

TOWN OF BRIDGEWATER, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024



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, 2024

TABLE OF CONTENTS

INTRODUCTORY SECTION	
Organizational Chart	1
Directory of Principal Officials	2
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	3 – 5
Management’s Discussion and Analysis	6 – 12
<i>Basic Financial Statements</i>	
Statement of net position	13
Statement of activities	14
Balance sheet – governmental funds	15
Reconciliation of the balance sheet of the governmental funds to the statement of net position	16
Statement of revenues, expenditures and changes in fund balances – governmental funds	17
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	18
Statement of revenues, expenditures and changes in fund balance – budget and actual – general fund	19
Statement of net position – proprietary funds	20
Statement of revenues, expenses and changes in fund net position – proprietary funds	21
Statement of cash flows – proprietary funds	22
Notes to financial statements	23 – 73
<i>Required Supplementary Information</i>	
Schedule of changes in the Town’s net pension liability and related ratios – Virginia Retirement System	74
Schedule of Town contributions – Virginia Retirement System	75
Notes to required supplementary information – Virginia Retirement System	76
Schedule of changes in the Town’s total OPEB liability and related ratios – Retiree Healthcare Plan	77
Schedule of employer’s share of net OPEB liability – Group Life Insurance Program	78
Schedule of employer contributions – OPEB – Group Life Insurance Program	79
Schedule of employer’s share of net OPEB liability (asset) – Virginia Local Disability Program	80
Schedule of employer contributions – OPEB – Virginia Local Disability Program	81
Notes to required supplementary information – other postemployment benefits	82 – 83

Supplementary Schedules

Schedule of revenues, expenditures and changes in fund balance – general fund	84
Schedule of revenues – budget and actual – general fund	85 – 86
Schedule of expenditures – budget and actual – general fund	87 – 90
Schedule of capital outlays	91 – 92
Schedule of taxes receivable	93
Schedule of revenues and expenses – proprietary fund type	94
Schedule of revenues and expenses – actual and rate per 1,000 gallons – proprietary fund type – water and sewer departments	95
Statement of net position – discretely presented component unit – Industrial Development Authority	96
Schedule of revenues, expenses and changes in net position – discretely presented component unit – Industrial Development Authority	97
Statement of cash flows – discretely presented component unit – Industrial Development Authority	98
Statement of net position – discretely presented component unit – Sipe Center Live	99
Schedule of revenues, expenses and changes in net position – discretely presented component unit – Sipe Center Live	100
Statement of cash flows – discretely presented component unit – Sipe Center Live	101

STATISTICAL SECTION

Tables

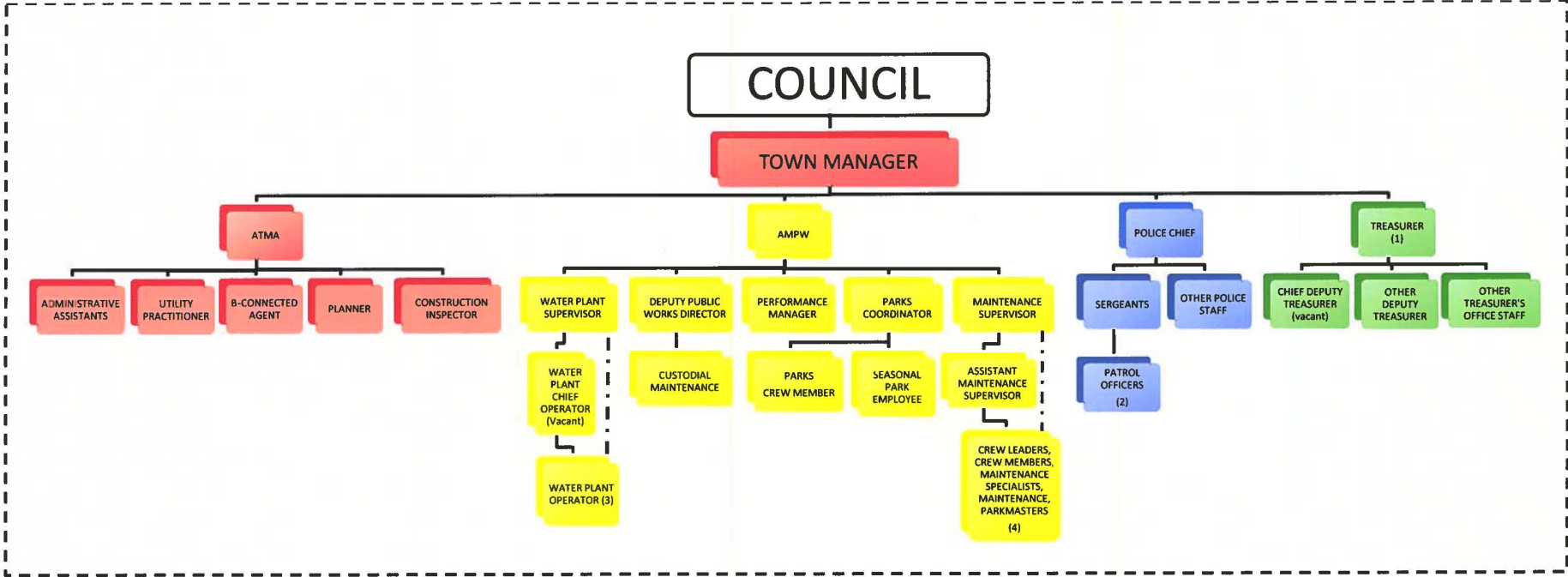
1	Net position/assets by component	102
2	Changes in net position/assets	103 – 104
3	Program revenues by function/program	105
4	Fund balances – governmental funds	106
5	Changes in fund balances – governmental funds	107 – 108
6	Tax revenues by source – governmental funds	109
7	Assessed value and estimated actual value of taxable property	110
8	Direct and overlapping property tax rates	111
9	Principal meals taxpayers	112
10	Other tax rates	113
11	Real property tax levies and collections	114
12	Ratios of outstanding debt by type and general bonded debt outstanding	115
13	Direct and overlapping governmental activities debt	116
14	Legal debt margin information	117
15	Bond coverage	118
16	Demographic and economic statistics	119
17	Full-time equivalent Town government employees by functions/programs	120

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	121
Notes to the Schedule of Expenditures of Federal Awards	122
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 <i>GOVERNMENT AUDITING STANDARDS</i>	123 – 124
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	125 – 127
Schedule of Finding and Questioned Cost	128 – 129
Corrective Action Plan	130
Summary Schedule of Prior Audit Findings	131

INTRODUCTORY SECTION

ORGANIZATIONAL CHART



- (1) Treasurer reports to the Town Manager, but she has other reporting duties also. See Employment Manual.
- (2) Patrol officers report to a Sergeant depending on their squad.
- (3) Water Plant Operators report directly to the Water Plant Supervisor in the absence of the WTP Chief Operator.
- (4) Crew leaders, crew members, parkmasters, and maintenance specialists report to the Maintenance Supervisor in the absence of the Assistant Maintenance Supervisor.

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
Jane Z. Fulk	Larry A. Elkins
Jeff Carr	Debbie S. Byerly
Nicholas Koger	

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 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, 2024, 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, 2024, 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 74-83, 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 and the schedule of expenditures of federal awards 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 November 4, 2024 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
November 4, 2024

Town of Bridgewater, Virginia Management's Discussion and Analysis

We are pleased with our financial performance in Fiscal 2024. 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.

Therefore, it is in our interest to support our local merchants and businesses. They performed well in FY24, and maintaining their prosperity in FY25 is at the top of our agenda.

FINANCIAL HIGHLIGHTS

Total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at June 30, 2024 by approximately \$13.3 million (net position). Of the total net position, approximately \$2.4 was unrestricted surplus.

The Town's total net position increased approximately \$1.9 million from the previous year's total net position.

As of June 30, 2024, the Town's governmental funds had combined ending fund balances of approximately \$2.8 million, an increase of approximately \$690,000 in comparison with the prior year.

The Town's total long-term liabilities (excluding compensated absences, subscription liabilities, and other postemployment benefits) decreased approximately \$409,000 during fiscal year 2024 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 \$13.3 million. Most of this total, approximately 82%, 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, \$2.4 million is classified as unrestricted surplus.

The following table presents a condensed statement of net position:

<p style="text-align: center;">Table 1</p> <p style="text-align: center;">Summary Statements of Net Position</p> <p style="text-align: center;">June 30, 2024 and 2023</p>						
	Governmental Activities		Business-type Activity		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 6,355,796	\$ 6,657,487	\$ 590,933	\$ 522,951	\$ 6,946,729	\$ 7,180,438
Capital assets, net	9,921,957	9,521,108	5,196,000	4,980,834	15,117,957	14,501,942
Total assets	16,277,753	16,178,595	5,786,933	5,503,785	22,064,686	21,682,380
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefits	33,169	34,430	8,490	7,542	41,659	41,972
Pension plan	405,858	210,301	128,072	65,266	533,930	275,567
Deferred charge on refunding	20,923	22,825	-	-	20,923	22,825
Total deferred outflows of resources	459,950	267,556	136,562	72,808	596,512	340,364
LIABILITIES						
Current and other liabilities	1,968,144	3,259,320	282,469	417,067	2,250,613	3,676,387
Long-term liabilities	3,821,769	3,614,865	1,119,171	1,103,591	4,940,940	4,718,456
Total liabilities	5,789,913	6,874,185	1,401,640	1,520,658	7,191,553	8,394,843
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefits	128,959	167,540	39,929	49,428	168,888	216,968
Leases related	1,844,860	1,591,908	-	-	1,844,860	1,591,908
Pension plan	155,897	365,128	49,195	113,315	205,092	478,443
Total deferred inflows of resources	2,129,716	2,124,576	89,124	162,743	2,218,840	2,287,319
NET POSITION						
Net investment in capital assets	6,658,713	6,009,467	4,192,524	3,780,609	10,851,237	9,790,076
Restricted	32,506	22,490	1,477	-	33,983	22,490
Unrestricted	2,126,855	1,415,433	238,730	112,583	2,365,585	1,528,016
Total net position	\$ 8,818,074	\$ 7,447,390	\$ 4,432,731	\$ 3,893,192	\$ 13,250,805	\$ 11,340,582

Statement of Activities

Governmental Activities

Revenues: For the fiscal year ended June 30, 2024, revenue from governmental activities totaled \$8.3 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 the tennis, golf and skating. For the current fiscal year, a large source of revenue came from grants related to VDOT funded projects and the COVID-19 pandemic, specifically ARPA funding.

Expenses: Expenses for governmental activities, including interest on debt service, totaled \$7.7 million. As the table indicates, Parks, recreation and cultural, and Public Works, which together comprise about 53% 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, 2024:

Table 2
Changes in Net Position
Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 532,969	\$ 415,990	\$ 4,197,806	\$ 3,866,455	\$ 4,730,775	\$ 4,282,445
Operating grants and contributions	1,002,916	2,241,492	-	-	1,002,916	2,241,492
Capital grants and contributions	2,450,458	1,160,805	264,574	451,986	2,715,032	1,612,791
Total program revenues	3,986,343	3,818,287	4,462,380	4,318,441	8,448,723	8,136,728
General revenues:						
General property taxes	369,019	385,597	-	-	369,019	385,597
Other local taxes	2,954,679	2,870,792	-	-	2,954,679	2,870,792
Intergovernmental, non-categorical aid	163,124	172,021	-	-	163,124	172,021
Use of money and property	346,910	309,471	-	-	346,910	309,471
Miscellaneous	467,616	50,972	77,106	53,815	544,722	104,787
Total general revenues	4,301,348	3,788,853	77,106	53,815	4,378,454	3,842,668
Total revenues	8,287,691	7,607,140	4,539,486	4,372,256	12,827,177	11,979,396
Expenses:						
General government administration	1,489,644	1,155,740	-	-	1,489,644	1,155,740
Public safety	1,154,443	1,022,073	-	-	1,154,443	1,022,073
Public works	2,547,924	2,354,529	-	-	2,547,924	2,354,529
Parks, recreation and cultural	1,494,704	922,723	-	-	1,494,704	922,723
Community and economic development	504,093	388,125	-	-	504,093	388,125
Sipe Center	387,839	328,567	-	-	387,839	328,567
Interest	87,881	94,419	-	-	87,881	94,419
Water, sewer and sanitation	-	-	3,126,233	2,833,381	3,126,233	2,833,381
Stormwater management	-	-	124,193	162,983	124,193	162,983
Total expenses	7,666,528	6,266,176	3,250,426	2,996,364	10,916,954	9,262,540
Changes in net position before transfers	621,163	1,340,964	1,289,060	1,375,892	1,910,223	2,716,856
Transfers	749,521	172,892	(749,521)	(172,892)	-	-
Change in net position	1,370,684	1,513,856	539,539	1,203,000	1,910,223	2,716,856
Net position, beginning	7,447,390	5,933,534	3,893,192	2,690,192	11,340,582	8,623,726
Net position, ending	\$ 8,818,074	\$ 7,447,390	\$ 4,432,731	\$ 3,893,192	\$ 13,250,805	\$ 11,340,582

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 2024, total operating and non-operating revenues amounted to \$4.5 million, which is an increase of approximately \$167,000 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 \$3.3 million for fiscal year 2024. This is an increase of approximately \$245,000 from the previous year. Change in net position before transfers was \$1.3 million in fiscal year 2024, compared to \$1.4 million in fiscal year 2023, a decrease of approximately \$87,000.

