

TOWN OF BRIDGEWATER, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021



Prepared by:

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



ASSURANCE, TAX & ADVISORY SERVICES

TOWN OF BRIDGEWATER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2021

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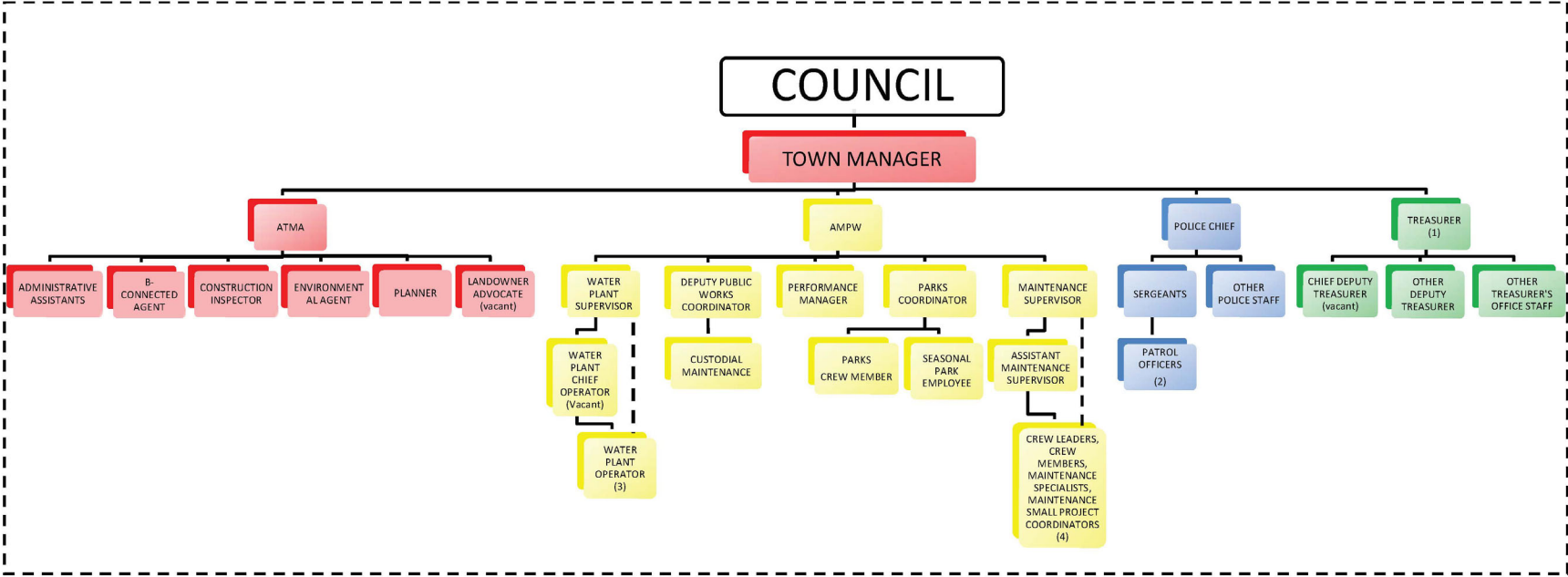
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INTRODUCTORY SECTION

ORGANIZATIONAL CHART



- (1) Treasurer reports to the Town Manager, but she has other reporting duties also.
- (2) Patrol officers report to the Sergeant depending on the 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, small project coordinators, 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
Betsy Putney	Clerk

MEMBERS OF COUNCIL

Travis Bowman	Steven A. Schofield
William D. Miracle	Dillina W. Stickley
Jim Tongue	

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

Jason T. Burkholder	James R. Harper
Jane Z. Fulk	Larry A. Elkins
Wesley W. Griffin	Debbie S. Byerly
Stephanie L. Curtis	

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the Town, as of June 30, 2021, the respective changes in financial position and the budgetary comparison of the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 6-12 and 82-91, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021 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 the Town's internal control over financial reporting and compliance.

YBMares, LLP

Harrisonburg, Virginia
November 2, 2021

Town of Bridgewater, Virginia Management's Discussion and Analysis

The COVID-19 pandemic continued to rock the planet throughout our fiscal 2021, so it would be reasonable to assume that Bridgewater's financial position was rocked as well. In fact, however, our finances were remarkably robust, for two main reasons. First, the impact of the federal CARES Act and American Rescue Plan is undeniable. Even though the two programs were narrowly targeted for certain end uses, they provided assets and liquidity to press through turbulence. Second, thanks to a robust local economy, our tax collections were actually higher than in fiscal 2020. All in all, it was a year in which we were not overly stressed—at least financially.

We were able to make good progress on our “Fearsome Foursome” of capital projects, bringing Riverwalk, Phase I, to conclusion. Our Dry River Road project was nearing completion by year's end (and has been completed subsequently). The DORM project for a stoplight at Dylan Circle, Old River Road, and Main Street advanced sufficiently to allow us to sign a construction contract shortly after year-end. Alas, our plan to underground utilities moved slowly. At least the undergrounding plan is now out for bids, so we can determine whether it is viable in the current contractor-favorable environment.

In fiscal 2021, we continued to build our reserve fund in accord with the Council's Fund Balance Policy. We will continue to build the fund in fiscal 2022, at a steadily increasing rate. The fund is still small, one day it will serve as a buffer between the needs of our people and the financial exigencies of the day.

FINANCIAL HIGHLIGHTS

Total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at June 30, 2021 by approximately \$5.6 million (net position). Of the total net position, approximately \$176,000 was unrestricted surplus.

The Town's total net position decreased approximately \$457,000 from the previous year's total net position.

As of June 30, 2021, the Town's governmental funds had combined ending fund balances of approximately \$998,500, an increase of approximately \$467,500 in comparison with the prior year.

The Town's total long-term liabilities (excluding compensated absences) increased approximately \$1,268,400 during fiscal year 2021 due primarily to new debt issuance of \$1,211,000 for the Town's portion of a 50/50 revenue sharing VDOT project on Dry River Road coupled with increased OPEB and pension liabilities.

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 \$5.6 million. Most of this total, approximately 96%, is classified as "net investment in capital assets." This reflects the Town's investment in capital assets (e.g., land, easements, infrastructure, buildings, improvements, machinery and equipment, software, and construction in progress), less any related debt still outstanding on those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets would not likely be used to liquidate these liabilities.

Of the total net position, \$176,000 is classified as unrestricted surplus.

The following table presents a condensed statement of net position:

Table 1
Summary Statements of Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-type Activity		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 5,206,347	\$ 1,511,108	\$ 530,316	\$ 480,928	\$ 5,736,663	\$ 1,992,036
Capital assets, net	7,695,342	7,662,139	3,193,672	3,400,645	10,889,014	11,062,784
Total assets	12,901,689	9,173,247	3,723,988	3,881,573	16,625,677	13,054,820
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefits	42,363	46,899	18,294	19,095	60,657	65,994
Pension plan	505,882	293,425	264,371	135,125	770,253	428,550
Deferred charge on refunding	26,629	-	-	-	26,629	-
Total deferred outflows of resources	574,874	340,324	282,665	154,220	857,539	494,544
LIABILITIES						
Current and other liabilities	4,214,847	987,185	151,781	104,749	4,366,628	1,091,934
Long-term liabilities	5,123,358	3,938,425	2,174,552	2,104,775	7,297,910	6,043,200
Total liabilities	9,338,205	4,925,610	2,326,333	2,209,524	11,664,538	7,135,134
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefits	169,427	197,465	87,109	90,603	256,536	288,068
Pension plan	-	73,507	-	33,851	-	107,358
Total deferred inflows of resources	169,427	270,972	87,109	124,454	256,536	395,426
NET POSITION						
Net investment in capital assets	3,759,420	4,445,390	1,604,310	1,600,558	5,363,730	6,045,948
Restricted	22,486	22,464	-	-	22,486	22,464
Unrestricted	187,025	(150,865)	(11,099)	101,257	175,926	(49,608)
Total net position	\$ 3,968,931	\$ 4,316,989	\$ 1,593,211	\$ 1,701,815	\$ 5,562,142	\$ 6,018,804

Statement of Activities

Governmental Activities

Revenues: For the fiscal year ended June 30, 2021 revenue from governmental activities totaled \$6 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, and 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.

Expenses: Expenses for governmental activities, including interest on debt service, totaled \$6.9 million. As the table below indicates, General Government Administration and Public Works, which together comprise about 70% 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, 2021:

Table 2
Changes in Net Position
Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 206,377	\$ 323,436	\$ 3,394,617	\$ 3,530,082	\$ 3,600,994	\$ 3,853,518
Operating grants and contributions	2,526,733	789,125	-	-	2,526,733	789,125
Capital grants and contributions	-	1,321	109,444	143,972	109,444	145,293
Total program revenues	2,733,110	1,113,882	3,504,061	3,674,054	6,237,171	4,787,936
General revenues:						
General property taxes	290,738	284,099	-	-	290,738	284,099
Other local taxes	2,387,441	2,236,256	-	-	2,387,441	2,236,256
Intergovernmental, non-categorical aid	175,444	176,593	-	-	175,444	176,593
Use of money and property	100,597	105,268	-	-	100,597	105,268
Miscellaneous	296,476	74,383	46,930	40,223	343,406	114,606
Total general revenues	3,250,696	2,876,599	46,930	40,223	3,297,626	2,916,822
Total revenues	5,983,806	3,990,481	3,550,991	3,714,277	9,534,797	7,704,758
Expenses:						
General government administration	1,067,040	846,698	-	-	1,067,040	846,698
Public safety	893,368	791,134	-	-	893,368	791,134
Public works	3,757,244	1,219,675	-	-	3,757,244	1,219,675
Parks, recreation and cultural	763,500	754,113	-	-	763,500	754,113
Community and economic development	189,297	185,401	-	-	189,297	185,401
Sipe Center	162,482	154,004	-	-	162,482	154,004
Interest	84,328	98,002	-	-	84,328	98,002
Water, sewer and sanitation	-	-	2,975,789	2,585,546	2,975,789	2,585,546
Stormwater management	-	-	98,411	166,522	98,411	166,522
Total expenses	6,917,259	4,049,027	3,074,200	2,752,068	9,991,459	6,801,095
Changes in net position before transfers	(933,453)	(58,546)	476,791	962,209	(456,662)	903,663
Transfers	585,395	758,964	(585,395)	(758,964)	-	-
Change in net position	(348,058)	700,418	(108,604)	203,245	(456,662)	903,663
Net position, beginning	4,316,989	3,616,571	1,701,815	1,498,570	6,018,804	5,115,141
Net position, ending	\$ 3,968,931	\$ 4,316,989	\$ 1,593,211	\$ 1,701,815	\$ 5,562,142	\$ 6,018,804

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 2021, total operating and non-operating revenues amounted to \$3.6 million, which is a decrease of approximately \$163,000 from the prior fiscal year. Approximately 95% of water, sewer, sanitation and stormwater revenues come from charges for service. Approximately 5% of revenues come from capital grants and contributions and miscellaneous income.

Expenses amounted to \$3.1 million for fiscal year 2021. This is an increase of 12% from the previous year and is due primarily to increases in allocations of fringe benefits. Change in net position before transfers was \$477,000 in fiscal year 2021, compared to \$962,000 in fiscal year 2020, a decrease of \$485,000.

The business-type activities' net position decreased approximately \$109,000 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 \$357,000 resulting in an unassigned balance of approximately \$817,000. Committed funds, those implemented by the FY19 Fund Balance Policy, increased by approximately \$110,500.

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, 2021, the unrestricted net position for the enterprise funds totaled about \$(11,000), which is a decrease of approximately \$112,400 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, actual revenues were less than budgeted revenues by \$1.5 million. Expenditures were less than budgeted amounts by \$1.9 million. This was mainly due to VDOT funded projects that did not happen as anticipated in FY21.

CAPITAL ASSETS

Reflected in Table 3, *Changes in Capital Assets*, net capital asset balances have decreased from the previous year. Capital asset additions for fiscal year 2021 totaled approximately \$832,000. The additions can be attributed largely to the completion of Riverwalk and various ongoing capital projects, such as Main Street Undergrounding and Lightbridge. The decrease in net balance is due primarily to the disposal of refuse vehicles no longer needed and current year depreciation.

