

TOWN OF BRIDGEWATER, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022



Prepared by:

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

TOWN OF BRIDGEWATER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2022

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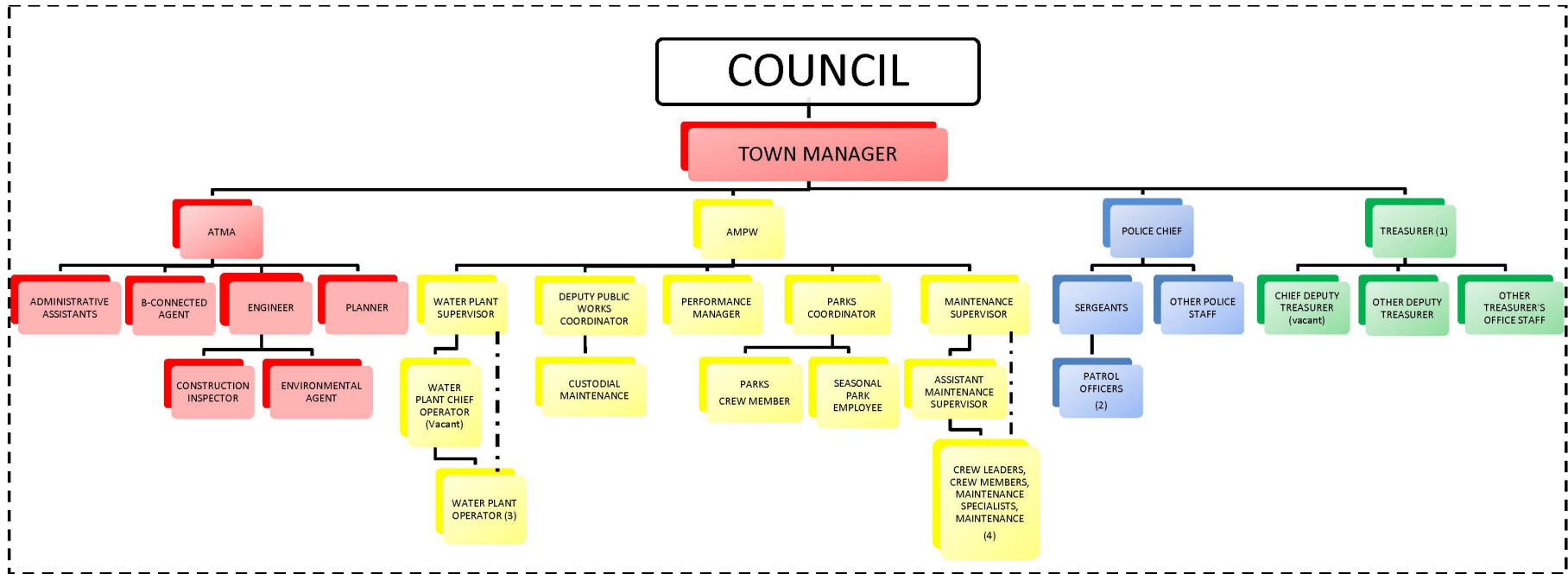
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INTRODUCTORY SECTION

ORGANIZATIONAL CHART



- (1) Treasurer reports to the Town Manager, but she has other reporting duties also. See Employment Manual.
- (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, and maintenance specialists report to the Maintenance Supervisor in the absence of the Assistant Maintenance Supervisor.

TOWN OF BRIDGEWATER, VIRGINIA

Directory of Principal Officials

OFFICIALS

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

MEMBERS OF COUNCIL

Travis Bowman	Steven A. Schofield
William D. Miracle	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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Bridgewater, Virginia (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents as supplementary schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

PB Mares, LLP

Harrisonburg, Virginia
October 31, 2022

Town of Bridgewater, Virginia Management's Discussion and Analysis

Fiscal 2022 was a year to complete two well aged projects: the Dry River Road drainage project and DORM, the new traffic signal at Main and Old River Road. Both projects were well over a decade old, and both were substantially completed in FY22 (though the DORM closeout slipped through to FY23). Completing these projects was a load off the staff, though there was a financial reckoning to be had. Because the projects were so old, they cost significantly more than the original estimates, requiring us to dig deep to pay for them. We are, at once, delighted to be finished with these projects and determined not to let any of our current projects reach old age.