The business-type activities' net position increased approximately \$540,000 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 \$118,000 resulting in an unassigned balance of approximately \$1.5 million. Committed funds, those implemented by the FY19 Fund Balance Policy, increased by approximately \$523,000.

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, 2024, the unrestricted net position for the enterprise funds totaled about \$240,000, which is an increase of approximately \$127,000 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, actual revenues were more than budgeted revenues by \$455,000. Expenditures were more than budgeted amounts by \$367,000. The excess revenue can partially be accounted for by the sale of vehicles and materials not budgeted for along with unrecognized VDOT reimbursements. The excess expenditures can be accounted for by year end accruals, included paving that was expensed in the budget year but not paid until the following year.

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 2024 totaled approximately \$2.4 million. The additions can be attributed largely to the purchase of land on Main Street, the completion of several parks and park connectors (Veterans Park and Riverwalk Phase II), the purchase of multiple vehicles and pieces of equipment primarily for the public works department and the completion of a permeable paver parking lot.

Table 3
Changes in Capital Assets
Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Capital assets not being depreciated:						
Land and easements	\$ 2,868,631	\$ 3,000,383	\$ 867,542	\$ 847,542	\$ 3,736,173	\$ 3,847,925
Construction in progress	33,476	724,835	254,819	-	288,295	724,835
Total capital assets not being depreciated	2,902,107	3,725,218	1,122,361	847,542	4,024,468	4,572,760
Capital assets being depreciated or amortized:						
Buildings and improvements	7,357,275	6,608,364	1,065,512	1,046,187	8,422,787	7,654,551
Distribution and collection system	-	-	4,174,808	4,174,808	4,174,808	4,174,808
Equipment	1,652,323	1,362,247	3,193,898	3,180,887	4,846,221	4,543,134
Software	53,970	53,970	216,500	216,500	270,470	270,470
Infrastructure	1,630,945	1,244,706	134,509	134,509	1,765,454	1,379,215
Right-to-use subscription assets	205,219	192,429	4,081	4,081	209,300	196,510
Vehicles	794,351	555,458	1,151,700	899,090	1,946,051	1,454,548
Total capital assets being depreciated or amortized	11,694,083	10,017,174	9,941,008	9,656,062	21,635,091	19,673,236
Less accumulated depreciation and amortization:						
Buildings and improvements	2,638,388	2,375,245	897,384	888,458	3,535,772	3,263,703
Distribution and collection system	-	-	2,299,540	2,207,894	2,299,540	2,207,894
Equipment	909,798	850,061	1,846,063	1,756,062	2,755,861	2,606,123
Software	53,970	53,970	108,250	36,083	162,220	90,053
Infrastructure	517,879	469,952	24,390	19,406	542,269	489,358
Vehicles	437,401	424,334	687,661	612,827	1,125,062	1,037,161
Right-to-use subscription assets	116,797	47,722	4,081	2,040	120,878	49,762
Total accumulated depreciation and amortization	4,674,233	4,221,284	5,867,369	5,522,770	10,541,602	9,744,054
Total capital assets being depreciated or amortized, net	7,019,850	5,795,890	4,073,639	4,133,292	11,093,489	9,929,182
Capital assets, net	\$ 9,921,957	\$ 9,521,108	\$ 5,196,000	\$ 4,980,834	\$ 15,117,957	\$ 14,501,942

LONG-TERM DEBT

As of June 30, 2024, the Town's long-term liabilities, exclusive of compensated absences net pension liability and other postemployment benefits, totaled \$3.2 million for governmental activities. Additionally, \$1.0 million 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 \$61 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, 2024 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
6,596	\$ 638,439,495	\$ 3,284,197	0.0050	\$ 498

The net bonded debt decreased approximately \$250,000, which correlates to a decrease in debt per capita of \$15.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Our perspective on the national economy is no better than anyone else's. Hiring employees and contractors is *still* difficult, which is an inconvenience but indicates that there is little unused capacity in the economy. Inflation and interest rates appear to be settling down with the end of COVID-era spending programs. We hope for some continued reduction in interest rates, because we may find ourselves financing a significant capital project in FY25.

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, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority	Sipe Center Live
ASSETS					
Cash and cash equivalents	\$ 3,197,091	\$ -	\$ 3,197,091	\$ 18,460	\$ 50,568
Receivables, net:					
Property taxes	6,826	-	6,826	-	-
Trade and other accounts	88,251	590,563	678,814	-	-
Due from other governments	471,657	-	471,657	-	-
Lease receivables	1,931,289	-	1,931,289	55,472	-
Restricted investment	22,492	-	22,492	-	-
Restricted cash and cash equivalents	635,677	-	635,677	-	-
Net other post employment benefits	2,513	370	2,883	-	-
Capital assets:					
Land	2,860,231	867,542	3,727,773	303,247	-
Land easements	8,400	-	8,400	-	-
Buildings and improvements	7,357,275	1,065,512	8,422,787	407,886	-
Infrastructure	1,630,945	134,509	1,765,454	-	-
Distribution and collection systems	-	4,174,808	4,174,808	-	-
Equipment	1,652,323	3,193,898	4,846,221	30,105	-
Software	53,970	216,500	270,470	-	-
Vehicles	794,351	1,151,700	1,946,051	-	-
Construction in progress	33,476	254,819	288,295	-	-
Right-to-use subscription assets	205,219	4,081	209,300	-	-
Less: accumulated depreciation and amortization	(4,674,233)	(5,867,369)	(10,541,602)	(119,894)	-
Total assets	16,277,753	5,786,933	22,064,686	695,276	50,568
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits	33,169	8,490	41,659	-	-
Pension plan	405,858	128,072	533,930	-	-
Deferred charge on refunding	20,923	-	20,923	-	-
Total deferred outflows of resources	459,950	136,562	596,512	-	-
LIABILITIES					
Accounts and deposits payable	488,964	110,847	599,811	-	-
Accrued payroll and benefits	107,119	30,476	137,595	-	-
Accrued interest	12,067	6,310	18,377	5,768	-
Unearned revenue	1,081,550	-	1,081,550	4,500	-
Noncurrent liabilities:					
Due within one year:					
Subscription liabilities	30,948	-	30,948	-	-
Bonds payable	191,206	120,359	311,565	19,870	-
Compensated absences	56,290	14,477	70,767	-	-
Due in more than one year:					
Subscription liabilities	31,321	-	31,321	-	-
Bonds payable	3,030,692	883,117	3,913,809	394,906	-
Compensated absences	37,527	9,651	47,178	-	-
Net pension liability	620,947	195,945	816,892	-	-
Other postemployment benefits	101,282	30,458	131,740	-	-
Total liabilities	5,789,913	1,401,640	7,191,553	425,044	-
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	128,959	39,929	168,888	-	-
Lease related	1,844,860	-	1,844,860	54,933	-
Pension plan	155,897	49,195	205,092	-	-
Total deferred inflows of resources	2,129,716	89,124	2,218,840	54,933	-
NET POSITION					
Net investment in capital assets	6,658,713	4,192,524	10,851,237	206,568	-
Restricted:					
Net other post employment benefits	2,513	370	2,883	-	-
Nonexpendable trust principal	6,000	-	6,000	-	-
Cemetery maintenance	16,492	-	16,492	-	-
Unrestricted	2,134,356	239,837	2,374,193	8,731	50,568
Total net position	\$ 8,818,074	\$ 4,432,731	\$ 13,250,805	\$ 215,299	\$ 50,568

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position									
		Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority	Sipe Center Live
Entity/Functions/Programs	Expenses								
Primary government:									
Governmental activities:									
General government administration	\$ 1,489,644	\$ 16,975	\$ 282	\$ -	\$ (1,472,387)	\$ -	\$ (1,472,387)	\$ -	\$ -
Public safety	1,154,443	109,152	242,858	-	(802,433)	-	(802,433)	-	-
Public works	2,547,924	4,696	539,639	2,304,140	300,551	-	300,551	-	-
Parks, recreation and cultural	1,494,704	173,903	220,094	46,318	(1,054,389)	-	(1,054,389)	-	-
Community and economic development	504,093	-	18	100,000	(404,075)	-	(404,075)	-	-
Sipe Center	387,839	228,243	25	-	(159,571)	-	(159,571)	-	-
Interest	87,881	-	-	-	(87,881)	-	(87,881)	-	-
Total governmental activities	7,666,528	532,969	1,002,916	2,450,458	(3,680,185)	-	(3,680,185)	-	-
Business-type activities:									
Water, sewer and sanitation	3,126,233	4,015,664	-	264,574	-	1,154,005	1,154,005	-	-
Stormwater management	124,193	182,142	-	-	-	57,949	57,949	-	-
Total business-type activities	3,250,426	4,197,806	-	264,574	-	1,211,954	1,211,954	-	-
Total primary government	\$ 10,916,954	\$ 4,730,775	\$ 1,002,916	\$ 2,715,032	(3,680,185)	1,211,954	(2,468,231)	-	-
Component Units:									
Industrial Development Authority	\$ 48,113	\$ 5,893	\$ -	\$ 223,500	-	-	-	181,280	-
Sipe Center Live	\$ 21,547	\$ -	\$ -	\$ -	-	-	-	-	(21,547)
General revenues:									
Taxes:									
General property taxes					369,019	-	369,019	-	-
Other local taxes:									
Consumer utility					778,940	-	778,940	-	-
Meals					1,126,257	-	1,126,257	-	-
Local sales and use					386,585	-	386,585	-	-
Business license					265,976	-	265,976	-	-
Bank stock					230,050	-	230,050	-	-
Other					166,871	-	166,871	-	-
Intergovernmental, non-categorical aid					163,124	-	163,124	-	-
Use of money and property					346,910	-	346,910	19,887	-
Miscellaneous					467,616	77,106	544,722	-	700
Transfers					749,521	(749,521)	-	-	-
Total general revenues and transfers, net					5,050,869	(672,415)	4,378,454	19,887	700
Change in net position									
Net position, beginning					1,370,684	539,539	1,910,223	201,167	(20,847)
					7,447,390	3,893,192	11,340,582	14,132	71,415
Net position, ending	\$ 8,818,074	\$ 4,432,731	\$ 13,250,805					\$ 215,299	\$ 50,568

TOWN OF BRIDGEWATER, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS June 30, 2024

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,197,091	\$ -	\$ 3,197,091
Receivables, net of allowances for uncollectible amounts:			
Property taxes	6,826	-	6,826
Trade and other accounts	88,251	-	88,251
Due from other governments	471,657	-	471,657
Lease receivables	1,931,289	-	1,931,289
Restricted investment	-	22,492	22,492
Restricted cash and cash equivalents	635,677	-	635,677
Total assets	\$ 6,330,791	\$ 22,492	\$ 6,353,283
LIABILITIES			
Accounts and deposits payable	\$ 488,964	\$ -	\$ 488,964
Accrued payroll and benefits	107,119	-	107,119
Unearned revenue	1,081,550	-	1,081,550
Total liabilities	1,677,633	-	1,677,633
DEFERRED INFLOWS OF RESOURCES			
Lease related	1,844,860	-	1,844,860
Unavailable revenue - property taxes	24,000	-	24,000
Total deferred inflows of resources	1,868,860	-	1,868,860
FUND BALANCES			
Nonspendable:			
Permanent fund principal	-	6,000	6,000
Restricted for:			
Cemetery maintenance	-	16,492	16,492
Assigned:			
Wellness quarter	50,318	-	50,318
Committed:			
Tactical reserve	413,030	-	413,030
Strategic reserve	826,061	-	826,061
Unassigned	1,494,889	-	1,494,889
Total fund balances	2,784,298	22,492	2,806,790
Total liabilities, deferred inflows of resources and fund balances	\$ 6,330,791	\$ 22,492	\$ 6,353,283

TOWN OF BRIDGEWATER, VIRGINIA

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

June 30, 2024

	Governmental Funds	
Total fund balances - governmental funds	\$ 2,806,790	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 14,596,190	
Less: accumulated depreciation and amortization	(4,674,233)	
Net capital assets		9,921,957
Net other postemployment benefits asset		2,513
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.		
Pension plan	405,858	
Other postemployment benefits	33,169	
Deferred charge on refunding	20,923	
		459,950
Other long-term assets are not available to fund current expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		24,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(3,221,898)	
Compensated absences	(93,817)	
Subscription liabilities	(62,269)	
Interest payable	(12,067)	
Net pension liability	(620,947)	
Other postemployment benefits liability	(101,282)	
		(4,112,280)
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.		
Pension plan	(155,897)	
Other postemployment benefits	(128,959)	
		(284,856)
Net position of governmental activities	\$ 8,818,074	