Table 3
Changes in Capital Assets
Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capital assets not being depreciated:						
Land and easements	\$ 1,873,202	\$ 2,193,008	\$ 4,600	\$ 4,600	\$ 1,877,802	\$ 2,197,608
Construction in progress	268,007	95,907	-	8,779	268,007	104,686
Total capital assets not being depreciated	2,141,209	2,288,915	4,600	13,379	2,145,809	2,302,294
Capital assets being depreciated or amortized:						
Buildings and improvements	6,253,278	5,834,678	1,018,917	949,488	7,272,195	6,784,166
Distribution and collection system	-	-	3,961,726	3,961,726	3,961,726	3,961,726
Equipment	1,125,178	1,048,537	2,529,561	2,522,884	3,654,739	3,571,421
Software	53,970	83,570	-	-	53,970	83,570
Infrastructure	1,244,706	1,244,706	104,494	104,494	1,349,200	1,349,200
Vehicles	540,916	494,985	625,287	1,000,016	1,166,203	1,495,001
Total capital assets being depreciated or amortized	9,218,048	8,706,476	8,239,985	8,538,608	17,458,033	17,245,084
Less accumulated depreciation and amortization:						
Buildings and improvements	1,890,999	1,690,445	865,850	851,307	2,756,849	2,541,752
Distribution and collection system	-	-	2,028,523	1,942,730	2,028,523	1,942,730
Equipment	890,204	851,436	1,588,013	1,495,750	2,478,217	2,347,186
Software	49,400	45,194	-	-	49,400	45,194
Infrastructure	386,972	345,482	10,188	6,705	397,160	352,187
Vehicles	446,340	400,695	558,339	854,850	1,004,679	1,255,545
Total accumulated depreciation and amortization	3,663,915	3,333,252	5,050,913	5,151,342	8,714,828	8,484,594
Total capital assets being depreciated or amortized, net	5,554,133	5,373,224	3,189,072	3,387,266	8,743,205	8,760,490
Capital assets, net	\$ 7,695,342	\$ 7,662,139	\$ 3,193,672	\$ 3,400,645	\$ 10,889,014	\$ 11,062,784

LONG-TERM DEBT

As of June 30, 2021, the Town's long-term liabilities, exclusive of compensated absences, net pension liability and other postemployment benefits, totaled \$3.9 million for governmental activities. Additionally, \$1.6 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 \$43 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, 2021 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
6,145	\$ 468,812,056	\$ 3,935,922	0.0084	\$ 641

The net bonded debt increased approximately \$719,000, which correlates to an increase in debt per capita of \$118.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

We expect our fiscal 2022 tax revenues and utility revenues to approximate those from fiscal 2021. A significant share of our revenue is based on the health of the underlying economy, so macroeconomic factors could always alter the picture.

It would be fair to say that there are two budgets for fiscal 2022: the budget we developed in the traditional manner in the spring of 2021 and the unofficial budget which we are still building for the \$3.19 million in ARPA funding we have received. ARPA regulations are slowly evolving to provide clearer guidance on how the federal funds can be spent, and we continue to evaluate potential ARPA projects. As the Council decides on the expenditure of ARPA funds, we will, of course, amend the underlying budget from time to time.

The FY22 budget does not alter tax rates or service fees, other than by adding the usual inflationary increase to our service fees.

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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority	Sipe Center Live
ASSETS					
Cash and cash equivalents	\$ 1,569,712	\$ -	\$ 1,569,712	\$ 54,491	\$ 24,250
Receivables, net:					
Property taxes	1,649	-	1,649	-	-
Trade and other accounts	72,296	530,316	602,612	-	-
Due from other governments	211,514	-	211,514	-	-
Note receivable	-	-	-	69,022	-
Restricted investment	22,486	-	22,486	-	-
Restricted cash and cash equivalents	3,328,690	-	3,328,690	-	-
Capital assets:					
Land	1,864,802	4,600	1,869,402	79,747	-
Land easements	8,400	-	8,400	-	-
Buildings and improvements	6,253,278	1,018,917	7,272,195	407,886	-
Infrastructure	1,244,706	104,494	1,349,200	-	-
Distribution and collection systems	-	3,961,726	3,961,726	-	-
Equipment	1,125,178	2,529,561	3,654,739	30,105	-
Software	53,970	-	53,970	-	-
Vehicles	540,916	625,287	1,166,203	-	-
Construction in progress	268,007	-	268,007	-	-
Less: accumulated depreciation and amortization	(3,663,915)	(5,050,913)	(8,714,828)	(76,378)	-
Total assets	12,901,689	3,723,988	16,625,677	564,873	24,250
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits	42,363	18,294	60,657	-	-
Pension plan	505,882	264,371	770,253	-	-
Deferred charge on refunding	26,629	-	26,629	-	-
Total deferred outflows of resources	574,874	282,665	857,539	-	-
LIABILITIES					
Accounts and deposits payable	350,401	116,602	467,003	-	-
Due to other governments	23,297	-	23,297	-	-
Accrued payroll and benefits	74,306	25,052	99,358	-	-
Accrued interest	16,046	10,127	26,173	2,478	-
Unearned revenue	3,750,797	-	3,750,797	3,000	-
Noncurrent liabilities:					
Due within one year:					
Capital leases	-	23,951	23,951	-	-
Bonds payable	237,394	172,093	409,487	17,898	-
Compensated absences	76,145	22,287	98,432	-	-
Due in more than one year:					
Capital leases	-	41,603	41,603	-	-
Bonds payable	3,698,528	1,351,715	5,050,243	451,664	-
Compensated absences	50,763	14,857	65,620	-	-
Net pension liability	882,448	461,161	1,343,609	-	-
Other postemployment benefits	178,080	86,885	264,965	-	-
Total liabilities	9,338,205	2,326,333	11,664,538	475,040	-
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	169,427	87,109	256,536	-	-
Total deferred inflows of resources	169,427	87,109	256,536	-	-
NET POSITION					
Net investment in capital assets	3,759,420	1,604,310	5,363,730	256,813	-
Restricted:					
Nonexpendable trust principal	6,000	-	6,000	-	-
Cemetery maintenance	16,486	-	16,486	-	-
Unrestricted	187,025	(11,099)	175,926	(166,980)	24,250
Total net position	\$ 3,968,931	\$ 1,593,211	\$ 5,562,142	\$ 89,833	\$ 24,250

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

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	\$	1,067,040	\$	-	\$	-	\$	(1,067,040)	\$	-	\$	-
Public safety		893,368		24,920		508,142		-		-		-
Public works		3,757,244		10,719		1,928,377		-		-		-
Parks, recreation and cultural		763,500		124,940		-		-		-		-
Community and economic development		189,297		-		90,214		-		-		-
Sipe Center		162,482		45,798		-		-		-		-
Interest		84,328		-		-		-		-		-
Total governmental activities		6,917,259	206,377	2,526,733	-	(4,184,149)	-	(4,184,149)	-	-		
Business-type activities:												
Water, sewer and sanitation		2,975,789	3,236,656	-	109,444	-	370,311	370,311	-	-		
Stormwater management		98,411	157,961	-	-	-	59,550	59,550	-	-		
Total business-type activities		3,074,200	3,394,617	-	109,444	-	429,861	429,861	-	-		
Total primary government		\$ 9,991,459	\$ 3,600,994	\$ 2,526,733	\$ 109,444	(4,184,149)	429,861	(3,754,288)	-	-		
Component Units:												
Industrial Development Authority		\$ 45,165	\$ 14,315	\$ -	\$ -	-	-	-	(30,850)	-		
Sipe Center Live		\$ 1,555	\$ -	\$ -	\$ -	-	-	-	-	(1,555)		
General revenues:												
Taxes:												
General property taxes						290,738	-	290,738	-	-		
Other local taxes:												
Consumer utility						712,344	-	712,344	-	-		
Meals						819,144	-	819,144	-	-		
Local sales and use						298,687	-	298,687	-	-		
Business license						212,556	-	212,556	-	-		
Bank stock						194,679	-	194,679	-	-		
Other						150,031	-	150,031	-	-		
Intergovernmental, non-categorical aid						175,444	-	175,444	-	-		
Use of money and property						100,597	-	100,597	39,626	-		
Miscellaneous						296,476	46,930	343,406	-	12,592		
Transfers						585,395	(585,395)	-	-	-		
Total general revenues and transfers, net						3,836,091	(538,465)	3,297,626	39,626	12,592		
Change in net position						(348,058)	(108,604)	(456,662)	8,776	11,037		
Net position, beginning						4,316,989	1,701,815	6,018,804	81,057	13,213		
Net position, ending						\$ 3,968,931	\$ 1,593,211	\$ 5,562,142	\$ 89,833	\$ 24,250		

TOWN OF BRIDGEWATER, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,569,712	\$ -	\$ 1,569,712
Receivables, net of allowances for uncollectible amounts:			
Property taxes	1,649	-	1,649
Trade and other accounts	72,296	-	72,296
Due from other governments	211,514	-	211,514
Restricted investment	-	22,486	22,486
Restricted cash and cash equivalents	3,328,690	-	3,328,690
Total assets	\$ 5,183,861	\$ 22,486	\$ 5,206,347
LIABILITIES			
Accounts and deposits payable	\$ 350,401	\$ -	\$ 350,401
Due to other governments	23,297	-	23,297
Accrued payroll and benefits	74,306	-	74,306
Unearned revenue	3,750,797	-	3,750,797
Total liabilities	4,198,801	-	4,198,801
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	9,000	-	9,000
Total deferred inflows of resources	9,000	-	9,000
FUND BALANCES			
Nonspendable:			
Permanent fund principal	-	6,000	6,000
Restricted for:			
Cemetery maintenance	-	16,486	16,486
Committed:			
Tactical reserve	53,069	-	53,069
Strategic reserve	106,138	-	106,138
Unassigned	816,853	-	816,853
Total fund balances	976,060	22,486	998,546
Total liabilities, deferred inflows of resources and fund balances	\$ 5,183,861	\$ 22,486	\$ 5,206,347

TOWN OF BRIDGEWATER, VIRGINIA

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

June 30, 2021

	Governmental Funds	
Total fund balances - governmental funds	\$ 998,546	
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	\$ 11,359,257	
Less: accumulated depreciation and amortization	<u>(3,663,915)</u>	
Net capital assets		7,695,342
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	505,882	
Other postemployment benefits	42,363	
Deferred charge on refunding	<u>26,629</u>	
		574,874
Other long-term assets are not available to fund current expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		9,000
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	(3,935,922)	
Compensated absences	(126,908)	
Interest payable	(16,046)	
Net pension liability	(882,448)	
Other postemployment benefits liability	<u>(178,080)</u>	
		(5,139,404)
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.		
Other postemployment benefits	<u>(169,427)</u>	
		<u>(169,427)</u>
Net position of governmental activities		<u>\$ 3,968,931</u>

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2021

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
Revenues:			
General property taxes	\$ 290,738	\$ -	\$ 290,738
Other local taxes	2,387,441	-	2,387,441
Permits and other licenses	10,719	-	10,719
Fines and forfeitures	24,920	-	24,920
Use of money and property	100,575	22	100,597
Charges for services	170,738	-	170,738
Miscellaneous	296,476	-	296,476
Intergovernmental	2,702,177	-	2,702,177
Total revenues	5,983,784	22	5,983,806
Expenditures:			
Current:			
General government administration	969,962	-	969,962
Public safety	832,439	-	832,439
Public works	3,572,196	-	3,572,196
Parks, recreation and cultural	1,016,986	-	1,016,986
Community and economic development	171,916	-	171,916
Sipe Center	146,341	-	146,341
Debt service:			
Principal	520,207	-	520,207
Interest	110,776	-	110,776
Total expenditures	7,340,823	-	7,340,823
Excess (deficiency) of revenues over (under) expenditures	(1,357,039)	22	(1,357,017)
Other financing sources (uses):			
General obligation bonds issued	1,210,849	-	1,210,849
Refunding bonds issued	1,319,504	-	1,319,504
Payment to refunded bond escrow agent	(1,290,973)	-	(1,290,973)
Transfers in	585,395	-	585,395
Total other financing sources, net	1,824,775	-	1,824,775
Net change in fund balances	467,736	22	467,758
Fund balances, beginning	508,324	22,464	530,788
Fund balances, ending	\$ 976,060	\$ 22,486	\$ 998,546

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, 2021

	Governmental Funds	
Net change in fund balance - total governmental funds	\$ 467,758	
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	\$ 764,586	
Less: depreciation and amortization expense	<u>(375,611)</u>	
Excess of capital outlays over depreciation and amortization		388,975
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(355,772)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued:		
General obligation bonds	(1,210,849)	
Refunding bonds	(1,319,504)	
Deferred charge on refunding	28,531	
Principal repayments on general obligation bonds:		
General obligation bonds	520,207	
Payment to refunded bond escrow agent	<u>1,290,973</u>	
		(690,642)
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	(181)	
Amortization of deferred charge on refunding	(1,902)	
Compensated absences	10,924	
Changes in pension liabilities and related deferred outflows and inflows of resources	(229,147)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>61,929</u>	
		<u>(158,377)</u>
Change in net position of governmental activities	\$	<u>(348,058)</u>