Even with the project-related expenditures, FY22 was a good year for us, with tax revenues easily outpacing projections. Most of our taxes are based on commercial transactions, so increased revenues represent a healthy local economy. In localities which rely upon real-estate taxation, revenue increases represent either a higher assessment or a higher tax rate.

Lastly, we continue to build our reserve fund, and it stood at nearly \$340,000 at the end of FY22. Our present goal for the fund is \$2,000,000, which is still at least five years away. Still, the fund is growing according to plan, and the pace continues to accelerate. We are grateful that soon, we will have a tool to help protect our citizens from financial uncertainty.

FINANCIAL HIGHLIGHTS

Total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at June 30, 2022 by approximately \$8.6 million (net position). Of the total net position, approximately \$565,000 was unrestricted surplus.

The Town's total net position increased approximately \$3.4 million from the previous year's total net position.

As of June 30, 2022, the Town's governmental funds had combined ending fund balances of approximately \$1.4 million, an increase of approximately \$406,000 in comparison with the prior year.

The Town's total long-term liabilities (excluding compensated absences and other postemployment benefits) decreased approximately \$440,000 during fiscal year 2022 due primarily to scheduled debt repayment.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The government-wide financial statements include not only the Town of Bridgewater, Virginia (known as the primary government), but also two legally separate entities, the Industrial Development Authority and Sipe Center Live. Financial information for these component units are reported separately from the financial information presented for the primary government.

Statement of Net Position

For the most recently concluded fiscal year, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$8.6 million. Most of this total, approximately 93%, 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, \$565,000 is classified as unrestricted surplus.

The following table presents a condensed statement of net position:

Table 1
Summary Statements of Net Position
June 30, 2022 and 2021

	Governmental Activities		Business-type Activity		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 3,478,143	\$ 5,206,347	\$ 559,219	\$ 530,316	\$ 4,037,362	\$ 5,736,663
Capital assets, net	8,916,298	7,695,342	4,120,246	3,193,672	13,036,544	10,889,014
Total assets	12,394,441	12,901,689	4,679,465	3,723,988	17,073,906	16,625,677
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefits	38,220	42,363	12,425	18,294	50,645	60,657
Pension plan	363,569	505,882	156,937	264,371	520,506	770,253
Deferred charge on refunding	24,727	26,629	-	-	24,727	26,629
Total deferred outflows of resources	426,516	574,874	169,362	282,665	595,878	857,539
LIABILITIES						
Current and other liabilities	1,210,783	4,214,847	174,956	151,781	1,385,739	4,366,628
Long-term liabilities	3,901,093	5,123,358	1,463,499	2,174,552	5,364,592	7,297,910
Total liabilities	5,111,876	9,338,205	1,638,455	2,326,333	6,750,331	11,664,538
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefits	195,357	169,427	79,686	87,109	275,043	256,536
Leases related	619,778	-	-	-	619,778	-
Pension plan	1,020,472	-	440,494	-	1,460,966	-
Total deferred inflows of resources	1,835,607	169,427	520,180	87,109	2,355,787	256,536
NET POSITION						
Net investment in capital assets	5,250,343	3,759,420	2,726,028	1,604,310	7,976,371	5,363,730
Restricted	22,488	22,486	-	-	22,488	22,486
Unrestricted	600,643	187,025	(35,836)	(11,099)	564,807	175,926
Total net position	\$ 5,873,474	\$ 3,968,931	\$ 2,690,192	\$ 1,593,211	\$ 8,563,666	\$ 5,562,142

Statement of Activities

Governmental Activities

Revenues: For the fiscal year ended June 30, 2022 revenue from governmental activities totaled \$8.7 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, specifically ARPA funding.