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2024

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
Revenues:			
General property taxes	\$ 362,019	\$ -	\$ 362,019
Other local taxes	2,954,679	-	2,954,679
Permits and other licenses	21,671	-	21,671
Fines and forfeitures	109,152	-	109,152
Use of money and property	346,908	2	346,910
Charges for services	402,146	-	402,146
Miscellaneous	467,616	-	467,616
Intergovernmental	3,615,394	-	3,615,394
Total revenues	8,279,585	2	8,279,587
Expenditures:			
Current:			
General government administration	1,168,942	-	1,168,942
Public safety	1,194,130	-	1,194,130
Public works	3,229,880	-	3,229,880
Parks, recreation and cultural	1,727,811	-	1,727,811
Community and economic development	295,701	-	295,701
Sipe Center	384,786	-	384,786
Debt service:			
Principal	263,089	-	263,089
Interest	87,161	-	87,161
Total expenditures	8,351,500	-	8,351,500
Excess (deficiency) of revenues over (under) expenditures	(71,915)	2	(71,913)
Other financing sources (uses):			
Issuance of subscriptions	12,790	-	12,790
Transfers in	901,408	-	901,408
Transfers out	(151,887)	-	(151,887)
Total other financing sources, net	762,311	-	762,311
Net change in fund balances	690,396	2	690,398
Fund balances, beginning	2,093,902	22,490	2,116,392
Fund balances, ending	\$ 2,784,298	\$ 22,492	\$ 2,806,790

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, 2024

	Governmental Funds	
Net change in fund balance - total governmental funds	\$ 690,398	
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	\$ 1,771,588	
Less: depreciation and amortization expense	<u>(555,935)</u>	
Excess of capital outlays over depreciation and amortization		1,215,653
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(814,804)
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	7,000	
OPEB non-employer contributions from the Commonwealth	<u>1,104</u>	
		8,104
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	(12,790)	
Principal repayments:		
Subscriptions	48,635	
General obligation bonds	<u>214,454</u>	
		250,299
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	1,182	
Amortization of deferred charge on refunding	(1,902)	
Compensated absences	(4,580)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(16,786)	
Changes in OPEB asset/liabilities and related deferred outflows and inflows of resources	<u>43,120</u>	
		<u>21,034</u>
Change in net position of governmental activities	\$ 1,370,684	

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

Year Ended June 30, 2024

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 384,900	\$ 352,400	\$ 362,019	\$ 9,619
Other local taxes	2,898,850	2,898,850	2,954,679	55,829
Permits and other licenses	14,400	21,400	21,671	271
Fines and forfeitures	16,300	96,300	109,152	12,852
Use of money and property	169,000	294,000	346,908	52,908
Charges for services	407,600	407,600	402,146	(5,454)
Miscellaneous	22,900	322,900	467,616	144,716
Intergovernmental	2,578,689	3,431,162	3,615,394	184,232
Total revenues	6,492,639	7,824,612	8,279,585	454,973
Expenditures:				
Current:				
General government administration	1,495,586	1,495,586	1,168,942	(326,644)
Public safety	1,162,881	1,162,881	1,194,130	31,249
Public works	2,006,305	3,159,228	3,229,880	70,652
Parks, recreation and cultural	1,000,328	1,145,378	1,727,811	582,433
Community and economic development	364,932	364,932	295,701	(69,231)
Sipe Center	358,986	358,986	384,786	25,800
Debt service:				
Principal	207,869	207,869	263,089	55,220
Interest and fiscal charges	89,994	89,994	87,161	(2,833)
Total expenditures	6,686,881	7,984,854	8,351,500	366,646
Excess (deficiency) of revenues over (under) expenditures	(194,242)	(160,242)	(71,915)	88,327
Other financing sources (uses):				
Issuance of subscriptions	-	-	12,790	12,790
Transfers in	-	-	901,408	901,408
Transfers out	-	-	(151,887)	(151,887)
Total other financing sources, net	-	-	762,311	762,311
Net change in fund balance	\$ (194,242)	\$ (160,242)	690,396	\$ 850,638
Fund balance, beginning			2,093,902	
Fund balance, ending			\$ 2,784,298	

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2024

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Business-type Activity - Stormwater Management Fund	Total Business-type Activities
ASSETS			
Current assets:			
Accounts receivable, net of allowances for uncollectible amounts	\$ 566,304	\$ 24,259	\$ 590,563
Total current assets	566,304	24,259	590,563
Noncurrent assets:			
Net other postemployment benefits	346	24	370
Capital assets:			
Land	4,600	862,942	867,542
Buildings and improvements	1,065,512	-	1,065,512
Infrastructure	-	134,509	134,509
Distribution and collection systems	4,174,808	-	4,174,808
Equipment	3,193,898	-	3,193,898
Vehicles	887,376	264,324	1,151,700
Software	216,500	-	216,500
Right-to-use subscription asset	4,081	-	4,081
Construction in progress	-	254,819	254,819
	9,546,775	1,516,594	11,063,369
Less: accumulated depreciation and amortization	(5,713,837)	(153,532)	(5,867,369)
Total capital assets	3,832,938	1,363,062	5,196,000
Total noncurrent assets	3,833,284	1,363,086	5,196,370
Total assets	4,399,588	1,387,345	5,786,933
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	8,072	418	8,490
Pension plan	123,076	4,996	128,072
Total deferred outflows of resources	131,148	5,414	136,562
LIABILITIES			
Current liabilities:			
Accounts and deposits payable	98,979	11,868	110,847
Accrued payroll and benefits	28,917	1,559	30,476
Accrued interest	6,310	-	6,310
Compensated absences	14,477	-	14,477
Bonds payable	120,359	-	120,359
Total current liabilities	269,042	13,427	282,469
Noncurrent liabilities:			
Bonds payable	883,117	-	883,117
Net pension liability	188,301	7,644	195,945
Compensated absences	9,651	-	9,651
Other postemployment benefits	29,057	1,401	30,458
Total noncurrent liabilities	1,110,126	9,045	1,119,171
Total liabilities	1,379,168	22,472	1,401,640
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	38,306	1,623	39,929
Pension plan	47,276	1,919	49,195
Total deferred inflows of resources	85,582	3,542	89,124
NET POSITION			
Net investment in capital assets	2,829,462	1,363,062	4,192,524
Net other postemployment benefits	346	24	370
Unrestricted	236,178	3,659	239,837
Total net position	\$ 3,065,986	\$ 1,366,745	\$ 4,432,731

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2024

	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	\$ 4,015,664	\$ 182,142	\$ 4,197,806
Penalties	56,898	-	56,898
Other	1,693	-	1,693
Total operating revenues	4,074,255	182,142	4,256,397
Operating expenses:			
Personal services	605,387	18,264	623,651
Fringe benefits	238,008	8,931	246,939
Materials, line repairs and other	932,964	39,149	972,113
Regional Sewer Authority assessment:			
Operations and maintenance	400,270	-	400,270
Debt service	427,546	-	427,546
Construction	176,171	-	176,171
Depreciation	321,322	57,849	379,171
Total operating expenses	3,101,668	124,193	3,225,861
Operating income	972,587	57,949	1,030,536
Nonoperating revenue (expense):			
Interest expense	(24,565)	-	(24,565)
Gain on disposal of assets	18,515	-	18,515
Connection availability fees	264,574	-	264,574
Total nonoperating revenue, net	258,524	-	258,524
Income before transfers	1,231,111	57,949	1,289,060
Transfers in	-	151,887	151,887
Transfers out	(901,408)	-	(901,408)
Change in net position	329,703	209,836	539,539
Net position, beginning	2,736,283	1,156,909	3,893,192
Net position, ending	\$ 3,065,986	\$ 1,366,745	\$ 4,432,731

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended June 30, 2024

	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	\$ 4,005,844	\$ 182,941	\$ 4,188,785
Payments to suppliers for goods and services	(2,010,595)	(29,194)	(2,039,789)
Payments to employees for services and benefits	(834,921)	(30,815)	(865,736)
Net cash provided by operating activities	1,160,328	122,932	1,283,260
Cash flows from noncapital and related financing activities:			
Transfers in (out)	(901,408)	151,887	(749,521)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(325,453)	(274,819)	(600,272)
Proceeds from the sale of capital assets	24,450	-	24,450
Connection availability fees	264,574	-	264,574
Principal paid on:			
General obligation bonds	(174,418)	-	(174,418)
Private placement note	(20,265)	-	(20,265)
Subscription liability	(2,066)	-	(2,066)
Interest paid on outstanding debt	(25,742)	-	(25,742)
Net cash used in capital and related financing activities	(258,920)	(274,819)	(533,739)
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 972,587	\$ 57,949	\$ 1,030,536
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	321,322	57,849	379,171
Changes in operating accounts:			
Decrease (increase) in accounts receivable	(68,411)	799	(67,612)
Decrease in net pension liability	131,527	2,546	134,073
Decrease (increase) in pension related deferred outflows of resources	(63,189)	382	(62,807)
Increase in OPEB related deferred outflows of resources	(530)	(418)	(948)
(Increase) decrease in accounts payable and accrued expenses	(69,553)	11,514	(58,039)
Decrease in net OPEB liability/asset	1,165	1,340	2,505
Decrease in pension related deferred inflows of resources	(7,890)	(7,420)	(15,310)
Decrease in OPEB related deferred inflows of resources	(56,700)	(1,609)	(58,309)
Net cash provided by operating activities	\$ 1,160,328	\$ 122,932	\$ 1,283,260

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. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*, that were effective for fiscal year 2024. 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, 2024. 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, 2024 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, 2024 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 fund:

Water, Sewer and Sanitation Fund

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

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.

The Town reports the following non-major enterprise fund:

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 Cash

The General Fund's restricted cash and cash equivalents includes Federal awards and grant proceeds in which cash was received before expenditures have been incurred.

5) 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)

6) 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.

7) Capital Assets

Capital assets, which include property, equipment, infrastructure, intangible assets, and 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)

7) 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

8) 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, 2024, 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)

8) Leases (Continued)

Lessor: The Town is a lessor for a noncancellable lease of a water tower, residential property, and commercial property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the Town initially measures 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 determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- 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 receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

9) 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)

9) 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.

10) Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town. Employees can earn up to 160 hours of vacation annually depending on their years of service and can accumulate up to 280 hours of vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

11) Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

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) 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.

13) 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 (must be covered by the active plan at time of retirement or disability).

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.

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)

14) 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.

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 Council adopted a resolution establishing a minimum fund balance policy effective for fiscal year 2020 and beyond. The target level of unrestricted General Fund balance would be 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.

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)

15) 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.

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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

G. Subsequent Events

The Town has evaluated subsequent events through November 4, 2024, the date on which the financial statements were available to be issued.

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 \$2,152,911, 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 27, 2024)	\$ 22,492
--	-----------

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, 2024:

- Certificate of deposit of \$22,492 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, 2024, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water, Sewer and Sanitation Fund	Stormwater Management Fund	Totals
Property taxes	\$ 16,826	\$ -	\$ -	\$ 16,826
Trade and other accounts	88,251	573,304	24,259	685,814
Gross receivables	105,077	573,304	24,259	702,640
Less allowance for uncollectable accounts	10,000	7,000	-	17,000
Net receivables	\$ 95,077	\$ 566,304	\$ 24,259	\$ 685,640

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, 2024 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 and unearned revenue reported in the General Fund and Statement of Net Position were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 24,000	\$ -
VDOT Maintenance funds	-	411,520
ARPA funds	-	663,703
Other	-	6,327
	\$ 24,000	\$ 1,081,550

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 \$4,500 at June 30, 2024.

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:

Virginia department of transportation	\$ 398,657
Local sales and communication tax	<u>73,000</u>

Total General Fund	<u>\$ 471,657</u>
---------------------------	--------------------------

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 August 31, 2031 and August 31, 2058. The Town will receive annual payments ranging from \$17,000 to \$36,000 for the towers. The Town recognized \$111,908 in lease revenue and \$41,959 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, the Town's receivable for lease payments was \$1,930,210. 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, 2024, the balance of the deferred inflow of resources was \$1,843,800.

During the current fiscal year, the Town leased residential property to a third party. The residential property is being leased for three years ending on February 28, 2025. The Town will receive monthly payments of \$1,100. The Town recognized \$12,714 in lease revenue and \$406 in interest revenue during the current fiscal year related to the lease. As of June 30, 2024, the Town's receivable for lease payments was \$8,715. Also, the Town has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. Effective May 28, 2024 the Town transferred the asset to the IDA and the lease receivable and deferred inflows is not reported with the IDA. As of June 30, 2024, the balance of the deferred inflow of resources was \$8,476.

During the current fiscal year, the component unit IDA leased commercial property to a third party. The lease was for ten years ending on May 2032; however, the lease was terminated early effective January 31, 2024. The component unit IDA was receiving monthly payments of \$3,000. The component unit IDA recognized \$19,502 in lease revenue and \$4,480 in interest revenue during the current fiscal year related to the lease.