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2021

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 283,000	\$ 283,000	\$ 290,738	\$ 7,738
Other local taxes	2,094,595	2,164,995	2,387,441	222,446
Permits and other licenses	22,300	22,300	10,719	(11,581)
Fines and forfeitures	45,000	45,000	24,920	(20,080)
Use of money and property	108,000	108,000	100,575	(7,425)
Charges for services	379,519	345,119	170,738	(174,381)
Miscellaneous	37,900	287,900	296,476	8,576
Intergovernmental	3,872,233	4,189,593	2,702,177	(1,487,416)
Total revenues	6,842,547	7,445,907	5,983,784	(1,462,123)
Expenditures:				
Current:				
General government administration	896,129	913,754	969,962	56,208
Public safety	829,989	842,089	832,439	(9,650)
Public works	5,469,718	5,496,203	3,572,196	(1,924,007)
Parks, recreation and cultural	869,698	877,098	1,016,986	139,888
Community and economic development	148,083	224,583	171,916	(52,667)
Sipe Center	253,752	255,302	146,341	(108,961)
Debt service:				
Principal	287,066	537,066	520,207	(16,859)
Interest and fiscal charges	115,735	115,735	110,776	(4,959)
Total expenditures	8,870,170	9,261,830	7,340,823	(1,921,007)
Deficiency of revenues under expenditures	(2,027,623)	(1,815,923)	(1,357,039)	458,884
Other financing sources (uses):				
General obligation bonds issued	-	-	1,210,849	1,210,849
Refunding bonds issued	-	-	1,319,504	1,319,504
Payment to refunded bond escrow agent	-	-	(1,290,973)	(1,290,973)
Transfers in	-	-	585,395	585,395
Total other financing sources, net	-	-	1,824,775	1,824,775
Net change in fund balance	\$ (2,027,623)	\$ (1,815,923)	467,736	\$ 2,283,659
Fund balance, beginning			508,324	
Fund balance, ending			\$ 976,060	

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2021

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
ASSETS			
Current assets:			
Accounts receivable, net of allowances for uncollectible amounts	\$ 508,168	\$ 22,148	\$ 530,316
Total current assets	508,168	22,148	530,316
Noncurrent assets:			
Capital assets:			
Land	4,600	-	4,600
Buildings and improvements	1,018,917	-	1,018,917
Infrastructure	-	104,494	104,494
Distribution and collection systems	3,961,726	-	3,961,726
Equipment	2,529,561	-	2,529,561
Vehicles	625,287	-	625,287
Total capital assets	8,140,091	104,494	8,244,585
Less: accumulated depreciation	(5,040,725)	(10,188)	(5,050,913)
Total noncurrent assets	3,099,366	94,306	3,193,672
Total assets	3,607,534	116,454	3,723,988
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	17,083	1,211	18,294
Pension plan	245,158	19,213	264,371
Total deferred outflows of resources	262,241	20,424	282,665
LIABILITIES			
Current liabilities:			
Accounts and deposits payable	116,495	107	116,602
Accrued payroll and benefits	22,746	2,306	25,052
Accrued interest	10,127	-	10,127
Compensated absences	22,287	-	22,287
Capital leases payable	23,951	-	23,951
Bonds payable	172,093	-	172,093
Total current liabilities	367,699	2,413	370,112
Noncurrent liabilities:			
Capital leases payable	41,603	-	41,603
Bonds payable	1,351,715	-	1,351,715
Net pension liability	427,647	33,514	461,161
Compensated absences	14,857	-	14,857
Other postemployment benefits	80,622	6,263	86,885
Total noncurrent liabilities	1,916,444	39,777	1,956,221
Total liabilities	2,284,143	42,190	2,326,333
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	80,832	6,277	87,109
Total deferred inflows of resources	80,832	6,277	87,109
NET POSITION			
Net investment in capital assets	1,510,004	94,306	1,604,310
Unrestricted	(5,204)	(5,895)	(11,099)
Total net position	\$ 1,504,800	\$ 88,411	\$ 1,593,211

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2021

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Operating revenues:			
Charges for services	\$ 3,235,456	\$ 157,961	\$ 3,393,417
Penalties	46,930	-	46,930
Other	1,200	-	1,200
Total operating revenues	3,283,586	157,961	3,441,547
Operating expenses:			
Personal services	656,051	59,709	715,760
Fringe benefits	383,306	27,151	410,457
Materials, line repairs and other	818,303	8,068	826,371
Regional Sewer Authority assessment:			
Operations and maintenance	276,542	-	276,542
Debt service	519,907	-	519,907
Construction	102,404	-	102,404
Depreciation	227,493	3,483	230,976
Total operating expenses	2,984,006	98,411	3,082,417
Operating income	299,580	59,550	359,130
Nonoperating revenue (expense):			
Interest expense	(38,459)	-	(38,459)
Gain on disposal of assets	46,676	-	46,676
Connection availability fees	109,444	-	109,444
Total nonoperating revenue, net	117,661	-	117,661
Income before transfers	417,241	59,550	476,791
Transfers out	(513,136)	(72,259)	(585,395)
Change in net position	(95,895)	(12,709)	(108,604)
Net position, beginning	1,600,695	101,120	1,701,815
Net position, ending	\$ 1,504,800	\$ 88,411	\$ 1,593,211

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2021

	Business-type Activity - Enterprise Fund Water, Sewer and Sanitation Fund	Non-major Business-type Activity - Stormwater Management Fund	Total Business-type Activities
Cash flows from operating activities:			
Receipts from customers	\$ 3,232,913	\$ 159,246	\$ 3,392,159
Payments to suppliers for goods and services	(1,674,964)	(9,419)	(1,684,383)
Payments to employees for services and benefits	(926,429)	(77,568)	(1,003,997)
Net cash provided by operating activities	631,520	72,259	703,779
Cash flows from noncapital and related financing activities:			
Transfers out	(513,136)	(72,259)	(585,395)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(67,327)	-	(67,327)
Proceeds from the sale of capital assets	90,000	-	90,000
Connection availability fees	109,444	-	109,444
Principal paid on:			
General obligation bonds	(173,135)	-	(173,135)
Capital leases	(37,590)	-	(37,590)
Interest paid on outstanding debt	(39,776)	-	(39,776)
Net cash used in capital and related financing activities	(118,384)	-	(118,384)
Cash and cash equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 299,580	\$ 59,550	\$ 359,130
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	227,493	3,483	230,976
Changes in operating accounts:			
(Increase) decrease in accounts receivable	(50,673)	1,285	(49,388)
Increase in pension related deferred outflows of resources	(120,211)	(9,035)	(129,246)
Decrease in OPEB related deferred outflows of resources	746	55	801
Increase (decrease) in accounts payable and accrued expenses	45,617	(62)	45,555
Increase in net pension liability	271,226	20,772	291,998
Decrease in net OPEB liability	(7,996)	(706)	(8,702)
Decrease in pension related deferred inflows of resources	(31,301)	(2,550)	(33,851)
Decrease in OPEB related deferred inflows of resources	(2,961)	(533)	(3,494)
Net cash provided by operating activities	\$ 631,520	\$ 72,259	\$ 703,779

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

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB. 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, 2021. 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, 2021 as a discretely presented component unit.

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.

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 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, 2021 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 unit. 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.

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:

Stormwater Management Fund

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

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

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

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

C. Budgetary Data

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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. That 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. These items are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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 item relates to the OPEB plans. These items are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

7) Capital Assets

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

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

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

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

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

8) 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.

9) 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)

10) Pensions

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

11) 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 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)

12) 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. The policy will be implemented in five stages, with 20% of sales tax transferred to the reserves in fiscal year 2020, 40% in fiscal year 2021, 60% in fiscal year 2022, 80% in fiscal year 2023 and 100% thereafter until the desired level of unrestricted General Fund balance is achieved.

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)

13) 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

F. Loans of the Industrial Development Authority and Pass-Through Financing (Continued)

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

The Authority issued bonds during fiscal year 2015 for the construction of a building adjacent to Generations Park and added equipment to the building for a restaurant. The Authority leases this facility to a restaurant and the rental income is used to reimburse the Authority for project costs that were incurred prior to the issuance of the bond. The associated liabilities and assets are recognized in the Authority's financial statements.

G. Subsequent Events

The Town has evaluated subsequent events through November 2, 2021, 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 \$300,127, 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

The Town does not have a formal investment policy.

At year-end, the Town's investment balance was as follows:

Certificate of deposit (maturing July 20, 2021)	\$ 22,486
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The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following investment subject to recurring fair value measurement as of June 30, 2021:

- Certificate of deposit of \$22,486 is valued using quoted market prices (Level 1 inputs).

Note 3. Receivables and Unavailable/Unearned Revenue

Receivables at June 30, 2021, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water, Sewer and Sanitation Fund	Stormwater Management Fund	Totals
Property taxes	\$ 12,649	\$ -	\$ -	\$ 12,649
Trade and other accounts	72,296	515,168	22,148	609,612
Gross receivables	84,945	515,168	22,148	622,261
Less allowance for uncollectable accounts	11,000	7,000	-	18,000
Net receivables	\$ 73,945	\$ 508,168	\$ 22,148	\$ 604,261

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$11,000 and \$7,000 at June 30, 2021 for the General Fund and Water, Sewer and Sanitation Fund, respectively.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unavailable/Unearned Revenue (Continued)

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

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 9,000	\$ -
Urban Construction Program funds	-	410,377
VDOT Maintenance funds	-	120,034
ARPA funds	-	3,187,770
Other	-	32,616
	<u>\$ 9,000</u>	<u>\$ 3,750,797</u>

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 \$3,000 at June 30, 2021.

Note 4. Due From Other Governments

Due from other governments includes the following:

General Fund:

Federal:

Small Business Administration grant funds \$ 70,819

Commonwealth of Virginia:

Enhancement grant funds 19,380

Revenue sharing funds 60,315

Local sales and communication tax 61,000

Total General Fund \$ 211,514

Note 5. Note Receivable

Note receivable as of June 30, 2021 consisted of the following:

	Industrial Development Authority
3.47% note, due in monthly installments of \$1,382, including interest through December 2025	\$ 69,022
Less current maturities	<u>(14,422)</u>
Long-term portion	<u><u>\$ 54,600</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,184,608	\$ -	\$ (319,806)	\$ 1,864,802
Land easements	8,400	-	-	8,400
Construction in progress	95,907	251,052	(78,952)	268,007
Total capital assets, not being depreciated or amortized	2,288,915	251,052	(398,758)	2,141,209
Capital assets being depreciated or amortized:				
Buildings and improvements	5,834,678	381,552	37,048	6,253,278
Equipment	1,048,537	86,051	(9,410)	1,125,178
Software	83,570	-	(29,600)	53,970
Infrastructure	1,244,706	-	-	1,244,706
Vehicles	494,985	45,931	-	540,916
Total capital assets being depreciated or amortized	8,706,476	513,534	(1,962)	9,218,048
Less accumulated depreciation and amortization for:				
Buildings and improvements	1,690,445	229,049	(28,495)	1,890,999
Equipment	851,436	45,355	(6,587)	890,204
Software	45,194	14,072	(9,866)	49,400
Infrastructure	345,482	41,490	-	386,972
Vehicles	400,695	45,645	-	446,340
Total accumulated depreciation and amortization	3,333,252	375,611	(44,948)	3,663,915
Total capital assets being depreciated or amortized, net	5,373,224	137,923	42,986	5,554,133
Governmental activities capital assets, net	\$ 7,662,139	\$ 388,975	\$ (355,772)	\$ 7,695,342

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

Governmental activities:	
General government administration	\$ 27,837
Public safety	33,460
Public works	174,662
Community development	3,737
Parks, recreation and cultural	135,915
Total depreciation and amortization expense - governmental activities	\$ 375,611

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	\$ 4,600	\$ -	\$ -	\$ 4,600
Construction in progress	8,779	-	(8,779)	-
Total capital assets, not being depreciated	13,379	-	(8,779)	4,600
Capital assets being depreciated:				
Buildings and improvements	949,488	60,650	8,779	1,018,917
Infrastructure	104,494	-	-	104,494
Distribution and collection systems	3,961,726	-	-	3,961,726
Equipment	2,522,884	6,677	-	2,529,561
Vehicles	1,000,016	-	(374,729)	625,287
Total capital assets being depreciated	8,538,608	67,327	(365,950)	8,239,985
Less accumulated depreciation for:				
Buildings and improvements	851,307	14,543	-	865,850
Infrastructure	6,705	3,483	-	10,188
Distribution and collection systems	1,942,730	85,793	-	2,028,523
Equipment	1,495,750	92,263	-	1,588,013
Vehicles	854,850	34,894	(331,405)	558,339
Total accumulated depreciation	5,151,342	230,976	(331,405)	5,050,913
Total capital assets being depreciated, net	3,387,266	(163,649)	(34,545)	3,189,072
Business-type activities capital assets, net	\$ 3,400,645	\$ (163,649)	\$ (43,324)	\$ 3,193,672

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 111,354
Sewer	103,443
Sanitation	12,696
Stormwater	3,483
Total depreciation expense - business-type activities	\$ 230,976

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Component unit - Authority:				
Capital assets not being depreciated:				
Land	\$ 79,747	\$ -	\$ -	\$ 79,747
Total capital assets, not being depreciated	79,747	-	-	79,747
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	50,171	11,495	-	61,666
Equipment	11,702	3,010	-	14,712
Total accumulated depreciation	61,873	14,505	-	76,378
Total capital assets being depreciated, net	376,118	(14,505)	-	361,613
Component unit - Authority capital assets, net	\$ 455,865	\$ (14,505)	\$ -	\$ 441,360

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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	\$ 3,216,749	\$2,530,353	\$(1,811,180)	\$ 3,935,922	\$ 237,394
Compensated absences	137,832	95,837	(106,761)	126,908	76,145
Governmental activities long-term activities	\$ 3,354,581	\$2,626,190	\$(1,917,941)	\$ 4,062,830	\$ 313,539

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2022	\$ 237,394	\$ 99,573
2023	250,224	95,413
2024	211,388	88,968
2025	184,933	83,456
2026	189,112	78,653
2027-2031	975,180	318,991
2032-2036	1,069,042	188,732
2037-2041	767,531	55,341
2042	51,118	725
	\$ 3,935,922	\$ 1,009,852

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds

\$915,000 general obligation bond issued December 2011, due in annual installments of \$30,574 to \$73,081 through December 2023, plus interest payable annually at 2.84%. \$ 167,699

\$1,055,000 general obligation bond, issued December 2014, due in semi-annual installments of \$18,201 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. 836,439

\$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%. 225,000

\$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%. 87,932

\$1,319,504 general obligation refunding bond issued October 2020, due in semi-annual installments of \$29,922 to \$44,510 through June 2038, plus interest payable semi-annually at 2.38%. 1,250,128

\$1,397,000 general obligation public improvement bond issued September 2019 (\$186,151 borrowed through June 30, 2020), due in semi-annual installments beginning April 2021 of \$24,284 to \$48,522 through October 2041, plus interest payable semi-annually at 2.94%. 1,368,724

Total General Obligation Bonds

\$ 3,935,922

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.