Expenses: Expenses for governmental activities, including interest on debt service, totaled \$6.9 million. As the table indicates, General Government Administration and Public Works, which together comprise about 60% 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, 2022:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 344,353	\$ 206,377	\$ 3,583,670	\$ 3,394,617	\$ 3,928,023	\$ 3,600,994
Operating grants and contributions	3,949,555	2,526,733	-	-	3,949,555	2,526,733
Capital grants and contributions	1,127,181	-	464,147	109,444	1,591,328	109,444
Total program revenues	5,421,089	2,733,110	4,047,817	3,504,061	9,468,906	6,237,171
General revenues:						
General property taxes	309,647	290,738	-	-	309,647	290,738
Other local taxes	2,566,997	2,387,441	-	-	2,566,997	2,387,441
Intergovernmental, non-categorical aid	175,913	175,444	-	-	175,913	175,444
Use of money and property	141,047	100,597	-	-	141,047	100,597
Miscellaneous	114,016	296,476	43,318	46,930	157,334	343,406
Total general revenues	3,307,620	3,250,696	43,318	46,930	3,350,938	3,297,626
Total revenues	8,728,709	5,983,806	4,091,135	3,550,991	12,819,844	9,534,797
Expenses:						
General government administration	1,093,517	1,067,040	-	-	1,093,517	1,067,040
Public safety	964,682	893,368	-	-	964,682	893,368
Public works	3,008,778	3,757,244	-	-	3,008,778	3,757,244
Parks, recreation and cultural	797,233	763,500	-	-	797,233	763,500
Community and economic development	535,936	189,297	-	-	535,936	189,297
Sipe Center	356,109	162,482	-	-	356,109	162,482
Interest	101,366	84,328	-	-	101,366	84,328
Water, sewer and sanitation	-	-	2,815,140	2,975,789	2,815,140	2,975,789
Stormwater management	-	-	145,559	98,411	145,559	98,411
Total expenses	6,857,621	6,917,259	2,960,699	3,074,200	9,818,320	9,991,459
Changes in net position before transfers	1,871,088	(933,453)	1,130,436	476,791	3,001,524	(456,662)
Transfers	33,455	585,395	(33,455)	(585,395)	-	-
Change in net position	1,904,543	(348,058)	1,096,981	(108,604)	3,001,524	(456,662)
Net position, beginning	3,968,931	4,316,989	1,593,211	1,701,815	5,562,142	6,018,804
Net position, ending	\$ 5,873,474	\$ 3,968,931	\$ 2,690,192	\$ 1,593,211	\$ 8,563,666	\$ 5,562,142

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 2022, total operating and non-operating revenues amounted to \$4.1 million, which is an increase of approximately \$540,000 from the prior fiscal year. Approximately 88% of water, sewer, sanitation and stormwater revenues come from charges for service. Approximately 12% of revenues come from capital grants and contributions and miscellaneous income.

Expenses amounted to \$3 million for fiscal year 2022. This is a decrease of 4% from the previous year and is due primarily to decreases in allocations of fringe benefits. Change in net position before transfers was \$1.1 million in fiscal year 2022, compared to \$447,000 in fiscal year 2021, an increase of \$653,000.

The business-type activities' net position increased approximately \$1.1 million 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 \$226,000 resulting in an unassigned balance of approximately \$1 million. Committed funds, those implemented by the FY19 Fund Balance Policy, increased by approximately \$180,000.

Proprietary funds - The Town's *Enterprise Funds*, which are a type of proprietary fund, provide the same type of information found in the government-wide financial statements, but in greater detail. At June 30, 2022, the unrestricted net position for the enterprise funds totaled about \$(36,000), which is a decrease of approximately \$25,000 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, actual revenues were more than budgeted revenues by \$3.7 million. Expenditures were more than budgeted amounts by \$235,000 million. This excess revenue was due to timing of federal ARPA revenue received. The excess expenditures can be attributed to timing of year end expenditures and accruals of large projects, the VDOT N. Main Street stop light project in particular.

CAPITAL ASSETS

Reflected in Table 3, *Changes in Capital Assets*, net capital asset balances have increased from the previous year. Capital asset additions for fiscal year 2022 totaled approximately \$2.8 million. The additions can be attributed largely to purchase of real property, a large-scale water meter replacement, and multiple equipment and vehicle purchases.