During the current fiscal year, the component unit IDA leased commercial property to a third party. The lease is for three years ending in April 2027. The component unit IDA will receive monthly payments of \$1,500. The component unit IDA recognized \$2,893 in lease revenue and \$216 in interest revenue during the current fiscal year related to the lease. As of June 30, 2024, the component unit IDA's receivable for lease payments was \$47,838. Also, the component unit IDA has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$47,516.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,991,983	\$ 551,917	\$ (683,669)	\$ 2,860,231
Land easements	8,400	-	-	8,400
Construction in progress	724,835	33,476	(724,835)	33,476
Total capital assets, not being depreciated or amortized	3,725,218	585,393	(1,408,504)	2,902,107
Capital assets being depreciated or amortized:				
Buildings and improvements	6,608,364	621,136	127,775	7,357,275
Equipment	1,362,247	258,828	31,248	1,652,323
Software	53,970	-	-	53,970
Infrastructure	1,244,706	10,963	375,276	1,630,945
Vehicles	555,458	282,478	(43,585)	794,351
Right-to-use subscription assets	192,429	12,790	-	205,219
Total capital assets being depreciated or amortized	10,017,174	1,186,195	490,714	11,694,083
Less accumulated depreciation and amortization for:				
Buildings and improvements	2,375,245	263,143	-	2,638,388
Equipment	850,061	107,723	(47,986)	909,798
Software	53,970	-	-	53,970
Infrastructure	469,952	47,927	-	517,879
Vehicles	424,334	68,067	(55,000)	437,401
Right-to-use subscription assets	47,722	69,075	-	116,797
Total accumulated depreciation and amortization	4,221,284	555,935	(102,986)	4,674,233
Total capital assets being depreciated or amortized, net	5,795,890	630,260	593,700	7,019,850
Governmental activities capital assets, net	\$ 9,521,108	\$ 1,215,653	\$ (814,804)	\$ 9,921,957

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

Governmental activities:	
General government administration	\$ 47,736
Public safety	95,891
Public works	232,685
Community development	10,372
Parks, recreation and cultural	165,485
Sipe Center	3,766
Total depreciation and amortization expense - governmental activities	\$ 555,935

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	\$ 847,542	\$ 20,000	\$ -	\$ 867,542
Construction in progress	-	254,819	-	254,819
Total capital assets, not being depreciated	847,542	274,819	-	1,122,361
Capital assets being depreciated:				
Buildings and improvements	1,046,187	19,325	-	1,065,512
Infrastructure	134,509	-	-	134,509
Distribution and collection systems	4,174,808	-	-	4,174,808
Equipment	3,180,887	13,011	-	3,193,898
Software	216,500	-	-	216,500
Vehicles	899,090	293,117	(40,507)	1,151,700
Right-to-use subscription assets	4,081	-	-	4,081
Total capital assets being depreciated	9,656,062	325,453	(40,507)	9,941,008
Less accumulated depreciation for:				
Buildings and improvements	888,458	8,926	-	897,384
Infrastructure	19,406	4,984	-	24,390
Distribution and collection systems	2,207,894	91,646	-	2,299,540
Equipment	1,756,062	90,001	-	1,846,063
Software	36,083	72,167	-	108,250
Vehicles	612,827	109,406	(34,572)	687,661
Right-to-use subscription asset	2,040	2,041	-	4,081
Total accumulated depreciation	5,522,770	379,171	(34,572)	5,867,369
Total capital assets being depreciated, net	4,133,292	(53,718)	(5,935)	4,073,639
Business-type activities capital assets, net	\$ 4,980,834	\$ 221,101	\$ (5,935)	\$ 5,196,000

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 224,617
Sewer	74,365
Sanitation	22,340
Stormwater	57,849
Total depreciation expense and amortization - business-type activities	\$ 379,171

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	\$ 79,747	\$ 223,500	\$ -	\$ 303,247
Total capital assets, not being depreciated	79,747	223,500	-	303,247
Capital assets being depreciated:				
Buildings and improvements	407,886	-	-	407,886
Equipment	30,105	-	-	30,105
Total capital assets being depreciated	437,991	-	-	437,991
Less accumulated depreciation for:				
Buildings and improvements	84,655	11,494	-	96,149
Equipment	20,733	3,012	-	23,745
Total accumulated depreciation	105,388	14,506	-	119,894
Total capital assets being depreciated, net	332,603	(14,506)	-	318,097
Component unit - IDA capital assets, net	\$ 412,350	\$ 208,994	\$ -	\$ 621,344

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	\$ 3,436,352	\$ -	\$ (214,454)	\$ 3,221,898	\$ 191,206
Compensated absences	89,237	73,655	(69,075)	93,817	56,290
Subscription liabilities	98,114	12,790	(48,635)	62,269	30,948
Governmental activities long-term activities	\$ 3,623,703	\$ 86,445	\$ (332,164)	\$ 3,377,984	\$ 278,444

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 191,206	\$ 77,368
2026	195,191	73,058
2027	199,295	68,257
2028	204,835	63,448
2029	195,426	58,513
2030-2034	1,045,378	209,759
2035-2039	1,035,694	84,041
2040-2042	154,873	3,403
	<u>\$ 3,221,898</u>	<u>\$ 637,847</u>

General Obligation Bonds

\$1,055,000 general obligation bond, issued December 2014, due in semi-annual installments of \$19,511 to \$27,615 through December 2039, plus interest payable semi-annually at 2.29% for the first ten years then five year adjustable rate mortgage with rate caps for the remainder of the 25 year amortization. \$ 724,586

\$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%. 180,055

\$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%. 50,863

\$1,319,504 general obligation refunding bond issued October 2020, due in semi-annual installments of \$32,163 to \$44,510 through June 2038, plus interest payable semi-annually at 2.38%. 1,066,689

\$1,397,000 general obligation public improvement bond issued September 2019, due in semi-annual installments beginning April 2021 of \$29,700 to \$48,522 through October 2041, plus interest payable semi-annually at 2.49%. 1,199,705

Total General Obligation Bonds \$ 3,221,898

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 one additional subscription agreements with an initial subscription liability in the amount of \$12,789. As of June 30, 2024, the value of the subscription liability was \$62,269.

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 \$205,219 and had accumulated amortization of \$116,797.

Annual requirements to amortize subscription obligations are as follows:

Year Ending June 30,	Subscriptions	
	Principal	Interest
2025	\$ 30,948	\$ 1,613
2026	16,124	811
2027	12,507	394
2028	2,690	70
	<u>\$ 62,269</u>	<u>\$ 2,888</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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	\$ 1,177,894	\$ -	\$ (174,418)	\$ 1,003,476	\$ 120,359
Private placement note	20,265	-	(20,265)	-	-
	1,198,159	-	(194,683)	1,003,476	120,359
Compensated absences	26,993	29,340	(32,205)	24,128	14,477
Subscription liability	2,066	-	(2,066)	-	-
Business-type activities long-term liabilities	\$ 1,227,218	\$ 29,340	\$ (228,954)	\$ 1,027,604	\$ 134,836

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 120,359	\$ 21,204
2026	121,180	18,603
2027	122,018	15,755
2028	121,433	12,889
2029	53,724	10,892
2030-2034	282,318	31,470
2035-2038	182,444	6,907
	\$ 1,003,476	\$ 117,720

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%. \$ 113,780

\$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%. 278,637

\$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%. 611,059

Total bonded debt **\$ 1,003,476**

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

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	\$ 433,706	\$ -	\$ (18,930)	\$ 414,776	\$ 19,870
Component Unit - IDA long-term liabilities	\$ 433,706	\$ -	\$ (18,930)	\$ 414,776	\$ 19,870

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 19,870	\$ 14,103
2026	20,576	13,598
2027	21,306	12,867
2028	22,029	12,144
2029	22,844	11,329
2030-2034	126,947	43,919
2035-2039	118,767	19,724
2040	62,437	650
	\$ 414,776	\$ 128,334

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 \$3,955 to \$6,688 through December 2039, plus interest payable semi-annually at 3.47% for the first ten years then adjustable rate mortgage with rate caps for the remaining 15 years. The rate cap will not exceed a 2.0% adjustment at each five year period. This debt is guaranteed by the Town.

\$ 162,413

\$340,000 general obligation bond, issued April 2015, due in semi-annual installments of \$5,874 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.

252,363

\$ 414,776

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 \$39.8 million at December 31, 2023 (most recent balance available).

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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	38
Inactive members:	
Vested	11
Non-vested	52
Active elsewhere in VRS	40
Active members	41
Total covered employees	182

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, 2024 was 10.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$257,243 and \$240,122 for the years ended June 30, 2024 and 2023, respectively.

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, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, 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, 2023.

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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 (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
Balances at June 30, 2022	\$ 12,524,253	\$ 12,263,007	\$ 261,246
Changes for the Year:			
Service cost	266,915	-	266,915
Interest	838,269	-	838,269
Difference between expected and actual experience	580,738	-	580,738
Contributions – employer	-	240,122	(240,122)
Contributions – employee	-	116,646	(116,646)
Net investment income	-	781,150	(781,150)
Benefit payments, including refunds of employee contributions	(744,726)	(744,726)	-
Administrative expense	-	(7,955)	7,955
Other	-	313	(313)
Net changes	941,196	385,550	555,646
Balances at June 30, 2023	\$ 13,465,449	\$ 12,648,557	\$ 816,892

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

I. Sensitivity of the Net Pension Liability (Asset) 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 (asset)	\$ 2,653,890	\$ 816,892	\$ (651,262)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$281,176. At June 30, 2024, 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	\$ 276,687	\$ (9,154)
Net difference between projected and actual earnings on pension plan investments	-	(195,938)
Employer contributions subsequent to the measurement date	257,243	-
Total	\$ 533,930	\$ (205,092)

The \$257,243 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ 126,141
2026	(237,885)
2027	176,688
2028	6,651
	<u>\$ 71,595</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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2023-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 three OPEB plans, the Medical Insurance Program, the Group Life Insurance, and the Virginia Local Disability Program. As of and for the year ended June 30, 2024, the three 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
Retiree Healthcare Plan	\$ 1,255	\$ -	\$ 131,522	\$ (34,145)
Group Life Insurance Program	130,485	30,569	34,883	1,326
Virginia Local Disability Program	(2,883)	11,090	2,483	7,173
	<u>\$ 128,857</u>	<u>\$ 41,659</u>	<u>\$ 168,888</u>	<u>\$ (25,646)</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 is a full-time employee who retires directly from the Town who has completed at least 25 years of service with the Town.
- The employee has attained the age of 65 with at least 20 years of service with the Town.
- The employee retires before January 1, 2022.
- 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 have access to the Town's medical plan offerings.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

A. Plan Description (Continued)

Covered employees: All full-time employees (must be covered by the active plan at time of retirement or disability)

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. Employees Covered by Benefit Terms

At July 1, 2022 (the valuation date), the following employees were covered by benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefits	8
Active	0
Total	8

C. Total OPEB Liability

The Town's total OPEB liability is reported herein as of June 30, 2024 for the employer fiscal year and reporting period of July 1, 2023 to June 30, 2024. The values shown for this fiscal year and reporting period are based on a measurement date of June 30, 2024. The measurement of the total OPEB liability is based on a valuation date July 1, 2022.

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	2.50%
Discount rate	3.93%, based on the Bond Buy 20-year Bond GO Index as of June 30, 2022
Inflation rate	2.50%
Salary scale	4.75%, average, including inflation
Healthcare cost trend assumption	Pre-65: 5.90% in 2022 graded to 3.90% in 2072 Post-65: 5.30% in 2022 graded to 3.90% in 2073
Actuarial cost method	Entry Age Normal, Level Percentage of Pay

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates

Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Post-Disablement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

E. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 1,893
Changes for the year:	
Effect of plan changes	56
Effect of assumptions changes or inputs	(1)
Benefit payments	(693)
Net changes	(638)
Balance at June 30, 2023	\$ 1,255

F. Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following presents the Town's total OPEB liability, calculated using the discount rate of 3.93%. It also presents what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower (2.93%) and one percentage point higher (4.93%) than the current rate.

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 1,265	\$ 1,255	\$ 1,244

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

G. Sensitivity of the Total OPEB Liability and Changes in the Healthcare Cost Trend Rates

The following presents the Town's total OPEB liability, calculated using the current healthcare trend rates. It also presents what the Town's total OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,220	\$ 1,255	\$ 1,289

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Components of the Town's Medical OPEB expense for the fiscal year ended June 30, 2024 follow:

Description	Amount
Interest on total OPEB liability	\$ 56
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(11,175)
Recognition of assumption changes or inputs	(23,026)
	<u>\$ (34,145)</u>

At June 30, 2024, the Town reported deferred inflows of resources related to the Medical OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ (48,056)
Changes in assumptions	(83,466)
	<u>\$ (131,522)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to the Medical OPEB will be recognized in the Medical OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ (32,908)
2026	(29,882)
2027	(29,882)
2028	(29,882)
2029	(8,968)
	<u>\$ (131,522)</u>

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	
Eligible Employees	
The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.	
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.	
Benefit Amounts	
The benefits payable under the GLI have several components.	
<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	
Reduction in Benefit Amounts	
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.	

