ 36,021	3.7%
2017	6,048	230,096,160	38,045	3.3%
2018	6,062	240,788,702	39,721	2.9%
2019	6,106	252,251,072	41,312	2.6%
2020	6,145	265,660,640	43,232	3.7%
2021	6,145	290,148,465	47,217	3.9%
2022	6,177	317,905,482	51,466	2.6%
2023	6,694	345,229,662	51,573	3.1%
2024	6,596	(4)	(4)	2.5%
2025	6,826	(4)	(4)	3.5%

Notes:

- (1) Population estimates obtained from the United States Bureau of the Census for years 2016 through 2023.
- (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 the years 2016 through 2025 from the U.S. Bureau of Labor Statistics for Rockingham County.
- (4) Information was not available.

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTIONS / PROGRAMS
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government administration:										
Legislative:										
Manager's office	3	3	3	3	3	4	4	4	4	4
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	10	10	11
Public works:										
Public works department	4	4	4	5	4	3	4	4	4	4
Maintenance	5	5	5	5	5	5	5	5	5	5
General properties	5	5	5	6	6	5	5	5	5	5
Parks, recreation and cultural	8	9	8	7	7	7	8	8	9	10.5
Community and economic development:										
Community development	0	0	0	0	0	0	0	0	0.5	0.5
Economic development	0	0	0	0	0	0	0	0	0.5	0.5
Water, Sewer and Sanitation:										
Administration	1	1	1	1	1	1	4	1	1	1
Transmission	5	5	5	5	5	5	4	2	2	2
Purification	5	5	5	5	5	5	4	4	4	4.5
Sewer maintenance	2	2	2	2	2	2	2	2	1	1
Sanitation	6	6	6	6	6	3	2	2	2	2
Stormwater	-	-	-	-	1	1	1	1	1	1
Total	56	57	56	57	57	53	55	51	52	55

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

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 units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Bridgewater, Virginia (Town) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on 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) as a basis for designing 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Finding and Response as item 2025-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying Schedule of Finding and Response. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

YBMarus, LLP

Harrisonburg, Virginia
October 27, 2025

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF FINDING AND RESPONSE

Year Ended June 30, 2025

FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

2025-001: Significant Deficiency Due to Significant Audit Adjustments

Criteria: The year-end financial statements obtained from the Town to be audited should be final and free of material misstatements.

Condition: Upon auditing the Town's year-end balances, audit entries were required to properly record year-end balances related to leases, subscriptions, pension, and OPEB.

Management provides information for year-end adjustments and management is provided all year-end audit entries, which are verified by management and posted to the Town's general ledger.

Cause: Certain year-end adjusting journal entries have historically not been made by the Town.

Effect: The necessary entries above were significant to the financial statements and were included as adjustments in order to represent the financial position of the Town more accurately.

Recommendation: The Treasurer could consider taking training courses related to pension, OPEB and lease accounting to enhance technical skills to comply with GAAP in these accounting areas.

Views of Responsible Officials: 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.