Table 3
Changes in Capital Assets
Years Ended June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Capital assets not being depreciated:						
Land and easements	\$ 3,000,383	\$ 1,873,202	\$ 4,600	\$ 4,600	\$ 3,004,983	\$ 1,877,802
Construction in progress	533,805	268,007	638,497	-	1,172,302	268,007
Total capital assets not being depreciated	3,534,188	2,141,209	643,097	4,600	4,177,285	2,145,809
Capital assets being depreciated or amortized:						
Buildings and improvements	6,274,247	6,253,278	1,018,917	1,018,917	7,293,164	7,272,195
Distribution and collection system	-	-	4,170,273	3,961,726	4,170,273	3,961,726
Equipment	1,087,831	1,125,178	2,565,619	2,529,561	3,653,450	3,654,739
Software	53,970	53,970	-	-	53,970	53,970
Infrastructure	1,244,706	1,244,706	134,509	104,494	1,379,215	1,349,200
Vehicles	559,188	540,916	852,370	625,287	1,411,558	1,166,203
Total capital assets being depreciated or amortized	9,219,942	9,218,048	8,741,688	8,239,985	17,961,630	17,458,033
Less accumulated depreciation and amortization:						
Buildings and improvements	2,132,735	1,890,999	880,462	865,850	3,013,197	2,756,849
Distribution and collection system	-	-	2,116,703	2,028,523	2,116,703	2,028,523
Equipment	793,219	890,204	1,672,217	1,588,013	2,465,436	2,478,217
Software	53,970	49,400	-	-	53,970	49,400
Infrastructure	428,462	386,972	14,422	10,188	442,884	397,160
Vehicles	429,446	446,340	580,735	558,339	1,010,181	1,004,679
Total accumulated depreciation and amortization	3,837,832	3,663,915	5,264,539	5,050,913	9,102,371	8,714,828
Total capital assets being depreciated or amortized, net	5,382,110	5,554,133	3,477,149	3,189,072	8,859,259	8,743,205
Capital assets, net	\$ 8,916,298	\$ 7,695,342	\$ 4,120,246	\$ 3,193,672	\$ 13,036,544	\$ 10,889,014

LONG-TERM DEBT

As of June 30, 2022, the Town's long-term liabilities, exclusive of compensated absences and other postemployment benefits, totaled \$3.7 million for governmental activities. Additionally, \$1.4 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 \$59 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, 2022 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
6,177	\$ 631,721,356	\$ 3,690,682	0.0058	\$ 597

The net bonded debt decreased approximately \$245,000, which correlates to a decrease in debt per capita of \$44.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

We expect that national economy to cool somewhat in FY23. Interest rates will rise, both to chase the inflationary spike and to quell it. The increase in interest rates will probably cause real estate prices to soften. The sequela interest-rate increase, a cooling economy, could lead to better pricing for our projects. Taking all this as a whole, one might expect us to refrain from borrowing money, but if we have enough cash, opportunistically may jump start projects or purchase real estate.

We prefer keeping our tax rates stable, and allowing increases in economic activities to drive revenue increases. Because it relies on increased activity, our tax structure usually “wins” only if our citizens and businesses win. Accordingly, we see little reason to increase taxes in the near future.

We will, however, raise our utility rates in accord with inflation, as we have long done.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Industrial Development Authority	Sipe Center Live
ASSETS					
Cash and cash equivalents	\$ 1,860,905	\$ -	\$ 1,860,905	\$ 282,977	\$ 78,241
Receivables, net:					
Property taxes	945	-	945	-	-
Trade and other accounts	81,771	452,616	534,387	-	-
Due from other governments	334,869	-	334,869	-	-
Lease receivables	650,698	-	650,698	331,314	-
Restricted investment	22,488	-	22,488	-	-
Restricted cash and cash equivalents	279,506	-	279,506	-	-
Net pension asset	246,961	106,603	353,564	-	-
Capital assets:					
Land	2,991,983	4,600	2,996,583	79,747	-
Land easements	8,400	-	8,400	-	-
Buildings and improvements	6,274,247	1,018,917	7,293,164	407,886	-
Infrastructure	1,244,706	134,509	1,379,215	-	-
Distribution and collection systems	-	4,170,273	4,170,273	-	-
Equipment	1,087,831	2,565,619	3,653,450	30,105	-
Software	53,970	-	53,970	-	-
Vehicles	559,188	852,370	1,411,558	-	-
Construction in progress	533,805	638,497	1,172,302	-	-
Less: accumulated depreciation and amortization	(3,837,832)	(5,264,539)	(9,102,371)	(90,883)	-
Total assets	12,394,441	4,679,465	17,073,906	1,041,146	78,241
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits	38,220	12,425	50,645	-	-
Pension plan	363,569	156,937	520,506	-	-
Deferred charge on refunding	24,727	-	24,727	-	-
Total deferred outflows of resources	426,516	169,362	595,878	-	-
LIABILITIES					
Accounts and deposits payable	649,830	141,200	791,030	-	-
Due to other governments	11,648	-	11,648	-	-
Accrued payroll and benefits	73,274	24,947	98,221	-	-
Accrued interest	14,326	8,809	23,135	2,601	-
Unearned revenue	461,705	-	461,705	3,000	-
Noncurrent liabilities:					
Due within one year:					
Private placement note payable	-	23,249	23,249	-	-
Bonds payable	250,223	173,766	423,989	18,533	-
Compensated absences	55,175	14,609	69,784	-	-
Due in more than one year:					
Private placement note payable	-	19,308	19,308	-	-
Bonds payable	3,440,459	1,177,895	4,618,354	433,374	-
Compensated absences	36,784	9,739	46,523	-	-
Other postemployment benefits	118,452	44,933	163,385	-	-
Total liabilities	5,111,876	1,638,455	6,750,331	457,508	-
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	195,357	79,686	275,043	-	-
Lease related	619,778	-	619,778	331,314	-
Pension plan	1,020,472	440,494	1,460,966	-	-
Total deferred inflows of resources	1,835,607	520,180	2,355,787	331,314	-
NET POSITION					
Net investment in capital assets	5,250,343	2,726,028	7,976,371	249,445	-
Restricted:					
Nonexpendable trust principal	6,000	-	6,000	-	-
Cemetery maintenance	16,488	-	16,488	-	-
Unrestricted	600,643	(35,836)	564,807	2,879	78,241
Total net position	\$ 5,873,474	\$ 2,690,192	\$ 8,563,666	\$ 252,324	\$ 78,241