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 \$9,254 as of June 30, 2024.

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2024 was 0.54% 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, 2022. 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 \$14,748 and \$13,842 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the Statement of Activities as follows, General Government \$282, Public Safety \$358, Public Works \$276, Park, Recreation and Cultural \$145, Community and Economic Development \$18 and Sipe Center \$25 and on page 18 totaling \$1,104.

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

At June 30, 2024, the Town reported a liability of \$130,485 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.01088% as compared to 0.01101% at June 30, 2022.

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, 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, 2024, the participating employer recognized GLI OPEB expense of \$1,326. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, 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	\$ 13,032	\$ (3,961)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(5,244)
Change in assumptions	2,789	(9,041)
Changes in proportionate share	-	(16,637)
Employer contribution subsequent to the measurement date	14,748	-
Total	\$ 30,569	\$ (34,883)

The \$14,748 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, 2025. 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
2025	\$ (6,515)
2026	(10,432)
2027	(1,524)
2028	(1,609)
2029	1,018
Total	\$ (19,062)

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, 2022, 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, 2023.

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2023, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB liability	\$ 3,907,052
Plan fiduciary net position	<u>2,707,739</u>
GLI Net OPEB liability	<u>\$ 1,199,313</u>

Plan fiduciary net position as a percentage of the total
GLI OPEB liability

69.30%

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year return of 8.25%. 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 7.14%, 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, 2023, 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, 2023 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	\$ 193,420	\$ 130,485	\$ 79,602

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2023-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, 2024 was 0.85% 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, 2021. 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 \$9,975 and \$9,321 for the years ended June 30, 2024 and June 30, 2023, 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, 2024, the Town reported an asset of \$2,883 for its proportionate share of the VLDP net OPEB asset. The VLDP net OPEB asset was measured as of June 30, 2023 and the total VLDP OPEB liability used to calculate the VLDP net OPEB asset was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date as of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Town's proportion of the VLDP was 0.17916% as compared to 0.20584% at June 30, 2022.

For the year ended June 30, 2024, the Town recognized VLDP OPEB expense of \$7,173. 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, 2024, 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	\$ 1,082	\$ (1,796)
Net difference between projected and actual earnings on GLI OPEB program investments	7	-
Change in assumptions	19	(264)
Changes in proportionate share	7	(423)
Employer contribution subsequent to the measurement date	9,975	-
Total	\$ 11,090	\$ (2,483)

The \$9,975 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, 2025. 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:

Year Ending June 30,	Amount
2025	\$ (221)
2026	(569)
2027	17
2028	(105)
2029	(221)
Thereafter	(269)
Total	\$ (1,368)

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, 2022, 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, 2023.

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)

E. Actuarial Assumptions

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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

F. 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, 2023, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	VLDP OPEB Plan
Total VLDP OPEB liability	\$ 9,525
Plan fiduciary net position	11,134
Employers' net VLDP OPEB asset	\$ (1,609)
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	116.89%

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)

G. 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)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year return of 8.25%. 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 7.14%, 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%.

H. 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, 2023, 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, 2023 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)

I. 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	Current Discount		
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
Town	\$ (1,510)	\$ (2,883)	\$ (4,085)

J. VLDP OPEB Fiduciary Net Position

Detailed information about the Town VLDP's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2023-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 \$901,408 from the Water, Sewer and Sanitation Fund to the General Fund for operations and administrative costs. The General fund transferred \$151,887 to the Stormwater Management 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, 2023 (most recent balances available) consist of the following:

Series	Amount	Interest
Series 2007	\$ 13,376,381	2.52%
Series 2008B	15,052,631	2.72%
Series 2015	6,209,747	1.20%
Series 2017	11,526,472	2.25%
Series 2020	6,341,339	1.85%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. 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 \$416,500, \$110,000, 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, 2024, water and sewer revenue from this customer was approximately \$1,208,000. There are accounts receivable from this customer of approximately \$121,622 at June 30, 2024.

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, 2024, 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. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires the Town to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires the Town to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If the Town determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for the Town beginning with its year ending June 30, 2025.

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. Subsequent Event

The Town signed contracts with Econolite and Richardson Wayland to complete the upgrading of traffic control boxes and coordination of traffic lights along Main Street. The total cost of the project to be approximately \$250,000, paid for with VDOT Street Maintenance Funds.

The Town was awarded a VDOT grant in the amount of \$524,740 for Phase II of the Gen-Oak Connector.

The Town approved the construction of a new park on Don Litten Parkway estimated to cost \$100,000

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability (Asset)										
Service cost	\$ 239,778	\$ 238,817	\$ 237,721	\$ 258,759	\$ 264,137	\$ 262,663	\$ 272,815	\$ 275,446	\$ 275,295	\$ 266,915
Interest	516,842	554,431	585,551	600,059	635,351	670,404	701,383	753,628	824,274	838,269
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
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)	(638,465)	(744,726)
Net change in total pension liability	540,749	510,599	190,511	545,115	489,933	862,725	803,159	821,221	268,850	941,196
Total pension liability - beginning	7,491,391	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
Total pension liability - ending (a)	\$ 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
Plan Fiduciary Net Position										
Contributions - employer	\$ 212,519	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022	\$ 200,475	\$ 240,122
Contributions - employee	100,101	100,255	106,156	117,310	115,780	117,706	117,816	112,318	110,065	116,646
Net investment income	1,021,390	348,875	138,422	985,528	664,791	639,169	192,297	2,746,293	(10,418)	781,150
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)	(638,465)	(744,726)
Administrative expense	(5,367)	(4,619)	(4,883)	(5,607)	(5,720)	(6,259)	(6,602)	(6,861)	(7,905)	(7,955)
Other	54	(75)	(59)	(880)	(593)	(402)	(229)	259	288	313
Net change in plan fiduciary net position	1,112,826	431,957	108,543	957,867	550,699	543,414	(3,950)	2,518,394	(345,960)	385,550
Plan fiduciary net position - beginning	6,389,217	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
Plan fiduciary net position - ending (b)	\$ 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
Town net pension liability (asset) - ending (a)-(b)	\$ 530,097	\$ 608,739	\$ 690,707	\$ 277,955	\$ 217,189	\$ 536,500	\$ 1,343,609	\$ (353,564)	\$ 261,246	\$ 816,892
Plan fiduciary net position as a percentage of the total pension liability	93.40%	92.87%	92.09%	97.00%	97.78%	94.95%	88.25%	102.88%	97.91%	93.93%
Covered payroll	\$ 2,027,853	\$ 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
Town's net pension liability (asset) as a percentage of covered payroll	26.14%	30.25%	32.27%	12.09%	9.61%	23.43%	59.46%	-14.64%	12.22%	35.69%

TOWN OF BRIDGEWATER, VIRGINIA

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

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022	\$ 200,475	\$ 240,122	\$ 257,243
Contributions in relation to the CRC	210,910	224,345	183,462	180,281	175,393	173,090	205,022	200,475	240,122	257,243
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered payroll	10.48%	10.48%	7.98%	7.98%	7.66%	7.66%	8.49%	9.38%	10.49%	10.49%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

VIRGINIA RETIREMENT SYSTEM

Year Ended June 30, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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.

TOWN OF BRIDGEWATER, VIRGINIA

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

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

	Fiscal Year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net GLI OPEB liability	0.0134%	0.0131%	0.0130%	0.0123%	0.0117%	0.0110%	0.0109%
Employer's proportionate share of the net GLI OPEB liability	\$ 202,000	\$ 199,000	\$ 210,731	\$ 205,100	\$ 136,219	\$ 132,572	\$ 130,485
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
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%
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%

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 10,702	\$ 11,572	\$ 12,837	\$ 16,924	\$ 17,287	\$ 17,233	\$ 13,044	\$ 12,929	\$ 13,842	\$ 14,748
Contributions in relation to the CRC	10,702	11,572	12,837	16,924	17,287	17,233	13,044	12,929	13,842	14,748
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,229,583	\$ 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
Contributions as a percentage of covered payroll	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%

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, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net VLDP OPEB liability	0.3278%	0.3032%	0.2659%	0.2297%	0.2107%	0.2058%	0.1792%
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)
Employer's covered payroll	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312	\$ 964,395	\$ 1,096,559
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%
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%

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 424	\$ 1,809	\$ 3,611	\$ 4,416	\$ 5,916	\$ 6,164	\$ 7,024	\$ 8,004	\$ 9,321	\$ 9,975
Contributions in relation to the CRC	424	1,809	3,611	4,416	5,916	6,164	7,024	8,004	9,321	9,975
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 70,710	\$ 301,552	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312	\$ 964,395	\$ 1,096,559	\$ 1,173,556
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.83%	0.83%	0.85%	0.85%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2024

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 have access to the Town's medical plan offerings.

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2024

(With Comparative Amounts for 2023)

	2024	2023
Revenues:		
General property taxes	\$ 362,019	\$ 378,597
Other local taxes	2,954,679	2,870,792
Permits and other licenses	21,671	19,894
Fines and forfeitures	109,152	19,628
Use of money and property	346,908	309,469
Charges for services	402,146	376,468
Miscellaneous	467,616	50,972
Intergovernmental	3,615,394	3,574,318
Total revenues	8,279,585	7,600,138
Expenditures:		
Current:		
General government administration	1,168,942	1,136,400
Public safety	1,194,130	1,088,201
Public works	3,229,880	2,838,535
Parks, recreation and cultural	1,727,811	879,018
Community and economic development	295,701	424,580
Sipe Center	384,786	345,992
Debt service:		
Principal	263,089	288,585
Interest	87,161	93,594
Total expenditures	8,351,500	7,094,905
Excess (deficiency) of revenues over (under) expenditures	(71,915)	505,233
Other financing sources (uses):		
Issuance of subscriptions	12,790	33,318
Transfers in	901,408	970,924
Transfers out	(151,887)	(798,032)
Total other financing sources, net	762,311	206,210
Net change in fund balance	690,396	711,443
Fund balance, beginning	2,093,902	1,382,459
Fund balance, ending	\$ 2,784,298	\$ 2,093,902

TOWN OF BRIDGEWATER, VIRGINIA

Page 1 of 2

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2024

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	\$ 382,500	\$ 350,000	\$ 356,121	\$ 6,121
Interest and penalties on delinquent taxes	2,400	2,400	5,898	3,498
Total general property taxes	384,900	352,400	362,019	9,619
Other local taxes:				
Local sales and use taxes	317,700	317,700	386,585	68,885
Consumer utility taxes	755,900	755,900	778,940	23,040
Consumption taxes	63,500	63,500	24,581	(38,919)
Cigarette taxes	40,100	40,100	12,339	(27,761)
Business license taxes	242,750	242,750	265,976	23,226
Vehicle license taxes	89,700	89,700	102,763	13,063
Bank stock taxes	198,600	198,600	230,050	31,450
Meals taxes	1,167,800	1,167,800	1,126,257	(41,543)
Right-of-way use fee	17,700	17,700	14,453	(3,247)
Transient occupancy	5,100	5,100	12,735	7,635
Total other local taxes	2,898,850	2,898,850	2,954,679	55,829
Permits and other licenses:				
Zoning and building	10,400	4,400	4,696	296
Passport application fee	4,000	17,000	16,975	(25)
Total permits and other licenses	14,400	21,400	21,671	271
Fines and forfeitures	16,300	96,300	109,152	12,852
Use of money and property:				
Revenue from use of money	62,100	157,100	216,929	59,829
Revenue from use of property	106,900	136,900	129,979	(6,921)
Total revenue from use of money and property	169,000	294,000	346,908	52,908
Charges for services:				
Generations park	122,400	122,400	120,584	(1,816)
Golf fees	47,300	47,300	43,899	(3,401)
Sipe Center	228,900	228,900	228,243	(657)
Classes and camps	9,000	9,000	9,420	420
Total charges for services	407,600	407,600	402,146	(5,454)
Miscellaneous	22,900	322,900	467,616	144,716
Total revenue from local sources	3,913,950	4,393,450	4,664,191	270,741