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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.

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	\$ 1,696,943	\$ -	\$ (173,135)	\$ 1,523,808	\$ 172,093
Capital leases	103,144	-	(37,590)	65,554	23,951
	1,800,087	-	(210,725)	1,589,362	196,044
Compensated absences	39,938	35,232	(38,026)	37,144	22,287
Business-type activities long-term liabilities	\$ 1,840,025	\$ 35,232	\$ (248,751)	\$ 1,626,506	\$ 218,331

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

Year(s) Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 172,093	\$ 32,973	\$ 23,951	\$ 2,861
2023	173,766	29,091	23,249	1,594
2024	174,555	25,193	18,354	452
2025	120,359	21,299	-	-
2026	121,180	18,439	-	-
2027-2031	406,308	56,942	-	-
2032-2036	291,688	23,813	-	-
2037-2039	63,859	1,109	-	-
	\$ 1,523,808	\$ 208,859	\$ 65,554	\$ 4,907

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds

\$550,000 general obligation public improvement bond, Series 2014, issued March 2014, due in annual installments of \$55,000 through March 2024, plus interest payable semi-annually at 1.98%.	\$ 165,000
\$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%.	142,335
\$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%.	488,693
\$850,000 general obligation public improvement bond, issued April 2018, due in semi-annual installments of \$11,003 to \$26,057 through November 2038, plus interest payable semi-annually at 2.00%.	<u>727,780</u>
Total bonded debt	<u><u>\$ 1,523,808</u></u>

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.

Capital Leases

\$110,135 capital lease issued April 2019, secured by equipment with a net book value of \$82,601, monthly maturity from \$1805 to \$2,062 through April 2024, interest payable annually at 4.84%.	\$ 65,554
Total capital leases	<u><u>\$ 65,554</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Capital Leases (Continued)

The April 2019 capital lease was for the purchase of a backhoe.

At June 30, 2021, the Town had an available legal debt margin of \$42,945,284.

General Obligation Bonds

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 - Authority:					
General obligation bonds	\$ 486,694	\$ -	\$ (17,132)	\$ 469,562	\$ 17,898
Component Unit - Authority long-term liabilities	\$ 486,694	\$ -	\$ (17,132)	\$ 469,562	\$ 17,898

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2022	\$ 17,898	\$ 16,275
2023	18,533	15,640
2024	19,150	15,023
2025	19,870	14,103
2026	20,576	13,598
2027-2031	114,328	56,538
2032-2036	136,105	34,761
2037-2041	123,102	9,334
	\$ 469,562	\$ 175,272

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

\$225,000 general obligation bond, issued December 2014, due in semi-annual installments of \$3,561 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. \$ 184,547

\$340,000 general obligation bond, issued April 2015, due in semi-annual installments of \$5,288 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. 285,015

\$ 469,562

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.

Note 8. Line of Credit

The Town obtained an unsecured line of credit on September 15, 2019 in the amount of \$250,000, which bears interest at a variable rate (3.25% at June 30, 2021). There was no outstanding balance at June 30, 2021. The line of credit matures March 2024.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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 set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component</i> Not applicable.</p>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age <i>VRS:</i> Age 65.	Normal Retirement Age <i>VRS:</i> Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2.
Political subdivision hazardous duty employees: Age 60.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.
Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.
Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component</i> Same as Plan 2.
<i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<i>Eligibility:</i> Same as Plan 1.	<i>Eligibility:</i> Same as Plan 1 and Plan 2.
<i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. 	<i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.	<i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Exceptions to COLA Effective Dates (continued):</i> <ul style="list-style-type: none">• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component</i> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component</i> Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	32
Inactive members:	
Vested	9
Non-vested	38
Active elsewhere in VRS	34
Total inactive members	81
Active members	49
Total covered employees	162

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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, 2021 was 8.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$205,022 and \$173,090 for the years ended June 30, 2021 and 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

General Employees (Continued)

Mortality Rates: 15% of deaths are assumed to be service-related.

- Pre-retirement: RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Public Safety Employees

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation 2.5 %

Salary increases, including inflation 3.5% - 4.75%

Investment rate of return 6.75%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates: 45% of deaths are assumed to be service related.

– Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

– Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

– Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 a more current mortality table – RP-2014 projected to 2020

Retirement Rates Increased age 50 rates, and lowered rates at older ages

Withdrawal Rates Adjusted rates to better fit experience at each year age and service through nine years of service

Disability Rates Adjusted rates to better fit experience

Salary Scale No change

Line of Duty Disability Decrease rate from 60% to 45%

Discount Rate Decrease rate from 7.00% to 6.75%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, period a median return of 6.81%.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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, 2020, 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, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 10,631,023	\$ 10,094,523	\$ 536,500
Changes for the Year:			
Service cost	272,815	-	272,815
Interest	701,383	-	701,383
Difference between expected and actual experience	309,283	-	309,283
Contributions – employer	-	173,090	(173,090)
Contributions – employee	-	117,816	(117,816)
Net investment income	-	192,297	(192,297)
Benefit payments, including refunds of employee contributions	(480,322)	(480,322)	-
Administrative expense	-	(6,602)	6,602
Other	-	(229)	229
Net changes	803,159	(3,950)	807,109
Balances at June 30, 2020	\$ 11,434,182	\$ 10,090,573	\$ 1,343,609

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

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

The following presents the net pension liability of the Town, using the discount rate of 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)	\$ 2,789,066	\$ 1,343,609	\$ 144,457

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

For the year ended June 30, 2021, the Town recognized pension expense of \$523,765. The Town also reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 179,793
Changes of assumptions	84,040
Net difference between projected and actual earnings on pension plan investments	301,398
Employer contributions subsequent to the measurement date	205,022
Total	\$ 770,253

The \$205,022 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, 2022. 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
2022	\$ 224,799
2023	142,238
2024	101,702
2025	96,492
	\$ 565,231

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 10. 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, 2021, the three plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Medical Insurance Program	\$ 57,572	\$ -	\$ 234,122	\$ (41,012)
Group Life Insurance	205,100	51,425	18,988	8,792
Virginia Local Disability Program	2,293	9,232	3,426	6,508
	<u>\$ 264,965</u>	<u>\$ 60,657</u>	<u>\$ 256,536</u>	<u>\$ (25,712)</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 10. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (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, 2020 (the valuation date), the following employees were covered by benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefits	9
Active	47
Total	56

C. Total OPEB Liability

The Town's total OPEB liability is reported herein as of June 30, 2021 for the employer fiscal year and reporting period of July 1, 2020 to June 30, 2021. The values shown for this fiscal year and reporting period are based on a measurement date of June 30, 2021. The measurement of the total OPEB liability is based on a valuation date July 1, 2020.

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2020 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	2.16%, based on the Bond Buy 20-year Bond GO Index as of June 30, 2021
Inflation rate	2.50%
Salary scale	4.75%, average, including inflation
Healthcare cost trend assumption	Pre-65: 5.00% in 2020 graded to 4.00% in 2073 Post-65: 4.70% in 2020 graded to 4.00% in 2073
Actuarial cost method	Entry Age Normal, Level Percentage of Pay

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

Mortality Rates

Pre-Retirement: RP-2014 Employee Mortality Tables projected to 2020 using Scale BB with males 90% of rates and females set forward one year.

Post-Retirement: RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with males set forward one year and females set forward three years.

Post-Disablement: RP-2014 Disabled Life mortality tables with males set forward two years and no provision for future mortality improvement.

E. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 95,977</u>
Changes for the year:	
Service cost	500
Interest on total OPEB liability	1,785
Effect of plan changes	(9,086)
Effect of assumptions changes or inputs	(11)
Benefit payments	<u>(31,593)</u>
Net changes	<u>(38,405)</u>
Balance at June 30, 2021	<u><u>\$ 57,572</u></u>

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 2.16%. It also presents what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower (1.16%) and one percentage point higher (3.16%) than the current rate.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 58,177	\$ 57,572	\$ 56,967

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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	\$ 56,587	\$ 57,572	\$ 58,571

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, 2021 follow:

Description	Amount
Service cost	\$ 500
Interest on total OPEB liability	1,785
Recognition of economic/demographic gains or losses	(20,261)
Recognition of assumption changes or inputs	(23,036)
	<u>\$ (41,012)</u>

At June 30, 2021, 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	\$ (81,581)
Changes in assumptions	(152,541)
	<u>\$ (234,122)</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
2022	\$ (34,200)
2023	(34,200)
2024	(34,200)
2025	(32,908)
2026	(29,882)
Thereafter	(68,732)
	<u>\$ (234,122)</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued) **2. Group Life Insurance Program (Continued)**

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○ Safety belt 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 10. 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 \$8,616 as of June 30, 2021.

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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$13,044 and \$17,233 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the Town reported a liability of \$205,100 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01229% as compared to 0.01295% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$8,792. 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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)

At June 30, 2021, 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	\$ 13,155	\$ (1,841)
Net difference between projected and actual earnings on GLI OPEB program investments	6,161	-
Change in assumptions	10,257	(4,283)
Changes in proportionate share	8,808	(12,864)
Employer contribution subsequent to the measurement date	13,044	-
Total	\$ 51,425	\$ (18,988)

The \$13,044 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, 2022. 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
2022	\$ 4,060
2023	5,800
2024	5,408
2025	4,437
2026	(59)
Thereafter	(253)
Total	\$ 19,393

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5% - 5.35%
Locality – hazardous duty employees	3.5% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex using 100% male.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2021, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB liability	\$ 3,523,937
Plan fiduciary net position	<u>1,855,102</u>
GLI Net OPEB liability	<u>\$ 1,668,835</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, 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 100% of the actuarially determined contribution rate. From July 1, 2020 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	\$ 269,620	\$ 205,100	\$ 152,704

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-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 10. 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	
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.	
Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:	
<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.	
Benefit Amounts	
The VLDP provides the following benefits for eligible employees:	
<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 10. 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, 2021 was 0.83% 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, 2018. 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 \$7,024 and \$6,164 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the Town reported a liability of \$2,293 for its proportionate share of the VLDP net OPEB liability. The VLDP net OPEB liability was measured as of June 30, 2020 and the total VLDP OPEB liability used to calculate the VLDP net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date as of June 30, 2020. The Town's proportion of the VLDP net OPEB liability was based on the Town's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Town's proportion of the VLDP was 0.22974% as compared to 0.26589%% at June 30, 2019.

For the year ended June 30, 2021, the Town recognized VLDP OPEB expense of \$6,508. 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 10. Other Postemployment Benefits (Continued)

3. Virginia Local Disability Program (Continued)

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

At June 30, 2021, the Town reported deferred outflows 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	\$ 1,858	\$ (2,692)
Net difference between projected and actual earnings on GLI OPEB program investments	244	-
Change in assumptions	106	(153)
Changes in proportionate share	-	(581)
Employer contribution subsequent to the measurement date	7,024	-
Total	\$ 9,232	\$ (3,426)

The \$7,024 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, 2022. 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
2022	\$ 121
2023	117
2024	121
2025	110
2026	(351)
Thereafter	(1,336)
Total	\$ (1,218)

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation:	
Political subdivision employees	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years; unisex using 100% male.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

F. VLDP OPEB Liability

The net OPEB liability (NOL) 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, 2020, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	VLDP OPEB Plan
Total VLDP OPEB liability	\$ 4,317
Plan fiduciary net position	3,317
Employers' net VLDP OPEB liability	\$ 1,000
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%

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 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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 10. Other Postemployment Benefits (Continued) **3. Virginia Local Disability Program (Continued)**

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

The following presents the political subdivision's proportionate share of the Town net VLDP OPEB liability using the discount rate of 6.75%, as well as what the Town's proportionate share of the net VLDP 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:

Participating Employer	1% Decrease	Current Discount	1% Increase
	(5.75%)	Rate (6.75%)	(7.75%)
Town	\$ 3,076	\$ 2,293	\$ 1,612

J. VLDP OPEB Fiduciary Net Position

Detailed information about the Town VLDP's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11. Interfund Transfers

The Town transferred \$585,395 from the Water, Sewer and Sanitation Fund and Stormwater Management Fund to the General Fund for operations and administrative costs.