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position									
Entity/Functions/Programs	Expenses	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
Primary government:									
Governmental activities:									
General government administration	\$ 1,093,517	\$ -	\$ 1,945,358	\$ -	\$ 851,841	\$ -	\$ 851,841	\$ -	\$ -
Public safety	964,682	21,328	255,076	-	(688,278)	-	(688,278)	-	-
Public works	3,008,778	9,603	1,708,111	1,127,181	(163,883)	-	(163,883)	-	-
Parks, recreation and cultural	797,233	163,051	-	-	(634,182)	-	(634,182)	-	-
Community and economic development	535,936	-	41,010	-	(494,926)	-	(494,926)	-	-
Sipe Center	356,109	150,371	-	-	(205,738)	-	(205,738)	-	-
Interest	101,366	-	-	-	(101,366)	-	(101,366)	-	-
Total governmental activities	6,857,621	344,353	3,949,555	1,127,181	(1,436,532)	-	(1,436,532)	-	-
Business-type activities:									
Water, sewer and sanitation	2,815,140	3,418,633	-	464,147	-	1,067,640	1,067,640	-	-
Stormwater management	145,559	165,037	-	-	-	19,478	19,478	-	-
Total business-type activities	2,960,699	3,583,670	-	464,147	-	1,087,118	1,087,118	-	-
Total primary government	\$ 9,818,320	\$ 3,928,023	\$ 3,949,555	\$ 1,591,328	(1,436,532)	1,087,118	(349,414)	-	-
Component Units:									
Industrial Development Authority	\$ 106,387	\$ 6,000	\$ 250,000	\$ -	-	-	-	149,613	-
Sipe Center Live	\$ 4,009	\$ -	\$ -	\$ -	-	-	-	-	(4,009)
General revenues:									
Taxes:									
General property taxes					309,647	-	309,647	-	-
Other local taxes:									
Consumer utility					735,101	-	735,101	-	-
Meals					930,375	-	930,375	-	-
Local sales and use					298,889	-	298,889	-	-
Business license					235,246	-	235,246	-	-
Bank stock					189,060	-	189,060	-	-
Other					178,326	-	178,326	-	-
Intergovernmental, non-categorical aid					175,913	-	175,913	-	-
Use of money and property					141,047	-	141,047	12,878	-
Miscellaneous					114,016	43,318	157,334	-	58,000
Transfers					33,455	(33,455)	-	-	-
Total general revenues and transfers, net					3,341,075	9,863	3,350,938	12,878	58,000
Change in net position									
Net position, beginning					1,904,543	1,096,981	3,001,524	162,491	53,991
					3,968,931	1,593,211	5,562,142	89,833	24,250
Net position, ending					\$ 5,873,474	\$ 2,690,192	\$ 8,563,666	\$ 252,324	\$ 78,241