TOWN OF BRIDGEWATER, VIRGINIA

Page 2 of 2

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2024

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	\$ 72,200	\$ 72,200	\$ 73,498	\$ 1,298
Total local aid	72,200	72,200	73,498	1,298
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	22,000	22,000	60,177	38,177
Personal property tax relief	102,000	102,000	102,034	34
Vehicle rental tax	-	-	913	913
Total non-categorical aid	124,000	124,000	163,124	39,124
Categorical aid:				
Litter control	4,000	4,000	6,221	2,221
Stormwater local assistance	-	243,700	243,700	-
Law enforcement assistance	154,300	154,300	162,330	8,030
Street and highway maintenance	849,700	1,142,178	985,692	(156,486)
Other	400	400	16,134	15,734
Total categorical aid	1,008,400	1,544,578	1,414,077	(130,501)
Total intergovernmental revenue from the Commonwealth	1,132,400	1,668,578	1,577,201	(91,377)
Revenue from the federal government:				
Categorical aid:				
Crosswalk improvement grant	-	93,025	-	(93,025)
Chesapeake Bay Trust grant	-	114,370	114,370	-
Highway safety grant	-	-	3,989	3,989
ARPA	-	-	1,425,747	1,425,747
Riverwalk grant	187,480	187,480	175,492	(11,988)
JAG Grant	-	-	2,683	2,683
Gen-Oak Connector grant	202,512	311,412	10,963	(300,449)
Other	984,097	984,097	231,451	(752,646)
Total intergovernmental revenue from the federal government	1,374,089	1,690,384	1,964,695	274,311
Total intergovernmental revenue	2,578,689	3,431,162	3,615,394	184,232
Total General Fund	\$ 6,492,639	\$ 7,824,612	\$ 8,279,585	\$ 454,973

TOWN OF BRIDGEWATER, VIRGINIA

Page 1 of 4

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2024

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	\$ 40,192	\$ 40,192	\$ 40,409	\$ 217
Fringe benefits	3,074	3,074	3,082	8
Other charges	1,200	1,200	2,966	1,766
Contractual services	367,700	367,700	-	(367,700)
Total Town Council	412,166	412,166	46,457	(365,709)
Town Manager's office:				
Personal services	437,053	437,053	431,882	(5,171)
Fringe benefits	113,073	113,073	125,675	12,602
Other charges	13,000	13,000	20,870	7,870
Contractual services	20,000	20,000	13,118	(6,882)
Total town manager's office	583,126	583,126	591,545	8,419
Treasurer's office:				
Personal services	186,545	186,545	194,892	8,347
Fringe benefits	58,099	58,099	67,947	9,848
Other charges	5,000	5,000	6,894	1,894
Contractual services	27,000	27,000	11,522	(15,478)
Total treasurer's office	276,644	276,644	281,255	4,611
Total legislative	1,271,936	1,271,936	919,257	(352,679)
General and financial administration:				
Legal	33,000	33,000	44,867	11,867
Independent auditor and actuary	55,650	55,650	52,200	(3,450)
Insurance and bonding	135,000	135,000	152,618	17,618
Total general and financial administration	223,650	223,650	249,685	26,035
Total general government administration	1,495,586	1,495,586	1,168,942	(326,644)

TOWN OF BRIDGEWATER, VIRGINIA

Page 2 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2024**

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	\$ 702,661	\$ 702,661	\$ 691,790	\$ (10,871)
Fringe benefits	195,220	195,220	225,793	30,573
Vehicle operation	34,000	34,000	40,858	6,858
Other charges	35,000	35,000	35,250	250
Capital outlay	110,000	110,000	140,176	30,176
Contractual services	56,000	56,000	30,263	(25,737)
Total law enforcement and traffic control	1,132,881	1,132,881	1,164,130	31,249
Fire and rescue services:				
Fire department and rescue squad	30,000	30,000	30,000	-
Total fire and rescue services	30,000	30,000	30,000	-
Total public safety	1,162,881	1,162,881	1,194,130	31,249
Public works:				
Public works department:				
Personal services	177,970	177,970	196,361	18,391
Fringe benefits	47,818	47,818	68,606	20,788
Other charges	2,000	2,000	2,588	588
Contractual services	22,500	22,500	35,112	12,612
Total public works department	250,288	250,288	302,667	52,379

TOWN OF BRIDGEWATER, VIRGINIA

Page 3 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2024**

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 works: (continued)				
Maintenance of highways, streets, bridges, sidewalks, and street lights:				
Highways, streets, bridges and sidewalks:				
Personal services	\$ 126,013	\$ 126,013	\$ 111,245	\$ (14,768)
Fringe benefits	57,599	57,599	52,300	(5,299)
Other charges	50,000	50,000	57,091	7,091
Contractual services	83,000	186,200	108,502	(77,698)
Street paving	375,000	568,238	922,186	353,948
Capital outlay	327,700	410,554	187,527	(223,027)
Total highways, streets, bridges, and sidewalks	1,019,312	1,398,604	1,438,851	40,247
Street lights	97,215	97,215	108,457	11,242
Total maintenance of highways, streets, bridges, sidewalks, and street lights	1,116,527	1,495,819	1,547,308	51,489
General properties:				
Personal services	247,656	247,656	233,089	(14,567)
Fringe benefits	93,284	93,284	88,252	(5,032)
Other charges	31,000	31,000	29,478	(1,522)
Capital outlay	150,000	798,167	829,713	31,546
Contractual services	85,000	85,000	199,373	114,373
Contingency	32,550	158,014	-	(158,014)
Total general properties	639,490	1,413,121	1,379,905	(33,216)
Total public works	2,006,305	3,159,228	3,229,880	70,652

TOWN OF BRIDGEWATER, VIRGINIA

Page 4 of 4

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2024

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	\$ 319,356	\$ 319,356	\$ 435,318	\$ 115,962
Fringe benefits	119,872	119,872	120,437	565
Other charges	118,000	118,000	120,180	2,180
Capital outlay	328,100	473,150	676,357	203,207
Contractual services	115,000	115,000	375,519	260,519
Total parks, recreation and cultural	1,000,328	1,145,378	1,727,811	582,433
Community and economic development:				
Community development:				
Personal services	59,535	59,535	24,685	(34,850)
Fringe benefits	17,016	17,016	2,110	(14,906)
Other charges	217,675	217,675	189,928	(27,747)
Capital outlay	-	-	-	-
Contractual services	23,000	23,000	14,378	(8,622)
Total community development	317,226	317,226	231,101	(86,125)
Economic development:				
Personal services	25,633	25,633	24,690	(943)
Fringe benefits	9,073	9,073	6,478	(2,595)
Other charges	1,000	1,000	235	(765)
Contractual services	12,000	12,000	7,734	(4,266)
Total economic development	47,706	47,706	64,600	16,894
Total community and economic development	364,932	364,932	295,701	(69,231)
Sipe Center:				
Personal services	86,057	86,057	110,051	23,994
Fringe benefits	29,743	29,743	29,839	96
Other charges	20,000	20,000	28,471	8,471
Vending purchases	-	-	15,788	15,788
Contractual services	47,882	47,882	45,324	(2,558)
Movies	31,153	31,153	30,066	(1,087)
Performers	144,151	144,151	125,247	(18,904)
Total Sipe Center	358,986	358,986	384,786	25,800
Debt service:				
Principal	207,869	207,869	263,089	55,220
Interest	89,994	89,994	87,161	(2,833)
Total debt service	297,863	297,863	350,250	52,387
Total General Fund	\$ 6,686,881	\$ 7,984,854	\$ 8,351,500	\$ 366,646

TOWN OF BRIDGEWATER, VIRGINIA**Page 1 of 2****SCHEDULE OF CAPITAL OUTLAYS****Year Ended June 30, 2024**

General Fund:**Public works:**

Chevy Silverado Dump Truck (7209/9661) ARPA	\$ 150,035
Light Bridge Project	16,521
Dinkel Avenue Sign	8,268
42 Entrance Sign	7,176
Pedestrian Signals	46,524
Ram 2500 (9229) ARPA	52,065
Arey Hall Renovations	62,609
Arey Hall A/C Unit	18,600
Sipe Roof	18,739
Sipe Storage Unit	8,545
423 N Main (ARPA)	551,918
Gen-Oak Connector	10,963
Traffic Cabinet	46,010
	<hr/>
	997,973

Parks, recreation and cultural:

2017 Jacobsen Fairway Mower	32,000
Jacobsen Greens Mower	8,235
Whitelow Gazebo	14,151
Oakdale Park Security System	14,254
Veterans Park (ARPA)	91,517
Wildwood Roof (ARPA)	7,055
Riverwalk Phase II	410,544
Riverwalk Phase III	24,930
	<hr/>
	602,686

Public safety:

2023 Silverado (8533)	64,569
Dodge Durango (0276) Upgrades	15,809
10 Axon Tasers	52,298
	<hr/>
	132,676

Community and economic development:

Interstate Sign - Sipe	<hr/>
	25,463

Total General Fund

\$ 1,758,798

TOWN OF BRIDGEWATER, VIRGINIA**Page 2 of 2****SCHEDULE OF CAPITAL OUTLAYS****Year Ended June 30, 2024**

Water, Sewer and Sanitation Fund:**Water distribution:**

Ram 1500 (7472)	\$ 43,789
MRX Mobile Data Collector	13,011
Ram 5500 (ARPA)	99,293
	<hr/> 156,093

Water treatment:

Dry River Water Tower Building	19,325
	<hr/> 19,325

Sewer

2023 Silverado Dump Truck (ARPA)	150,035
	<hr/> 150,035

Total Water, Sewer and Sanitation Fund

\$ 325,453**Stormwater Management Fund:****Stormwater:**

Grove/College Lot (Chesapeake Grant)	\$ 127,079
Grove/College Lot (ARPA)	127,740
Oakdale Pond	5,000
Oakdale Pond (ARPA)	15,000
	<hr/> 15,000

Total Stormwater Management Fund

\$ 274,819

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF TAXES RECEIVABLE

June 30, 2024

(With Comparative Amounts for 2023)

	2024	2023
Taxes receivable: *		
General Fund:		
Real estate:		
2012	\$ -	\$ 37
2013	-	223
2014	-	224
2015	-	224
2016	-	224
2017	-	224
2018	134	348
	<u>134</u>	<u>1,504</u>
Personal property:		
2019	10	750
2020	1,668	1,824
2021	1,999	2,579
2022	3,832	10,732
2023	9,183	-
	<u>16,692</u>	<u>15,885</u>
Less:		
Allowance for uncollectible taxes	<u>10,000</u>	<u>10,000</u>
Taxes receivable - General Fund	<u><u>\$ 6,826</u></u>	<u><u>\$ 7,389</u></u>

* Includes 10% penalty

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES – PROPRIETARY FUND TYPE Year Ended June 30, 2024

	Water Department	Sewer Department	Sanitation Department	Totals
Operating revenues:				
Charges for services	\$ 1,236,411	\$ 2,119,545	\$ 659,708	\$ 4,015,664
Penalties	29,332	27,566	-	56,898
Other	-	1,693	-	1,693
Total operating revenues	1,265,743	2,148,804	659,708	4,074,255
Operating expenses:				
Personal services	427,853	68,331	109,203	605,387
Fringe benefits	151,698	22,222	64,088	238,008
Materials, line repairs and other	429,218	45,809	457,937	932,964
Regional Sewer Authority assessment:				
Operations and maintenance	-	400,270	-	400,270
Debt service	-	427,546	-	427,546
Construction	-	176,171	-	176,171
Depreciation and amortization	224,617	74,365	22,340	321,322
Total operating expenses	1,233,386	1,214,714	653,568	3,101,668
Operating income	32,357	934,090	6,140	972,587
Nonoperating revenue (expense):				
Interest expense	(714)	(23,851)	-	(24,565)
Gain on disposal of assets	-	-	18,515	18,515
Connection availability fees	116,982	147,592	-	264,574
Total nonoperating revenue, net	116,268	123,741	18,515	258,524
Income before transfers	148,625	1,057,831	24,655	1,231,111
Transfers out	(183,052)	(701,491)	(16,865)	(901,408)
Change in net position	\$ (34,427)	\$ 356,340	\$ 7,790	\$ 329,703

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, 2024

(With Comparative Totals for 2023)

	Water Department		Sewer Department		Totals (Memorandum Only)			
					2024		2023	
	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons	Amount	Rate Per 1,000 Gallons
Operating revenues:								
Charges for services	\$ 1,236,411	\$ 5.653	\$ 2,119,545	\$ 9.691	\$ 3,355,956	\$ 15.344	\$ 3,060,418	\$ 14.457
Penalties	29,332	0.134	27,566	0.126	56,898	0.260	47,386	0.224
Other	-	-	1,693	0.008	1,693	0.008	1,340	0.006
Total operating revenues	1,265,743	5.787	2,148,804	9.825	3,414,547	15.612	3,109,144	14.687
Operating expenses:								
Personal services	427,853	1.956	68,331	0.312	496,184	2.268	511,139	2.415
Fringe benefits	151,698	0.694	22,222	0.102	173,920	0.796	111,383	0.527
Materials, line repairs and other	429,218	1.962	45,809	0.209	475,027	2.171	455,857	2.153
Regional Sewer Authority assessment:								
Operations and maintenance	-	-	400,270	1.830	400,270	1.830	295,797	1.397
Debt service	-	-	427,546	1.955	427,546	1.955	427,546	2.020
Construction	-	-	176,171	0.805	176,171	0.805	181,911	0.859
Depreciation	224,617	1.027	74,365	0.340	298,982	1.367	238,185	1.125
Total operating expenses	1,233,386	5.639	1,214,714	5.553	2,448,100	11.192	2,221,818	10.496
Operating income	32,357	0.148	934,090	4.272	966,447	4.420	887,326	4.191
Nonoperating revenue (expense):								
Interest expense	(714)	(0.003)	(23,851)	(0.109)	(24,565)	(0.112)	(30,396)	(0.143)
Connection availability fees	116,982	0.535	147,592	0.675	264,574	1.210	451,986	2.135
Total nonoperating revenue, net	116,268	0.532	123,741	0.566	240,009	1.098	421,590	1.992
Income before transfers	\$ 148,625	\$ 0.680	\$ 1,057,831	\$ 4.838	\$ 1,206,456	\$ 5.518	\$ 1,308,916	\$ 6.183
Total water consumption:								
Thousands of gallons	<u>218,714</u>						<u>211,699</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, 2024