Note 12. 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, 2020 (most recent balances available) consist of the following:

Series	Amount	Interest
Series 2007	\$ 18,061,972	2.52%
Series 2008	20,269,972	2.72%
Series 2015	7,459,019	1.20%
Series 2017	12,509,676	2.25%
Series 2018C	2,305,813	4.43 - 5.13%

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 \$300,000, \$94,000 and \$588,000, 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 13. Major Customer

The Town has one major water and sewer customer. For the year ended June 30, 2021, water and sewer revenue from this customer was approximately \$932,300. There are accounts receivable from this customer of approximately \$128,100 at June 30, 2021.

Note 14. 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 15. 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 16. Pending GASB Statements

At June 30, 2021, 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. 87, *Leases*, will increase the usefulness of the Town's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Pending GASB Statements (Continued)

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

Note 17. Subsequent Event

In September 2021, the Town awarded a contract for construction of the North Main Street Corridor Improvements invitation for bids in the amount of \$1,290,125.

In September 2021, the Authority terminated the lease of the facilities with a restaurant.

In August 2021, the Town donated \$55,000 to Sipe Center Live from the SBA grant funds.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRIDGEWATER, VIRGINIA

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

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 239,778	\$ 238,817	\$ 237,721	\$ 258,759	\$ 264,137	\$ 262,663	\$ 272,815
Interest	516,842	554,431	585,551	600,059	635,351	670,404	701,383
Changes of assumptions	-	-	-	(170,428)	-	308,150	-
Differences between expected and actual experience	-	(59,260)	(277,323)	178,671	(5,715)	3,701	309,283
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)
Net change in total pension liability	540,749	510,599	190,511	545,115	489,933	862,725	803,159
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
Total pension liability - ending (a)	<u>\$ 8,032,140</u>	<u>\$ 8,542,739</u>	<u>\$ 8,733,250</u>	<u>\$ 9,278,365</u>	<u>\$ 9,768,298</u>	<u>\$ 10,631,023</u>	<u>\$ 11,434,182</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 212,519	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090
Contributions - employee	100,101	100,255	106,156	117,310	115,780	117,706	117,816
Net investment income	1,021,390	348,875	138,422	985,528	664,791	639,169	192,297
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)
Administrative expense	(5,367)	(4,619)	(4,883)	(5,607)	(5,720)	(6,259)	(6,602)
Other	54	(75)	(59)	(880)	(593)	(402)	(229)
Net change in plan fiduciary net position	1,112,826	431,957	108,543	957,867	550,699	543,414	(3,950)
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
Plan fiduciary net position - ending (b)	<u>\$ 7,502,043</u>	<u>\$ 7,934,000</u>	<u>\$ 8,042,543</u>	<u>\$ 9,000,410</u>	<u>\$ 9,551,109</u>	<u>\$ 10,094,523</u>	<u>\$ 10,090,573</u>
Town net pension liability - ending (a)-(b)	<u>\$ 530,097</u>	<u>\$ 608,739</u>	<u>\$ 690,707</u>	<u>\$ 277,955</u>	<u>\$ 217,189</u>	<u>\$ 536,500</u>	<u>\$ 1,343,609</u>
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%
Covered payroll	\$ 2,027,853	\$ 2,012,500	\$ 2,140,697	\$ 2,299,022	\$ 2,259,148	\$ 2,289,726	\$ 2,259,661
Town's net pension liability as a percentage of covered payroll	26.14%	30.25%	32.27%	12.09%	9.61%	23.43%	59.46%

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 TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM Last Ten Fiscal Years

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 212,519	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022
Contributions in relation to the CRC	212,519	210,910	224,345	183,462	180,281	175,393	173,090	205,022
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered payroll	10.48%	10.48%	10.48%	7.98%	7.98%	7.66%	7.66%	8.49%

Note to Schedule:

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

VIRGINIA RETIREMENT SYSTEM

Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease 7.00% to 6.75%

Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease 7.00% to 6.75%

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,			
	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 41,527	\$ 27,214	\$ 563	\$ 500
Interest on total OPEB liability	30,892	28,469	4,059	1,785
Effect of plan changes	-	-	(400,740)	-
Effect of economic/demographic gains or losses	-	(115,106)	-	(9,086)
Effect of assumptions changes or inputs	(33,252)	(192,682)	802	(11)
Benefit payments	(52,560)	(61,048)	(49,313)	(31,593)
Net change in total OPEB liability	(13,393)	(313,153)	(444,629)	(38,405)
Total OPEB liability - beginning	867,152	853,759	540,606	95,977
Total OPEB liability - ending	<u>\$ 853,759</u>	<u>\$ 540,606</u>	<u>\$ 95,977</u>	<u>\$ 57,572</u>
Covered payroll	3,254,620	3,324,423	3,314,038	2,415,623
Total OPEB liability as a percentage of covered payroll	26.23%	16.26%	2.90%	2.38%

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, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,			
	2017	2018	2019	2020
Employer's proportion of the net GLI OPEB liability	0.0134%	0.0131%	0.0130%	0.0123%
Employer's proportionate share of the net GLI OPEB liability	\$ 202,000	\$ 199,000	\$ 210,731	\$ 205,100
Employer's covered payroll	\$ 2,468,713	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038
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%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 8,072	\$ 10,163	\$ 10,654	\$ 10,702	\$ 11,572	\$ 12,837	\$ 16,924	\$ 17,287	\$ 17,233	\$ 13,044
Contributions in relation to the CRC	8,072	10,163	10,654	10,702	11,572	12,837	16,924	17,287	17,233	13,044
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,882,857	\$ 2,117,292	\$ 2,219,583	\$ 2,229,583	\$ 2,410,833	\$ 2,468,713	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038	\$ 2,415,623
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	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 – VIRGINIA LOCAL DISABILITY PROGRAM

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

	Fiscal Year June 30,			
	2017	2018	2019	2020
Employer's proportion of the net VLDP OPEB liability	0.3278%	0.3032%	0.2659%	0.2297%
Employer's proportionate share of the net VLDP OPEB liability	\$ 2,000	\$ 3,000	\$ 5,386	\$ 2,293
Employer's covered payroll	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.3323%	0.4076%	0.5462%	0.2226%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.40%	51.39%	49.19%	76.84%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021		
Contractually required contribution (CRC)	\$ 164	\$ 424	\$ 1,809	\$ 3,611	\$ 4,416	\$ 5,916	\$ 6,164	\$ 7,024		
Contributions in relation to the CRC	164	424	1,809	3,611	4,416	5,916	6,164	7,024		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Employer's covered payroll	\$ 27,333	\$ 70,710	\$ 301,552	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312		
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.83%		

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2021	2.16%
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Note 2. Group Life Insurance 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00 to 6.75%

SUPPLEMENTARY SCHEDULES

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2021

(With Comparative Amounts for 2020)

	2021	2020
Revenues:		
General property taxes	\$ 290,738	\$ 282,099
Other local taxes	2,387,441	2,236,256
Permits and other licenses	10,719	29,422
Fines and forfeitures	24,920	41,849
Use of money and property	100,575	105,265
Charges for services	170,738	252,165
Miscellaneous	296,476	74,383
Intergovernmental	2,702,177	967,039
Total revenues	5,983,784	3,988,478
Expenditures:		
Current:		
General government administration	969,962	896,691
Public safety	832,439	827,959
Public works	3,572,196	1,893,947
Parks, recreation and cultural	1,016,986	711,094
Community and economic development	171,916	181,665
Sipe Center	146,341	154,004
Debt service:		
Principal	520,207	252,917
Interest	110,776	98,740
Total expenditures	7,340,823	5,017,017
Deficiency of revenues under expenditures	(1,357,039)	(1,028,539)
Other financing sources (uses):		
General obligation bonds issued	1,210,849	186,151
Refunding bonds issued	1,319,504	-
Payment to refunded bond escrow agent	(1,290,973)	-
Transfers in	585,395	758,964
Total other financing sources, net	1,824,775	945,115
Net change in fund balance	467,736	(83,424)
Fund balance, beginning	508,324	591,748
Fund balance, ending	\$ 976,060	\$ 508,324

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2021

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	\$ 283,000	\$ 283,000	\$ 287,791	\$ 4,791
Interest and penalties on delinquent taxes	-	-	2,947	2,947
Total general property taxes	283,000	283,000	290,738	7,738
Other local taxes:				
Local sales and use taxes	210,000	222,700	298,687	75,987
Consumer utility taxes	721,600	737,900	712,344	(25,556)
Consumption taxes	23,478	23,478	23,233	(245)
Cigarette taxes	18,192	18,192	15,826	(2,366)
Business license taxes	177,865	177,865	212,556	34,691
Vehicle license taxes	89,000	89,000	91,808	2,808
Bank stock taxes	184,000	184,000	194,679	10,679
Meals taxes	643,460	684,860	819,144	134,284
Right-of-way use fee	24,000	24,000	18,730	(5,270)
Transient occupancy	3,000	3,000	434	(2,566)
Total other local taxes	2,094,595	2,164,995	2,387,441	222,446
Permits and other licenses:				
Zoning and building	5,800	5,800	10,719	4,919
Passport application fee	16,500	16,500	-	(16,500)
Total permits and other licenses	22,300	22,300	10,719	(11,581)
Fines and forfeitures	45,000	45,000	24,920	(20,080)
Use of money and property:				
Revenue from use of money	10,000	10,000	6,702	(3,298)
Revenue from use of property	98,000	98,000	93,873	(4,127)
Total revenue from use of money and property	108,000	108,000	100,575	(7,425)
Charges for services:				
Generations park	101,500	101,500	86,240	(15,260)
Golf fees	50,000	50,000	32,579	(17,421)
Sipe Center	228,019	193,619	45,798	(147,821)
Classes and camps	-	-	6,121	6,121
Total charges for services	379,519	345,119	170,738	(174,381)
Miscellaneous	37,900	287,900	296,476	8,576
Total revenue from local sources	2,970,314	3,256,314	3,281,607	25,293

TOWN OF BRIDGEWATER, VIRGINIA

Page 2 of 2

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2021

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	\$ 62,669	\$ 62,669	\$ 62,984	\$ 315
Town of Dayton:				
Public safety	2,200	2,200	1,050	(1,150)
Total local aid	64,869	64,869	64,034	(835)
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	73,000	73,000	68,094	(4,906)
Personal property tax relief	102,000	102,000	102,034	34
Vehicle rental tax	-	-	5,316	5,316
Total non-categorical aid	175,000	175,000	175,444	444
Categorical aid:				
Litter control	2,422	2,422	2,782	360
Law enforcement assistance	140,376	140,376	146,428	6,052
Urban construction	-	-	9,439	9,439
Street and highway maintenance	763,676	763,676	996,491	232,815
Virginia Department of Transportation revenue sharing project	835,484	835,484	629,015	(206,469)
Riverwalk grant	200,000	200,000	185,161	(14,839)
Crosswalk improvement grant	88,800	88,800	26,119	(62,681)
Gen-Oak Connector grant	248,888	248,888	31,729	(217,159)
Other	-	360	9,885	9,525
Total categorical aid	2,279,646	2,280,006	2,037,049	(242,957)
Total intergovernmental revenue from the Commonwealth	2,454,646	2,455,006	2,212,493	(242,513)
Revenue from the federal government:				
Categorical aid:				
Urban construction	1,352,718	1,352,718	37,756	(1,314,962)
CARES funding	-	317,000	317,075	75
SBA Grant	-	-	70,819	70,819
Total intergovernmental revenue from the federal government	1,352,718	1,669,718	425,650	(1,244,068)
Total intergovernmental revenue	3,872,233	4,189,593	2,702,177	(1,487,416)
Total General Fund	\$ 6,842,547	\$ 7,445,907	\$ 5,983,784	\$ (1,462,123)

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2021

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	\$ 35,100	\$ 35,100	\$ 35,185	\$ 85
Fringe benefits	2,700	2,700	2,693	(7)
Other charges	1,500	1,500	4,975	3,475
Total Town Council	39,300	39,300	42,853	3,553
Town Manager's office:				
Personal services	294,016	304,616	342,591	37,975
Fringe benefits	72,138	73,363	77,230	3,867
Other charges	10,541	10,541	24,812	14,271
Contractual services	8,000	8,000	22,155	14,155
Total town manager's office	384,695	396,520	466,788	70,268
Treasurer's office:				
Personal services	152,607	157,832	154,970	(2,862)
Fringe benefits	51,677	52,252	52,117	(135)
Other charges	2,000	2,000	32,001	30,001
Capital outlay	25,850	25,850	-	(25,850)
Contractual services	26,000	26,000	20,015	(5,985)
Total treasurer's office	258,134	263,934	259,103	(4,831)
Total legislative	682,129	699,754	768,744	68,990
General and financial administration:				
Legal	28,000	28,000	26,230	(1,770)
Independent auditor and actuary	51,000	51,000	51,300	300
Insurance and bonding	135,000	135,000	123,688	(11,312)
Total general and financial administration	214,000	214,000	201,218	(12,782)
Total general government administration	896,129	913,754	969,962	56,208