ASSETS	
Current assets:	
Cash	\$ 18,460
Lease receivable	16,961
Total current assets	<u>35,421</u>
Noncurrent assets:	
Lease receivable	<u>38,511</u>
Capital assets:	
Land	303,247
Buildings and improvements	407,886
Equipment	30,105
Less: accumulated depreciation	<u>(119,894)</u>
Total capital assets, net	<u>621,344</u>
Total noncurrent assets	<u>659,855</u>
Total assets	<u>695,276</u>
LIABILITIES	
Current liabilities:	
Accrued interest	5,768
Unearned revenue	4,500
Bonds payable	19,870
Total current liabilities	<u>30,138</u>
Noncurrent liabilities:	
Bonds payable	<u>394,906</u>
Total noncurrent liabilities	<u>394,906</u>
Total liabilities	<u>425,044</u>
DEFERRED INFLOWS OF RESOURCES	
Leases related	<u>54,933</u>
Total deferred inflows of resources	<u>54,933</u>
NET POSITION	
Net investment in capital assets	206,568
Unrestricted	<u>8,731</u>
Total net position	<u>\$ 215,299</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, 2024

Operating revenues:	
Use of money and property	\$ 19,887
Charges for services	<u>5,893</u>
Total operating revenues	<u>25,780</u>
Operating expenses:	
Personal services	350
Fringe benefits	26
Other charges	139
Contractual services	14,371
Depreciation	<u>14,506</u>
Total operating expenses	<u>29,392</u>
Operating loss	(3,612)
Nonoperating expense:	
Interest	<u>18,721</u>
Loss before capital contributions	(22,333)
Capital contributions	<u>223,500</u>
Change in net position	201,167
Net position, beginning	<u>14,132</u>
Net position, ending	<u><u>\$ 215,299</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY Year Ended June 30, 2024

Cash flows from operating activities:	
Receipts from customers	\$ 32,426
Payments to suppliers for goods and services	(14,510)
Payments to employees for services and benefits	(376)
Net cash provided by operating activities	17,540
Cash flows from capital and related financing activities:	
Principal paid on:	
General obligation bonds	(18,930)
Interest paid on outstanding debt	(15,245)
Net cash used in capital and related financing activities	(34,175)
Net change in cash	(16,635)
Cash:	
Beginning	35,095
Ending	\$ 18,460
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (3,612)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	14,506
Changes in operating accounts:	
Decrease in lease receivable	17,803
Increase in deferred inflows of resources	(12,657)
Increase in unearned revenue	1,500
Net cash provided by operating activities	\$ 17,540
Supplemental disclosure of noncash capital activities:	
Write off of lease receivable due to termination of agreement	\$ (237,778)
Write off of deferred inflows due to termination of agreement	238,768
Transfer of lease receivable from the primary government	8,715
Transfer of deferred inflows from the primary government	(8,476)
Contribution of land from general government	223,500

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

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
June 30, 2024**

ASSETS	
Current assets:	
Cash	\$ 50,568
Total current assets	<u>50,568</u>
Total assets	<u>50,568</u>
NET POSITION	
Unrestricted	<u>50,568</u>
Total net position	<u>\$ 50,568</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, 2024**

<hr/>	
Operating revenues:	
Other income - donations	<u>\$ 700</u>
Total operating revenues	<u>700</u>
Operating expenses:	
Other	<u>21,547</u>
Total operating expenses	<u>21,547</u>
Change in net position	(20,847)
Net position, beginning	<u>71,415</u>
Net position, ending	<u><u>\$ 50,568</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – SIPE CENTER LIVE Year Ended June 30, 2024

Cash flows from operating activities:	
Receipts from donations	\$ 700
Payments to suppliers for goods and services	(21,547)
Net cash used in operating activities	(20,847)
Net change in cash	(20,847)
Cash:	
Beginning	71,415
Ending	\$ 50,568
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (20,847)
Net cash used in operating activities	\$ (20,847)

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 2,458,550	\$ 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
Restricted	836,130	22,382	22,403	22,423	22,461	22,464	22,486	22,488	22,490	25,005
Unrestricted (deficit)	(567,221)	97,911	(657,869)	(816,258)	(377,372)	(150,865)	187,025	600,643	1,415,433	2,134,356
Total governmental activities net assets										
Total governmental activities net position	<u>\$ 2,727,459</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 1,908,627	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	370
Unrestricted	10,321	91,676	120,839	(43,434)	(72,523)	101,257	(11,099)	(35,836)	112,583	239,837
Total business-type activities net assets										
Total business-type activities net position	<u>\$ 1,918,948</u>	<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>
Primary government:										
Net investment in capital assets	\$ 4,367,177	\$ 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
Restricted	836,130	22,382	22,403	22,423	22,461	22,464	22,486	22,488	22,490	25,375
Unrestricted (deficit)	(556,900)	189,587	(537,030)	(859,692)	(449,895)	(49,608)	175,926	564,807	1,528,016	2,374,193
Total primary government net assets										
Total primary government net position	<u>\$ 4,646,407</u>	<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>
			(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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government administration	\$ 786,203	\$ 1,064,171	\$ 780,506	\$ 819,775	\$ 879,486	\$ 846,698	\$ 1,067,040	\$ 1,093,517	\$ 1,155,740	\$ 1,489,644
Public safety	812,586	815,116	784,779	845,679	774,021	791,134	893,368	964,682	1,022,073	1,154,443
Public works	1,369,850	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
Parks, recreation and cultural	464,969	670,901	740,707	803,811	811,329	754,113	763,500	797,233	922,723	1,494,704
Community and economic development	108,566	145,009	151,255	190,969	194,784	185,401	189,297	535,936	388,125	504,093
Sipe Center	-	-	-	-	-	154,004	162,482	356,109	328,567	387,839
Interest	39,846	53,294	56,345	54,211	95,928	98,002	84,328	101,366	94,419	87,881
Total governmental activities	3,582,020	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
Business-type activities:										
Water, sewer and sanitation	2,478,288	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
Stormwater management	58,743	171,900	222,050	161,253	96,227	166,522	98,411	145,559	162,983	124,193
Total business-type activities	2,537,031	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
Total government	6,119,051	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
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	-	-	485	14,809	18,966	17,357	-	-	8,718	16,975
Public safety	45,083	45,313	25,907	39,533	53,546	41,849	24,920	21,328	19,628	109,152
Public works	-	-	6,025	11,531	8,541	12,065	10,719	9,603	11,176	4,696
Parks, recreation and cultural	-	-	114,967	129,937	142,934	252,165	124,940	163,051	174,547	173,903
Sipe Center	-	-	-	-	-	-	45,798	150,371	201,921	228,243
Operating grants and contributions:										
General government administration	-	-	-	-	-	-	-	1,945,358	52,746	282
Public safety	175,484	308,443	179,549	183,909	199,648	207,036	508,142	255,076	294,467	242,858
Public works	728,114	1,057,811	819,933	1,159,124	1,075,125	582,089	1,928,377	1,708,111	1,894,279	539,639
Parks, recreation and cultural	-	-	-	-	-	-	-	-	-	220,094
Community and economic development	-	-	-	-	-	-	90,214	41,010	-	18
Sipe Center	-	-	-	-	-	-	-	-	-	25
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
Community and economic development	-	-	-	-	-	-	-	-	140,895	100,000
Parks, recreation and cultural	-	-	7,750	-	-	-	-	-	-	46,318
Total governmental activities program revenue	948,681	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
Business-type activities:										
Charges for services:										
Water, sewer and sanitation	2,947,948	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
Stormwater Management	79,863	71,747	100,088	132,797	148,513	165,788	157,961	165,037	174,053	182,142
Capital grants and contributions:										
Water, sewer and sanitation	300,141	226,982	210,119	181,169	151,571	143,972	109,444	464,147	451,986	264,574
Total business-type activities program revenue	3,327,952	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
Total government program revenue	4,276,633	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
Net (expense) revenue:										
Governmental activities	(2,633,339)	(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)
Business-type activities	790,921	790,099	645,067	718,224	618,184	921,986	429,861	1,087,118	1,322,077	1,211,954
Total government net expense	(1,842,418)	(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)

TOWN OF BRIDGEWATER, VIRGINIA

Table 2
Page 2

CHANGES IN NET POSITION / ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
General property	\$ 576,922	\$ 590,960	\$ 611,129	\$ 632,407	\$ 459,608	\$ 284,099	\$ 290,738	\$ 309,647	\$ 385,597	\$ 369,019
Consumer utility and communications sales and use	387,647	387,969	388,104	370,722	541,858	755,307	712,344	735,101	752,476	778,940
Meals	466,633	530,632	548,988	618,979	646,425	709,943	819,144	930,375	1,135,099	1,126,257
Local sales and use	160,706	198,749	192,639	196,399	206,402	235,473	298,687	298,889	332,276	386,585
Bank stock	146,696	150,249	154,259	171,849	185,621	147,837	194,679	235,246	211,087	230,050
Business license	223,970	224,118	220,114	218,755	222,382	232,684	212,556	189,060	249,221	265,976
Other	144,678	138,536	141,781	142,385	139,861	155,012	150,031	178,326	190,633	166,871
Intergovernmental, non-categorical aid	197,996	191,335	187,398	186,204	179,457	176,593	175,444	175,913	172,021	163,124
Use of money and property	87,468	175,097	96,141	100,451	118,344	105,268	100,597	141,047	309,471	346,910
Miscellaneous	160,142	621,785	26,134	42,082	138,628	74,383	296,476	114,016	50,972	467,616
Transfers	298,487	516,786	708,272	1,136,806	747,519	758,964	585,395	33,455	172,892	749,521
Total governmental activities	2,851,345	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
Business-type activities:										
Miscellaneous	38,746	32,979	33,972	36,454	37,967	40,223	46,930	43,318	53,815	77,106
Transfers	(298,487)	(516,786)	(708,272)	(1,136,806)	(747,519)	(758,964)	(585,395)	(33,455)	(172,892)	(749,521)
Total business-type activities	(259,741)	(483,807)	(674,300)	(1,100,352)	(709,552)	(718,741)	(538,465)	9,863	(119,077)	(672,415)
Total primary government	2,591,604	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
Changes in net position:										
Governmental activities	218,006	376,416	(3,123)	642,067	427,951	700,418	(348,058)	1,904,543	1,513,856	1,370,684
Business-type activities	531,180	306,292	(29,233)	(382,128)	(91,368)	203,245	(108,604)	1,096,981	1,203,000	539,539
Total primary government	\$ 749,186	\$ 682,708	\$ (32,356)	\$ 259,939	\$ 336,583	\$ 903,663	\$ (456,662)	\$ 3,001,524	\$ 2,716,856	\$ 1,910,223

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 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government administration	\$ -	\$ -	\$ 485	\$ 14,809	\$ 18,966	\$ 17,357	\$ -	\$ 1,945,358	\$ 851,285	\$ 17,257
Public safety	220,567	353,756	205,456	223,442	253,194	248,885	533,062	276,404	368,412	352,010
Public works	728,114	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
Parks, recreation and cultural	-	-	122,717	129,937	142,934	252,165	124,940	163,051	174,547	440,315
Community and economic development	-	-	-	-	-	-	90,214	41,010	140,895	100,018
Sipe Center	-	-	-	-	-	-	45,798	150,371	201,921	228,268
Total governmental activities	948,681	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
Business-type activities:										
Water, sewer and sanitation	3,248,089	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
Stormwater management	79,863	71,747	100,088	132,797	148,513	165,788	157,961	165,037	174,053	182,142
Total business-type activities	3,327,952	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
Total government	\$ 4,276,633	\$ 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

TOWN OF BRIDGEWATER, VIRGINIA

Table 4

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

		Fiscal Year June 30,				
		2015	2016	2017	2018	2019
General Fund:						
Restricted	\$	813,754	\$ -	\$ -	\$ -	\$ -
Nonspendable		82,000	-	-	-	-
Assigned		-	-	10,000	10,000	-
Unassigned		168,287	896,320	90,347	392,196	591,748
Total General Fund	\$	1,064,041	\$ 896,320	\$ 100,347	\$ 402,196	\$ 591,748
All other governmental funds:						
Nonspendable	\$	6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted		16,376	16,382	16,403	16,423	16,461
Total all other governmental funds	\$	22,376	\$ 22,382	\$ 22,403	\$ 22,423	\$ 22,461
		Fiscal Year June 30,				
		2020	2021	2022	2023	2024
General Fund:						
Assigned	\$	-	\$ -	\$ -	\$ -	\$ 50,318
Committed		48,759	159,207	339,276	716,537	1,239,091
Unassigned		459,565	816,853	1,043,183	1,377,365	1,494,889
Total General Fund	\$	508,324	\$ 976,060	\$ 1,382,459	\$ 2,093,902	\$ 2,784,298
All other governmental funds:						
Nonspendable	\$	6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted		16,464	16,486	16,488	16,490	16,492
Total all other governmental funds	\$	22,464	\$ 22,486	\$ 22,488	\$ 22,490	\$ 22,492

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
General property taxes	\$ 579,922	\$ 593,960	\$ 611,129	\$ 631,407	\$ 462,608	\$ 282,099	\$ 290,738	\$ 308,647	\$ 378,597	\$ 362,019
Other local taxes	1,530,330	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
Permits and other licenses	4,160	3,499	6,510	26,340	27,507	29,422	10,719	9,603	19,894	21,671
Fines and forfeitures	40,923	41,814	25,907	39,533	53,546	41,849	24,920	21,328	19,628	109,152
Use of money and property	87,468	92,345	96,141	100,451	118,344	105,268	100,597	141,047	309,471	346,910
Charges for services	-	56,976	114,967	129,937	142,934	252,165	170,738	313,422	376,468	402,146
Miscellaneous	160,142	56,833	26,134	42,082	138,628	74,383	296,476	114,015	50,972	130,283
Intergovernmental	1,101,594	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
Total revenues	3,504,539	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
Expenditures:										
General government administration	770,265	760,492	771,999	821,438	806,421	896,691	969,962	1,058,567	1,136,400	1,168,942
Public safety	878,516	953,365	769,232	815,321	817,721	827,959	832,439	1,090,701	1,088,201	1,194,130
Public works	1,418,584	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
Parks, recreation and cultural	1,174,047	1,515,081	745,407	960,286	943,186	711,094	1,016,986	775,087	879,018	1,727,811
Community and economic development	109,003	137,385	150,315	232,991	191,048	181,665	171,916	535,707	424,580	295,701
Sipe Center	-	-	-	-	-	154,004	146,341	356,844	345,992	384,786
Debt service:										
Principal	146,785	164,155	230,147	166,847	340,755	252,917	520,207	245,240	288,585	263,089
Interest and fiscal charges	38,437	48,165	57,953	55,892	94,422	98,740	110,776	101,184	93,594	87,161
Total expenditures	4,535,637	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
Revenues under expenditures	(1,031,098)	(1,819,229)	(1,504,224)	(1,119,937)	(1,957,929)	(1,028,536)	(1,357,017)	372,946	505,235	(409,246)
Other financing sources (uses):										
Sale of capital asset	-	590,722	-	-	-	-	-	-	-	337,333
Issuance of SBITAs	-	-	-	-	-	-	-	-	33,318	12,790
Transfers in	298,487	618,780	841,971	1,211,971	752,450	758,964	585,395	273,373	970,924	901,408
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	1,055,000	544,000	-	285,000	1,400,000	186,151	1,210,849	-	-	-
Total other financing sources, net	1,353,487	1,651,508	708,272	1,421,806	2,147,519	945,115	1,824,775	33,455	206,210	1,099,644
Net change in fund balances	\$ 322,389	\$ (167,721)	\$ (795,952)	\$ 301,869	\$ 189,590	\$ (83,421)	\$ 467,758	\$ 406,401	\$ 711,445	\$ 690,398

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

*(modified accrual basis of accounting)***(Unaudited)**

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ 185,222	\$ 212,320	\$ 288,100	\$ 222,739	\$ 435,177	\$ 351,657	\$ 630,983	\$ 346,424	\$ 382,179	\$ 350,250
Total expenditures	\$ 4,535,637	\$ 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
Less: capital outlay	(910,084)	(1,398,661)	(769,033)	(648,256)	(1,453,718)	(750,779)	(764,586)	(1,607,213)	(917,554)	(1,771,588)
Noncapital expenditures	\$ 3,625,553	\$ 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
Debt service as a percentage of noncapital expenditures	5.11%	4.77%	6.48%	4.75%	8.98%	8.24%	9.59%	5.13%	6.19%	5.32%

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
2015	\$ 579,922	\$ 387,647	\$ 24,874	\$ 160,706	\$ 146,696	\$ 466,633	\$ 14,842	\$ 223,970	\$ 82,995	\$ 21,967	\$ -	\$ 2,110,252
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
Change 2015-2024	-37.57%	100.94%	-1.18%	140.55%	56.82%	141.36%	-2.62%	18.76%	23.82%	-43.83%	100.00%	57.17%

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
2015	\$ 409,796,273	\$ 6,429,834	\$ 200,667,200	\$ 616,893,307	\$ 416,226,107	1.13%	\$ 0.09	\$ 416,226,107	100.00%
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%

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.

TOWN OF BRIDGEWATER, VIRGINIA

Table 8

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Unaudited)

Fiscal Year June 30,	Tax Rates - Town			Tax Rates - Rockingham County			Tax Rates - Combined		
	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools
2015	\$ 0.09	\$ 0.75	\$ -	\$ 0.66	\$ 2.90	\$ 2.55	\$ 0.75	\$ 3.65	\$ 2.55
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

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	2024 Rank	2015 Rank
McDonalds	1	1
El Charro	2	3
Smiley's	3	-
Dairy Queen	4	2
Domino's	5	4
The Cracked Pillar	6	-
NY Flying Pizza	7	-
Francesco's	8	5
Subway	9	6
Bob-a-Reas	10	7
Papa John's	-	8
Il Prosecco	-	9
7-Eleven	-	10
Total Meals Tax	\$ 840,982	\$ 405,095

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)	
2015	\$ 0.0142/kWh	\$ 0.0125/kWh	\$ 0.0041/kWh	\$.0251/CCF	\$.0124/CCF	\$.0057/CCF	6%
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%

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
2015	\$ 367,506	\$ 363,278	98.85%	\$ 4,228	\$ 367,506	100.00%
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

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)

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
Fiscal Year June 30,	General Obligation Bonds	SBITAs Liability	General Obligation Bonds	SBITA Liability	Private Placement Notes				General Obligation Bonds		Debt Per Capita
2015	\$ 1,956,419	\$ -	\$ 495,000	\$ -	\$ -	\$ 2,451,419	1.17%	\$ 417	\$ 1,956,419	0.47%	\$ 333
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

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, 2024
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Rockingham County, Virginia	\$ 81,780,317	4.32%	\$ 3,530,460
Town Direct Debt			<u>3,221,928</u>
Total direct and overlapping debt			<u><u>\$ 6,752,388</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Legal debt margin	\$ 41,622,611	\$ 41,883,909	\$ 42,079,686	\$ 42,899,382	\$ 44,957,900	\$ 45,403,727	\$ 46,881,206	\$ 63,172,136	\$ 59,920,537	\$ 63,843,950
Total net debt applicable to limit	1,956,419	2,336,264	2,106,117	2,224,270	3,283,515	3,216,749	3,935,922	3,690,682	3,534,466	3,284,197
Available legal debt margin	\$ 39,666,192	\$ 39,547,645	\$ 39,973,569	\$ 40,675,112	\$ 41,674,385	\$ 42,186,978	\$ 42,945,284	\$ 59,481,454	\$ 56,386,071	\$ 60,559,753
Total net debt applicable to the limit as a percentage of debt limit	4.70%	5.58%	5.01%	5.18%	7.30%	7.08%	8.40%	5.84%	5.90%	5.14%
Legal debt margin calculation for fiscal year 2024:					Summary of outstanding debt:					
Assessed value of real estate	\$ 638,439,495				Gross bonded debt		\$ 4,287,673			
Debt limit (10% of assessed value)	\$ 63,843,950				Less: enterprise debt		1,003,476			
Debt applicable to limit:							\$ 3,284,197			
Net direct debt outstanding	3,284,197									
Available legal debt margin	\$ 60,559,753									

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						
	Utility	Operating Expenses	Net	Debt Service			Total Coverage
	Service Charges		Available Revenue	Principal	Interest	Totals	
2015	\$ 2,986,694	\$ 2,283,122	\$ 703,572	\$ 55,000	\$ 10,920	\$ 65,920	10.67
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

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
2015	5,879	\$ 209,880,300	35,700	4.6%
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	(4)	(4)	3.1%
2024	6,596	-	-	2.4%

Notes:

- (1) Population estimates obtained from the United States Bureau of the Census for years 2015 through 2024.
- (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 2015 through 2024 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government administration:										
Legislative:										
Manager's office	2	3	3	3	3	3	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	9	10	10
Public works:										
Public works department	3	4	4	4	5	4	3	4	4	4
Maintenance	5	5	5	5	5	5	5	5	5	5
General properties	5	5	5	5	6	6	5	5	5	5
Parks, recreation and cultural	5	8	9	8	7	7	7	8	8	9
Community and economic development:										
Community development	0	0	0	0	0	0	0	0	0	0.5
Economic development	0	0	0	0	0	0	0	0	0	0.5
Water, Sewer and Sanitation:										
Administration	1	1	1	1	1	1	1	4	1	1
Transmission	5	5	5	5	5	5	5	4	2	2
Purification	5	5	5	5	5	5	5	4	4	4
Sewer maintenance	2	2	2	2	2	2	2	2	2	1
Sanitation	6	6	6	6	6	6	3	2	2	2
Stormwater	-	-	-	-	-	1	1	1	1	1
Total	51	56	57	56	57	57	53	55	51	52

COMPLIANCE SECTION

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:				
Pass-through payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	UPC 113896/UPC 116859/UPC 121202/UPC 121208	\$ -	<u>\$ 417,906</u>
Virginia DMV:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	69A3752300004020VA0	-	<u>3,989</u>
Total Highway Safety Cluster				<u>3,989</u>
Total U.S. Department of Transportation				<u>421,895</u>
U.S. DEPARTMENT OF THE TREASURY:				
Pass-through Payments:				
Virginia Department of Treasury:				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	-	1,425,747
Virginia Department of Criminal Justice Services:				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	508516-LE	-	<u>2,683</u>
Total U.S. Department of the Treasury				<u>1,428,430</u>
ENVIRONMENTAL PROTECTION AGENCY				
Pass-through payments:				
Chesapeake Bay Trust:				
Chesapeake Bay Program CBIG, CBRAP and Monitoring Grants	66.964	Award Number 22233	-	<u>114,370</u>
Total Environmental Protection Agency				<u>114,370</u>
Total Expenditures of Federal Awards				<u>\$ 1,964,695</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Bridgewater, Virginia (Town) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Town has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 4, 2024.

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 Questioned Costs as item 2024-001 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 Questioned Costs. 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.

YB Marcus, LLP

Harrisonburg, Virginia
November 4, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Town of Bridgewater, Virginia's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Finding and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

YB Mares, LLP

Harrisonburg, Virginia
November 4, 2024

TOWN OF BRIDGEWATER, VIRGINIA**Page 1 of 2****SCHEDULE OF FINDING AND QUESTIONED COST****Year Ended June 30, 2024**

Section I. SUMMARY OF AUDITOR'S RESULTS*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes

√ No

Significant deficiencies identified?

√ Yes

_____ None Reported

Noncompliance material to financial statements noted?

_____ Yes

√ No

Federal Awards

Internal control over major federal program:

Material weaknesses identified?

_____ Yes

√ No

Significant deficiencies identified?

_____ Yes

√ None Reported

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

_____ Yes

√ No

Identification of major federal program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

√ Yes

_____ No

SCHEDULE OF FINDING AND QUESTIONED COST
Year Ended June 30, 2024

Section II. FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

2024-001: 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.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



CORRECTIVE ACTION PLAN

Year Ended June 30, 2024

FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

Identifying Number: 2024-001 Significant Deficiency Due to Significant Audit Adjustments

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

Corrective Action Taken or Planned: The Treasurer will strive to educate herself more on the necessary auditing principles needed to make entries related to leases, pension, and OPEB. For the record, this deficiency does not represent negligence on the part of the Treasurer. As noted in Section II (A) of the "Schedule of Findings and Questioned Costs," it has been our policy to allow auditors to propose certain closing journal entries, but we acknowledge the need to develop the skillset in house.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

Year Ended June 30, 2024

FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

Identifying Number: 2023-001 Significant Deficiency Due to Significant Audit Adjustments

Finding: Upon auditing the Town's year-end balances, entries were required to properly record year-end balances including accounts payable, accounts receivable, capital assets, and long-term debt.

Corrective Action Taken: The Treasurer began making some year-end entries to help alleviate the auditors required entries.