TOWN OF BRIDGEWATER, VIRGINIA

Page 2 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2021**

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	\$ 519,344	\$ 530,244	\$ 530,967	\$ 723
Fringe benefits	175,854	177,054	170,373	(6,681)
Vehicle operation	26,655	26,655	23,197	(3,458)
Other charges	28,686	28,686	15,904	(12,782)
Capital outlay	11,650	11,650	45,931	34,281
Contractual services	37,800	37,800	31,067	(6,733)
Total law enforcement and traffic control	799,989	812,089	817,439	5,350
Fire and rescue services:				
Fire department and rescue squad	30,000	30,000	15,000	(15,000)
Total fire and rescue services	30,000	30,000	15,000	(15,000)
Total public safety	829,989	842,089	832,439	(9,650)
Public works:				
Public works department:				
Personal services	176,784	180,284	132,344	(47,940)
Fringe benefits	61,456	61,806	56,533	(5,273)
Other charges	10,541	10,541	1,915	(8,626)
Contractual services	8,000	8,000	26,569	18,569
Total public works department	256,781	260,631	217,361	(43,270)

TOWN OF BRIDGEWATER, VIRGINIA

Page 3 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2021**

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	\$ 86,828	\$ 91,978	\$ 168,624	\$ 76,646
Fringe benefits	33,174	33,724	42,099	8,375
Other charges	120,950	120,950	47,451	(73,499)
Contractual services	90,000	90,000	136,826	46,826
Street paving	500,000	500,000	589,740	89,740
Virginia Department of Transportation revenue sharing project	1,670,968	1,670,968	1,513,430	(157,538)
Urban construction program	1,352,718	1,352,718	58,489	(1,294,229)
Capital outlay	687,688	687,688	168,934	(518,754)
Total highways, streets, bridges, and sidewalks	4,542,326	4,548,026	2,725,593	(1,822,433)
Street lights	85,178	85,178	82,900	(2,278)
Total maintenance of highways, streets, bridges, sidewalks, and street lights	4,627,504	4,633,204	2,808,493	(1,824,711)
General properties:				
Personal services	221,343	228,018	188,792	(39,226)
Fringe benefits	79,008	79,758	80,800	1,042
Other charges	21,082	21,082	19,706	(1,376)
Capital outlay	170,000	179,510	174,180	(5,330)
Contractual services	94,000	94,000	82,864	(11,136)
Total general properties	585,433	602,368	546,342	(56,026)
Total public works	5,469,718	5,496,203	3,572,196	(1,924,007)

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2021

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	\$ 302,063	\$ 308,723	\$ 348,468	\$ 39,745
Fringe benefits	106,788	107,528	93,975	(13,553)
Other charges	69,400	69,400	64,606	(4,794)
Capital outlay	255,847	255,847	380,679	124,832
Contractual services	135,600	135,600	129,258	(6,342)
Total parks, recreation and cultural	869,698	877,098	1,016,986	139,888
Community and economic development:				
Community development:				
Personal services	21,707	25,757	13,693	(12,064)
Fringe benefits	8,293	8,743	1,133	(7,610)
Cares Act	-	89,000	66,395	(22,605)
Other charges	78,700	60,700	44,577	(16,123)
Contractual services	16,500	16,500	18,588	2,088
Total community development	125,200	200,700	144,386	(56,314)
Economic development:				
Personal services	12,931	13,831	13,432	(399)
Fringe benefits	4,952	5,052	4,478	(574)
Other charges	1,000	1,000	2,420	1,420
Contractual services	4,000	4,000	7,200	3,200
Total economic development	22,883	23,883	27,530	3,647
Total community and economic development	148,083	224,583	171,916	(52,667)
Sipe Center:				
Personal services	60,134	61,534	47,466	(14,068)
Fringe benefits	18,275	18,425	16,889	(1,536)
Other charges	-	-	8,887	8,887
Vending purchases	-	-	4,904	4,904
Contractual services	-	-	25,178	25,178
Movies	28,343	28,343	4,293	(24,050)
Performers	147,000	147,000	38,724	(108,276)
Total Sipe Center	253,752	255,302	146,341	(108,961)
Debt service:				
Principal	287,066	537,066	520,207	(16,859)
Interest	115,735	115,735	110,776	(4,959)
Total debt service	402,801	652,801	630,983	(21,818)
Total General Fund	\$ 8,870,170	\$ 9,261,830	\$ 7,340,823	\$ (1,921,007)

TOWN OF BRIDGEWATER, VIRGINIA**Page 1 of 2****SCHEDULE OF CAPITAL OUTLAYS****Year Ended June 30, 2021**

General Fund:**Public works:**

Town Hall security system	\$ 9,255
80KW Blue Star generator	76,796
Gen-Oak Connector	46,997
Electric line relocation	72,318
Light bridge	43,608
Town Hall first floor renovations	88,129
	<hr/>
	337,103

Parks, recreation and cultural:

Sandy Bottom shelter	20,846
Oakdale Park play equipment	35,089
Sandy Bottom volleyball court	29,149
Riverwalk	296,468
	<hr/>
	381,552

Public safety:

2020 Ford Police Interceptor	<hr/>
	45,931

Total General Fund

<hr/>	\$ 764,586
	<hr/>

SCHEDULE OF CAPITAL OUTLAYS
Year Ended June 30, 2021

Water, Sewer and Sanitation Fund:	
Sanitation:	
Hard drive crusher	\$ 6,677
Recycle center	60,650
	<u>67,327</u>
 Total Water, Sewer and Sanitation Fund	 <u><u>\$ 67,327</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF TAXES RECEIVABLE

June 30, 2021

(With Comparative Amounts for 2020)

	2021	2020
Taxes receivable: *		
General Fund:		
Real estate:		
2008	\$ 67	\$ 67
2009	134	134
2010	127	127
2011	127	127
2012	164	163
2013	366	366
2014	374	374
2015	374	374
2016	374	374
2017	374	374
2018	1,479	1,600
	<u>3,960</u>	<u>4,080</u>
Personal property:		
2016	-	1,087
2017	1,000	1,079
2018	1,015	1,161
2019	1,477	4,873
2020	5,197	-
	<u>8,689</u>	<u>8,200</u>
Less:		
Allowance for uncollectible taxes	<u>11,000</u>	<u>11,000</u>
Taxes receivable - General Fund	<u><u>\$ 1,649</u></u>	<u><u>\$ 1,280</u></u>

* Includes 10% penalty

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES – PROPRIETARY FUND TYPE Year Ended June 30, 2021

	Water Department	Sewer Department	Sanitation Department	Totals
Operating revenues:				
Charges for services	\$ 1,013,445	\$ 1,670,434	\$ 551,577	\$ 3,235,456
Penalties	23,203	23,727	-	46,930
Other	-	1,200	-	1,200
Total operating revenues	1,036,648	1,695,361	551,577	3,283,586
Operating expenses:				
Personal services	455,270	88,577	112,204	656,051
Fringe benefits	188,203	43,987	151,116	383,306
Materials, line repairs and other	417,790	35,682	364,831	818,303
Regional Sewer Authority assessment:				
Operations and maintenance	-	276,542	-	276,542
Debt service	-	519,907	-	519,907
Construction	-	102,404	-	102,404
Depreciation	111,354	103,443	12,696	227,493
Total operating expenses	1,172,617	1,170,542	640,847	2,984,006
Operating income (loss)	(135,969)	524,819	(89,270)	299,580
Nonoperating revenue (expense):				
Interest expense	(3,993)	(34,299)	(167)	(38,459)
Gain on disposal of assets	-	-	46,676	46,676
Connection availability fees	31,306	78,138	-	109,444
Total nonoperating revenue, net	27,313	43,839	46,509	117,661
Income (loss) before transfers	(108,656)	568,658	(42,761)	417,241
Transfers out	(5,691)	(507,445)	-	(513,136)
Change in net position	\$ (114,347)	\$ 61,213	\$ (42,761)	\$ (95,895)

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, 2021

(With Comparative Totals for 2020)

	Water Department		Sewer Department		Totals (Memorandum Only)			
					2021		2020	
	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	\$ 1,013,445	\$ 5.022	\$ 1,670,434	\$ 8.278	\$ 2,683,879	\$ 13.300	\$ 2,803,428	\$ 12.951
Penalties	23,203	0.115	23,727	0.118	46,930	0.233	40,223	0.186
Other	-	-	1,200	0.006	1,200	0.006	400	0.002
Total operating revenues	1,036,648	5.137	1,695,361	8.402	2,732,009	13.539	2,844,051	13.139
Operating expenses:								
Personal services	455,270	2.256	88,577	0.439	543,847	2.695	559,413	2.584
Fringe benefits	188,203	0.933	43,987	0.218	232,190	1.151	32,924	0.152
Materials, line repairs and other	417,790	2.071	35,682	0.177	453,472	2.248	351,005	1.621
Regional Sewer Authority assessment:								
Operations and maintenance	-	-	276,542	1.370	276,542	1.370	293,526	1.356
Debt service	-	-	519,907	2.577	519,907	2.577	520,158	2.403
Construction	-	-	102,404	0.507	102,404	0.507	77,222	0.357
Depreciation	111,354	0.552	103,443	0.513	214,797	1.065	222,535	1.028
Total operating expenses	1,172,617	5.812	1,170,542	5.801	2,343,159	11.613	2,056,783	9.501
Operating income (loss)	(135,969)	(0.675)	524,819	2.601	388,850	1.926	787,268	3.638
Nonoperating revenue (expense):								
Interest expense	(3,993)	(0.020)	(34,299)	(0.170)	(38,292)	(0.190)	(43,330)	(0.200)
Connection availability fees	31,306	0.155	78,138	0.387	109,444	0.542	143,972	0.666
Total nonoperating revenue, net	27,313	0.135	43,839	0.217	71,152	0.352	100,642	0.466
Income (loss) before transfers	\$ (108,656)	\$ (0.540)	\$ 568,658	\$ 2.818	\$ 460,002	\$ 2.278	\$ 887,910	\$ 4.104
Total water consumption:								
Thousands of gallons	<u>201,782</u>						<u>216,470</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, 2021

ASSETS	
Current assets:	
Cash	\$ 54,491
Note receivable	14,422
Total current assets	<u>68,913</u>
Noncurrent assets:	
Note receivable	<u>54,600</u>
Capital assets:	
Land	79,747
Buildings and improvements	407,886
Equipment	30,105
Less: accumulated depreciation	<u>(76,378)</u>
Total capital assets, net	<u>441,360</u>
Total noncurrent assets	<u>495,960</u>
Total assets	<u>564,873</u>
LIABILITIES	
Current liabilities:	
Accrued interest	2,478
Unearned revenue	3,000
Bonds payable	17,898
Total current liabilities	<u>23,376</u>
Noncurrent liabilities:	
Bonds payable	<u>451,664</u>
Total noncurrent liabilities	<u>451,664</u>
Total liabilities	<u>475,040</u>
NET POSITION	
Net investment in capital assets	256,813
Unrestricted	<u>(166,980)</u>
Total net position	<u>\$ 89,833</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, 2021

Operating revenues:	
Use of money and property	\$ 39,626
Charges for services	<u>14,315</u>
Total operating revenues	<u>53,941</u>
Operating expenses:	
Personal services	200
Fringe benefits	15
Contractual services	13,493
Depreciation	<u>14,505</u>
Total operating expenses	<u>28,213</u>
Operating income	25,728
Nonoperating expense:	
Interest	<u>16,952</u>
Change in net position	8,776
Net position, beginning	<u>81,057</u>
Net position, ending	<u><u>\$ 89,833</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 53,941
Payments to suppliers for goods and services	(13,493)
Payments to employees for services and benefits	(215)
Net cash provided by operating activities	<u>40,233</u>
Cash flows from capital and related financing activities:	
Principal paid on:	
General obligation bonds	(17,132)
Interest paid on outstanding debt	(17,041)
Net cash used in capital and related financing activities	<u>(34,173)</u>
Cash flows from investing activities:	
Principal from collection of note receivable	13,931
Net cash provided by investing activities	<u>13,931</u>
Net change in cash	19,991
Cash:	
Beginning	<u>34,500</u>
Ending	<u><u>\$ 54,491</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 25,728
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>14,505</u>
Net cash provided by operating activities	<u><u>\$ 40,233</u></u>

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

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
June 30, 2021**

ASSETS	
Current assets:	
Cash	\$ 24,250
Total current assets	<u>24,250</u>
Total assets	<u>24,250</u>
NET POSITION	
Unrestricted	<u>24,250</u>
Total net position	<u>\$ 24,250</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, 2021**

<hr/>	
Operating revenues:	
Other income - donations	\$ 12,592
	<hr/>
Total operating revenues	12,592
	<hr/>
Operating expenses:	
Other	1,555
	<hr/>
Total operating expenses	1,555
	<hr/>
Change in net position	11,037
	<hr/>
Net position, beginning	13,213
	<hr/>
Net position, ending	\$ 24,250
	<hr/>

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF CASH FLOWS –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
Year Ended June 30, 2021**

<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 12,592
Payments to suppliers for goods and services	<u>(1,555)</u>
Net cash provided by operating activities	<u>11,037</u>
 Net change in cash	 11,037
 Cash:	
Beginning	<u>13,213</u>
Ending	<u><u>\$ 24,250</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 11,037</u>
Net cash provided by operating activities	<u><u>\$ 11,037</u></u>

STATISTICAL SECTION

TOWN OF BRIDGEWATER, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and financial well-being have changed over time.	1-5
Revenue Capacity These tables contain information to help the reader assess the Town's most significant local revenue sources, the property tax, as well as other revenue sources.	6-11
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	12-15
Demographic and Economic Information This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	16
Operating Information This table contains service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	17

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

NET POSITION / ASSETS BY COMPONENT

Last Ten Fiscal Years

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

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 2,177,934	\$ 2,471,324	\$ 2,599,041	\$ 2,458,550	\$ 2,983,582	\$ 3,736,218	\$ 3,982,455	\$ 3,971,482	\$ 4,445,390	\$ 3,759,420
Restricted	22,884	22,884	22,884	836,130	22,382	22,403	22,423	22,461	22,464	22,486
Unrestricted (deficit)	274,804	243,717	478,614	(567,221)	97,911	(657,869)	(816,258)	(377,372)	(150,865)	187,025
Total governmental activities net assets	<u>\$ 2,475,622</u>									
Total governmental activities net position		<u>\$ 2,737,925</u>	<u>\$ 3,100,539</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 1,682,446	\$ 1,763,316	\$ 1,510,862	\$ 1,908,627	\$ 2,133,564	\$ 2,075,168	\$ 1,633,372	\$ 1,571,093	\$ 1,600,558	\$ 1,604,310
Unrestricted	165,764	143,719	175,474	10,321	91,676	120,839	(43,434)	(72,523)	101,257	(11,099)
Total business-type activities net assets	<u>\$ 1,848,210</u>									
Total business-type activities net position		<u>\$ 1,907,035</u>	<u>\$ 1,686,336</u>	<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>
Primary government:										
Net investment in capital assets	\$ 3,860,380	\$ 4,234,640	\$ 4,109,903	\$ 4,367,177	\$ 5,117,146	\$ 5,811,386	\$ 5,615,827	\$ 5,542,575	\$ 6,045,948	\$ 5,363,730
Restricted	22,884	22,884	22,884	836,130	22,382	22,403	22,423	22,461	22,464	22,486
Unrestricted (deficit)	440,568	387,436	654,088	(556,900)	189,587	(537,030)	(859,692)	(449,895)	(49,608)	175,926
Total primary government net assets	<u>\$ 4,323,832</u>									
Total primary government net position		<u>\$ 4,644,960</u>	<u>\$ 4,786,875</u>	<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>
			(2)			(3)				

Notes:

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

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

(3) June 30, 2017 net position was restated for the implementation of GASB Statement No. 75 which reduced net position by \$778,140.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government administration	\$ 715,110	\$ 709,603	\$ 765,232	\$ 786,203	\$ 1,064,171	\$ 780,506	\$ 819,775	\$ 879,486	\$ 846,698	\$ 1,067,040
Public safety	861,318	826,648	833,948	812,586	815,116	784,779	845,679	774,021	791,134	893,368
Public works	2,101,001	1,302,538	1,298,405	1,369,850	2,012,876	1,919,106	1,999,370	1,901,366	1,219,675	3,757,244
Parks, recreation and cultural	428,657	426,733	482,013	464,969	670,901	740,707	803,811	811,329	754,113	763,500
Community and economic development	90,496	111,075	101,847	108,566	145,009	151,255	190,969	194,784	185,401	189,297
Sipe Center	-	-	-	-	-	-	-	-	154,004	162,482
Interest	56,092	39,946	32,738	39,846	53,294	56,345	54,211	95,928	98,002	84,328
Total governmental activities	4,252,674	3,416,543	3,514,183	3,582,020	4,761,367	4,432,698	4,713,815	4,656,914	4,049,027	6,917,259
Business-type activities:										
Water, sewer and sanitation	2,474,727	2,500,118	2,592,145	2,478,288	2,424,121	2,631,063	2,780,204	2,797,328	2,585,546	2,975,789
Stormwater management	-	-	70,626	58,743	171,900	222,050	161,253	96,227	166,522	98,411
Total business-type activities	2,474,727	2,500,118	2,662,771	2,537,031	2,596,021	2,853,113	2,941,457	2,893,555	2,752,068	3,074,200
Total government	6,727,401	5,916,661	6,176,954	6,119,051	7,357,388	7,285,811	7,655,272	7,550,469	6,801,095	9,991,459
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	-	-	-	-	-	485	14,809	18,966	17,357	-
Public safety	40,862	45,819	42,796	45,083	45,313	25,907	39,533	53,546	41,849	24,920
Public works	-	-	-	-	-	6,025	11,531	8,541	12,065	10,719
Parks, recreation and cultural	-	-	-	-	-	114,967	129,937	142,934	252,165	124,940
Sipe Center	-	-	-	-	-	-	-	-	-	45,798
Operating grants and contributions:										
General government administration	-	-	-	-	-	-	-	-	-	-
Public safety	183,947	185,342	174,442	175,484	308,443	179,549	183,909	199,648	207,036	508,142
Public works	1,259,493	668,965	653,460	728,114	1,057,811	819,933	1,159,124	1,075,125	582,089	1,928,377
Community and economic development	-	-	-	-	-	-	-	-	-	90,214
Capital grants and contributions:										
Public safety	15,390	-	-	-	-	-	-	-	-	-
Public works	11,653	18,544	-	-	-	-	-	-	1,321	-
Parks, recreation and cultural	-	-	-	-	-	7,750	-	-	-	-
Total governmental activities program revenue	1,511,345	918,670	870,698	948,681	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110
Business-type activities:										
Charges for services:										
Water, sewer and sanitation	2,875,705	2,944,344	2,935,832	2,947,948	3,087,391	3,187,973	3,345,715	3,211,655	3,364,294	3,236,656
Stormwater Management	-	-	78,512	79,863	71,747	100,088	132,797	148,513	165,788	157,961
Capital grants and contributions:										
Water, sewer and sanitation	85,796	54,000	67,500	300,141	226,982	210,119	181,169	151,571	143,972	109,444
Total business-type activities program revenue	2,961,501	2,998,344	3,081,844	3,327,952	3,386,120	3,498,180	3,659,681	3,511,739	3,674,054	3,504,061
Total government program revenue	4,472,846	3,917,014	3,952,542	4,276,633	4,797,687	4,652,796	5,198,524	5,010,499	4,787,936	6,237,171
Net (expense) revenue:										
Governmental activities	(2,741,329)	(2,497,873)	(2,643,485)	(2,633,339)	(3,349,800)	(3,278,082)	(3,174,972)	(3,158,154)	(2,935,145)	(4,184,149)

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
General property	\$ 538,464	\$ 506,468	\$ 554,897	\$ 576,922	\$ 590,960	\$ 611,129	\$ 632,407	\$ 459,608	\$ 284,099	\$ 290,738
Consumer utility and communications sales and use	393,629	386,397	385,779	387,647	387,969	388,104	370,722	541,858	755,307	712,344
Meals	347,099	396,659	446,307	466,633	530,632	548,988	618,979	646,425	709,943	819,144
Local sales and use	168,211	247,769	160,076	160,706	198,749	192,639	196,399	206,402	235,473	298,687
Bank stock	95,393	101,619	107,330	146,696	150,249	154,259	171,849	185,621	147,837	194,679
Business license	199,905	206,776	217,335	223,970	224,118	220,114	218,755	222,382	232,684	212,556
Other	122,680	150,383	136,486	144,678	138,536	141,781	142,385	139,861	155,012	150,031
Intergovernmental, non-categorical aid	195,902	198,768	191,976	197,996	191,335	187,398	186,204	179,457	176,593	175,444
Use of money and property	81,329	68,678	90,455	87,468	175,097	96,141	100,451	118,344	105,268	100,597
Miscellaneous	17,505	20,335	32,980	160,142	621,785	26,134	42,082	138,628	74,383	296,476
Transfers	376,541	476,324	682,478	298,487	516,786	708,272	1,136,806	747,519	758,964	585,395
Total governmental activities	2,536,658	2,760,176	3,006,099	2,851,345	3,726,216	3,274,959	3,817,039	3,586,105	3,635,563	3,836,091
Business-type activities:										
Miscellaneous	33,535	36,923	42,706	38,746	32,979	33,972	36,454	37,967	40,223	46,930
Transfers	(376,541)	(476,324)	(682,478)	(298,487)	(516,786)	(708,272)	(1,136,806)	(747,519)	(758,964)	(585,395)
Total business-type activities	(343,006)	(439,401)	(639,772)	(259,741)	(483,807)	(674,300)	(1,100,352)	(709,552)	(718,741)	(538,465)
Total primary government	2,193,652	2,320,775	2,366,327	2,591,604	3,242,409	2,600,659	2,716,687	2,876,553	2,916,822	3,297,626
Changes in net assets:										
Governmental activities	(204,671)									
Business-type activities	143,768									
Total primary government	\$ (60,903)									
Changes in net position:										
Governmental activities		262,303	362,614	218,006	376,416	(3,123)	642,067	427,951	700,418	(348,058)
Business-type activities		58,825	(220,699)	531,180	306,292	(29,233)	(382,128)	(91,368)	203,245	(108,604)
Total primary government	\$ 321,128	\$ 141,915	\$ 749,186	\$ 682,708	\$ (32,356)	\$ 259,939	\$ 336,583	\$ 903,663	\$ (456,662)	

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) This table reports financial information based on the accrual basis of accounting. The Town implemented GASB Statement No. 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'
- (3) In fiscal year 2016, the Town sold property for \$590,722 and was classified as miscellaneous revenue on the Statement of Activities.
- (4) 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	485	\$ 14,809	\$ 18,966	\$ 17,357	\$ -
Public safety	240,199	231,161	217,238	220,567	353,756	205,456	223,442	253,194	248,885	533,062
Public works	1,271,146	687,509	653,460	728,114	1,057,811	825,958	1,170,655	1,083,666	595,475	1,939,096
Parks, recreation and cultural	-	-	-	-	-	122,717	129,937	142,934	252,165	124,940
Community and economic development	-	-	-	-	-	-	-	-	-	90,214
Sipe Center	-	-	-	-	-	-	-	-	-	45,798
Total governmental activities	1,511,345	918,670	870,698	948,681	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110
Business-type activities:										
Water, sewer and sanitation	2,961,501	2,998,344	3,003,332	3,248,089	3,314,373	3,398,092	3,526,884	3,363,226	3,508,266	3,346,100
Stormwater management	-	-	78,512	79,863	71,747	100,088	132,797	148,513	165,788	157,961
Total business-type activities	2,961,501	2,998,344	3,081,844	3,327,952	3,386,120	3,498,180	3,659,681	3,511,739	3,674,054	3,504,061
Total government	\$ 4,472,846	\$ 3,917,014	\$ 3,952,542	\$ 4,276,633	\$ 4,797,687	\$ 4,652,796	\$ 5,198,524	\$ 5,010,499	\$ 4,787,936	\$ 6,237,171

TOWN OF BRIDGEWATER, VIRGINIA

Table 4

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,				
	2012	2013	2014	2015	2016
General Fund:					
Unreserved	\$ -	\$ -	\$ -	\$ 813,754	\$ -
Nonspendable	-	-	-	82,000	-
Committed	10,000	10,000	10,000	-	-
Unassigned	483,281	485,544	731,144	168,287	896,320
Total General Fund	\$ 493,281	\$ 495,544	\$ 741,144	\$ 1,064,041	\$ 896,320
All other governmental funds:					
Nonspendable	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted	16,774	16,884	16,884	16,376	16,382
Total all other governmental funds	\$ 22,774	\$ 22,884	\$ 22,884	\$ 22,376	\$ 22,382

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
General Fund:					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	10,000	10,000	-	-	-
Committed	-	-	-	48,759	159,207
Unassigned	90,347	392,196	591,748	459,565	816,853
Total General Fund	\$ 100,347	\$ 402,196	\$ 591,748	\$ 508,324	\$ 976,060
All other governmental funds:					
Nonspendable	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted	16,403	16,423	16,461	16,464	16,486
Total all other governmental funds	\$ 22,403	\$ 22,423	\$ 22,461	\$ 22,464	\$ 22,486

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
General property taxes	\$ 541,464	\$ 509,468	\$ 542,897	\$ 579,922	\$ 593,960	\$ 611,129	\$ 631,407	\$ 462,608	\$ 282,099	\$ 290,738
Other local taxes	1,326,917	1,489,603	1,453,313	1,530,330	1,630,253	1,645,885	1,719,089	1,942,549	2,236,256	2,387,441
Permits and other licenses	3,425	2,965	3,078	4,160	3,499	6,510	26,340	27,507	29,422	10,719
Fines and forfeitures	37,437	42,854	39,718	40,923	41,814	25,907	39,533	53,546	41,849	24,920
Use of money and property	81,329	68,678	90,455	87,468	92,345	96,141	100,451	118,344	105,268	100,597
Charges for services	-	-	-	-	56,976	114,967	129,937	142,934	252,165	170,738
Miscellaneous	17,505	20,335	32,980	160,142	56,833	26,134	42,082	138,628	74,383	296,476
Intergovernmental	1,639,342	1,053,075	1,019,878	1,101,594	1,557,589	1,186,880	1,529,237	1,454,230	967,039	2,702,177
Total revenues	3,647,419	3,186,978	3,182,319	3,504,539	4,033,269	3,713,553	4,218,076	4,340,346	3,988,481	5,983,806
Expenditures:										
General government administration	674,207	676,800	734,129	770,265	760,492	771,999	821,438	806,421	896,691	969,962
Public safety	835,013	767,068	825,896	878,516	953,365	769,232	815,321	817,721	827,959	832,439
Public works	2,090,014	1,311,656	1,245,008	1,418,584	2,273,855	2,492,724	2,285,238	3,104,722	1,893,947	3,572,196
Parks, recreation and cultural	389,595	461,846	445,772	1,174,047	1,515,081	745,407	960,286	943,186	711,094	1,016,986
Community and economic development	90,406	109,124	117,737	109,003	137,385	150,315	232,991	191,048	181,665	171,916
Sipe Center	-	-	-	-	-	-	-	-	154,004	146,341
Debt service:										
Principal	230,266	291,996	216,520	146,785	164,155	230,147	166,847	340,755	252,917	520,207
Interest and fiscal charges	48,618	42,549	34,135	38,437	48,165	57,953	55,892	94,422	98,740	110,776
Total expenditures	4,358,119	3,661,039	3,619,197	4,535,637	5,852,498	5,217,777	5,338,013	6,298,275	5,017,017	7,340,823
Revenues under expenditures	(710,700)	(474,061)	(436,878)	(1,031,098)	(1,819,229)	(1,504,224)	(1,119,937)	(1,957,929)	(1,028,536)	(1,357,017)
Other financing sources (uses):										
Sale of capital asset	-	-	-	-	590,722	-	-	-	-	-
Transfers in	376,541	476,324	682,478	298,487	618,780	841,971	1,211,971	752,450	758,964	585,395
Transfers out	-	-	-	-	(101,994)	(133,699)	(75,165)	(4,931)	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	1,319,504
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(1,290,973)
Issuance of debt	390,000	-	-	1,055,000	544,000	-	285,000	1,400,000	186,151	1,210,849
Total other financing sources, net	766,541	476,324	682,478	1,353,487	1,651,508	708,272	1,421,806	2,147,519	945,115	1,824,775
Net change in fund balances	\$ 55,841	\$ 2,263	\$ 245,600	\$ 322,389	\$ (167,721)	\$ (795,952)	\$ 301,869	\$ 189,590	\$ (83,421)	\$ 467,758

TOWN OF BRIDGEWATER, VIRGINIA

Table 5
Page 2

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ 278,884	\$ 334,545	\$ 250,655	\$ 185,222	\$ 212,320	\$ 288,100	\$ 222,739	\$ 435,177	\$ 351,657	\$ 630,983
Total expenditures	\$ 4,358,119	\$ 3,661,039	\$ 3,619,197	\$ 4,535,637	\$ 5,852,498	\$ 5,217,777	\$ 5,338,013	\$ 6,298,275	\$ 5,017,017	\$ 7,340,823
Less: capital outlay	(76,643)	(151,506)	(60,365)	(910,084)	(1,398,661)	(769,033)	(648,256)	(1,453,718)	(750,779)	(764,586)
Noncapital expenditures	\$ 4,281,476	\$ 3,509,533	\$ 3,558,832	\$ 3,625,553	\$ 4,453,837	\$ 4,448,744	\$ 4,689,757	\$ 4,844,557	\$ 4,266,238	\$ 6,576,237
Debt service as a percentage of noncapital expenditures	6.51%	9.53%	7.04%	5.11%	4.77%	6.48%	4.75%	8.98%	8.24%	9.59%

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
2012	\$ 541,464	\$ 393,629	\$ 24,594	\$ 168,211	\$ 95,393	\$ 347,099	\$ 13,171	\$ 199,905	\$ 84,915	\$ -	\$ -	\$ 1,868,381
2013	509,468	386,397	24,672	247,769	101,619	396,659	14,082	206,776	87,377	24,252	-	1,999,071
2014	542,897	385,779	24,893	160,076	107,330	446,307	13,978	217,335	75,473	22,142	-	1,996,210
2015	579,922	387,647	24,874	160,706	146,696	466,633	14,842	223,970	82,995	21,967	-	2,110,252
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
Change 2012-2021	-46.31%	80.97%	-5.53%	77.57%	104.08%	136.00%	42.21%	6.33%	8.12%	100.00%	100.00%	43.34%

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
2012	\$ 392,261,009	\$ 5,829,251	\$ 189,573,100	\$ 587,663,360	\$ 398,090,260	0.82%	\$ 0.08	\$ 398,090,260	100.00%
2013	395,914,725	5,912,756	191,489,150	593,316,631	401,827,481	0.94%	0.09	401,827,481	100.00%
2014	405,446,028	6,131,545	197,048,600	608,626,173	411,577,573	2.43%	0.09	411,577,573	100.00%
2015	409,796,273	6,429,834	200,667,200	616,893,307	416,226,107	1.13%	0.09	416,226,107	100.00%
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%

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, 2014 and 2018.
- (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
2012	\$ 0.08	\$ 0.75	\$ 0.38	\$ 0.64	\$ 2.85	\$ 2.55	\$ 0.72	\$ 3.60	\$ 2.93
2013	0.09	0.75	-	0.64	2.85	2.55	0.73	3.60	2.55
2014	0.09	0.75	-	0.64	2.85	2.55	0.73	3.60	2.55
2015	0.09	0.75	-	0.66	2.90	2.55	0.75	3.65	2.55
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

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	2021 Rank	2012 Rank
McDonald's	1	1
El Charro	2	-
Cracked Pillar Pub	3	-
Dairy Queen	4	2
Dominos Pizza	5	4
NY Flying Pizza	6	-
Urgie's	7	-
Francescos	8	5
Papa John's	9	9
Subway	10	6
Total Meals Tax	<u>\$ 658,687</u>	<u>\$ 295,104</u>

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 2012 through 2019 and 7% for fiscal years 2020 through 2021.
- (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)	
2012	\$ 0.0142/kWh	\$ 0.0125/kWh	\$ 0.0041/kWh	\$.0251/CCF	\$.0124/CCF	\$.0057/CCF	6%
2013	0.0142/kWh	0.0125/kWh	0.0041/kWh	.0251/CCF	.0124/CCF	.0057/CCF	6%
2014	0.0142/kWh	0.0125/kWh	0.0041/kWh	.0251/CCF	.0124/CCF	.0057/CCF	6%
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%

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
2012	\$ 314,036	\$ 309,769	98.64%	\$ 4,152	\$ 313,921	99.96%
2013	335,295	330,693	98.63%	4,378	335,071	99.93%
2014	362,129	357,687	98.77%	4,106	361,793	99.91%
2015	367,506	363,278	98.85%	3,888	367,166	99.91%
2016	370,491	368,206	99.38%	1,945	370,151	99.91%
2017	373,345	369,909	99.08%	3,096	373,005	99.91%
2018	371,202	367,153	98.91%	3,443	370,596	99.84%
2019	184,881	183,511	99.26%	230	183,741	99.38%
2020	-	-	N/A	-	-	N/A
2021	-	-	N/A	-	-	N/A

Source: Treasurer

Note:

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

RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Governmental Activities		Business-Type Activities			Total	Percentage of Personal Income	Debt Per Capita	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	General Bonded Debt Outstanding
	General Obligation Bonds	Note	Revenue Bonds	Note	Capital Leases				General Obligation Bonds		Debt Per Capita
2012	\$ 1,535,800	\$ 20,920	\$ 199,200	\$ 47,279	\$ -	\$ 1,803,199	0.97%	\$ 319	\$ 1,535,800	0.39%	\$ 272
2013	1,264,724	-	62,500	-	35,200	1,362,424	0.71%	241	1,264,724	0.31%	224
2014	1,048,204	-	550,000	-	8,800	1,607,004	0.81%	273	1,048,204	0.25%	178
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	N/A	816	3,216,749	0.71%	523
2021	3,935,922	-	1,523,808	-	65,554	5,525,284	N/A	899	3,935,922	0.84%	641

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**Year Ended June 30, 2021****(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Rockingham County, Virginia	\$ 102,011,446	5.37%	\$ 5,473,112
Town Direct Debt			<u>3,935,922</u>
Total direct and overlapping debt			<u><u>\$ 9,409,034</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Legal debt margin	\$ 39,809,026	\$ 40,182,748	\$ 41,157,757	\$ 41,622,611	\$ 41,883,909	\$ 42,079,686	\$ 42,899,382	\$ 44,957,900	\$ 45,403,727	\$ 46,881,206
Total net debt applicable to limit	1,556,720	1,264,724	1,048,204	1,956,419	2,336,264	2,106,117	2,224,270	3,283,515	3,216,749	3,935,922
Available legal debt margin	\$ 38,252,306	\$ 38,918,024	\$ 40,109,553	\$ 39,666,192	\$ 39,547,645	\$ 39,973,569	\$ 40,675,112	\$ 41,674,385	\$ 42,186,978	\$ 42,945,284
Total net debt applicable to the limit as a percentage of debt limit	3.91%	3.15%	2.55%	4.70%	5.58%	5.01%	5.18%	7.30%	7.08%	8.40%
Legal debt margin calculation for fiscal year 2021:										
Assessed value of real estate	\$ 468,812,056			Summary of outstanding debt:			\$ 5,525,284			
				Gross bonded debt			1,589,362			
Debt limit (10% of assessed value)	\$ 46,881,206			Less: enterprise debt			\$ 3,935,922			
Debt applicable to limit:										
Net direct debt outstanding	3,935,922									
Available legal debt margin	\$ 42,945,284									

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	
2012	\$ 2,990,240	\$ 2,240,339	\$ 749,901	\$ 129,825	\$ 14,975	\$ 144,800	5.18
2013	2,981,267	2,267,085	714,182	136,700	7,830	144,530	4.94
2014	2,978,538	2,386,931	591,607	62,500	7,184	69,684	8.49
2015	2,986,694	2,283,122	703,572	55,000	10,920	65,920	10.67
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

Notes:

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Calendar Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) Unemployment Rate
2012	5,644	\$ 186,240,712	\$ 32,998	5.5%
2013	5,644	192,832,904	34,166	5.0%
2014	5,879	198,139,937	33,703	4.5%
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	(4)	(4)	3.7%
2021	6,145	(4)	(4)	3.9%

Notes:

- (1) Population estimates obtained from the United States Bureau of the Census for years 2012 through 2021.
- (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 2012 through 2021 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government administration:										
Legislative:										
Manager's office	2	2	2	2	3	3	3	3	3	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	9	9
Public works:										
Public works department	3	4	4	3	4	4	4	5	4	3
Maintenance	6	6	6	5	5	5	5	5	5	5
General properties	5	5	5	5	5	5	5	6	6	5
Parks, recreation and cultural	4	5	6	5	8	9	8	7	7	7
Water, Sewer and Sanitation:										
Administration	1	1	1	1	1	1	1	1	1	1
Transmission	5	5	5	5	5	5	5	5	5	5
Purification	5	5	5	5	5	5	5	5	5	5
Sewer maintenance	2	2	2	2	2	2	2	2	2	2
Sanitation	5	5	6	6	6	6	6	6	6	3
Stormwater	-	-	-	-	-	-	-	-	1	1
Total	50	52	54	51	56	57	56	57	57	53

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Bridgewater, Virginia (Town) as of and for the year ended June 30, 2021, 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 2, 2021.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, as described in the accompanying Schedule of Finding and Response as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PB Marcus, LLP

Harrisonburg, Virginia
November 2, 2021

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF FINDING AND RESPONSE

Year Ended June 30, 2021

Section I. FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

2021-001: 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, entries were required to properly record year-end balances including accounts payable, accounts receivable, capital assets, and long-term debt.

Based on the adjustments made during the Town's annual audit, it does not appear the Town's management is able to draft financial statements, including all footnotes and disclosures, in accordance with accounting principles generally accepted in the United States of America (GAAP). Management provides information for year-end adjustments and management is provided all year-end journal entries made during the audit, which are verified by management and posted to the Town's general ledger.

Cause: 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 should consider training courses to enhance technical skills to comply with GAAP.

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.