TOWN OF BRIDGEWATER, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,860,905	\$ -	\$ 1,860,905
Receivables, net of allowances for uncollectible amounts:			
Property taxes	945	-	945
Trade and other accounts	81,771	-	81,771
Due from other governments	334,869	-	334,869
Lease receivables	650,698	-	650,698
Restricted investment	-	22,488	22,488
Restricted cash and cash equivalents	279,506	-	279,506
Total assets	\$ 3,208,694	\$ 22,488	\$ 3,231,182
LIABILITIES			
Accounts and deposits payable	\$ 649,830	\$ -	\$ 649,830
Due to other governments	11,648	-	11,648
Accrued payroll and benefits	73,274	-	73,274
Unearned revenue	461,705	-	461,705
Total liabilities	1,196,457	-	1,196,457
DEFERRED INFLOWS OF RESOURCES			
Lease related	619,778	-	619,778
Unavailable revenue - property taxes	10,000	-	10,000
Total deferred inflows of resources	629,778	-	629,778
FUND BALANCES			
Nonspendable:			
Permanent fund principal	-	6,000	6,000
Restricted for:			
Cemetery maintenance	-	16,488	16,488
Committed:			
Tactical reserve	113,092	-	113,092
Strategic reserve	226,184	-	226,184
Unassigned	1,043,183	-	1,043,183
Total fund balances	1,382,459	22,488	1,404,947
Total liabilities, deferred inflows of resources and fund balances	\$ 3,208,694	\$ 22,488	\$ 3,231,182

TOWN OF BRIDGEWATER, VIRGINIA

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

June 30, 2022

	Governmental Funds	
Total fund balances - governmental funds	\$ 1,404,947	
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	\$ 12,754,130	
Less: accumulated depreciation and amortization	<u>(3,837,832)</u>	
Net capital assets		8,916,298
Net pension asset		246,961
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	363,569	
Other postemployment benefits	38,220	
Deferred charge on refunding	<u>24,727</u>	
		426,516
Other long-term assets are not available to fund current expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		10,000
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	(3,690,682)	
Compensated absences	(91,959)	
Interest payable	(14,326)	
Other postemployment benefits liability	<u>(118,452)</u>	
		(3,915,419)
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>(195,357)</u>	
		<u>(1,215,829)</u>
Net position of governmental activities		<u>\$ 5,873,474</u>

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2022

	General	Permanent Fund Greenwood Cemetery Fund	Total Governmental Funds
Revenues:			
General property taxes	\$ 308,647	\$ -	\$ 308,647
Other local taxes	2,566,997	-	2,566,997
Permits and other licenses	9,603	-	9,603
Fines and forfeitures	21,328	-	21,328
Use of money and property	141,045	2	141,047
Charges for services	313,422	-	313,422
Miscellaneous	114,015	-	114,015
Intergovernmental	5,252,649	-	5,252,649
Total revenues	8,727,706	2	8,727,708
Expenditures:			
Current:			
General government administration	1,058,567	-	1,058,567
Public safety	1,090,701	-	1,090,701
Public works	4,191,432	-	4,191,432
Parks, recreation and cultural	775,087	-	775,087
Community and economic development	535,707	-	535,707
Sipe Center	356,844	-	356,844
Debt service:			
Principal	245,240	-	245,240
Interest	101,184	-	101,184
Total expenditures	8,354,762	-	8,354,762
Excess of revenues over expenditures	372,944	2	372,946
Other financing sources (uses):			
Transfers in	273,373	-	273,373
Transfers out	(239,918)	-	(239,918)
Total other financing sources, net	33,455	-	33,455
Net change in fund balances	406,399	2	406,401
Fund balances, beginning	976,060	22,486	998,546
Fund balances, ending	\$ 1,382,459	\$ 22,488	\$ 1,404,947

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, 2022

	Governmental Funds	
Net change in fund balance - total governmental funds	\$ 406,401	
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$ 1,607,213	
Less: depreciation and amortization expense	<u>(382,861)</u>	
Excess of capital outlays over depreciation and amortization		1,224,352
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(3,396)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		1,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments on general obligation bonds:		
General obligation bonds	<u>245,240</u>	245,240
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	1,720	
Amortization of deferred charge on refunding	(1,902)	
Compensated absences	34,949	
Changes in pension liabilities and related deferred outflows and inflows of resources	(33,376)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>29,555</u>	30,946
Change in net position of governmental activities	<u><u>\$ 1,904,543</u></u>	

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2022

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 291,839	\$ 291,839	\$ 308,647	\$ 16,808
Other local taxes	2,413,181	2,413,181	2,566,997	153,816
Permits and other licenses	24,000	24,000	9,603	(14,397)
Fines and forfeitures	25,000	25,000	21,328	(3,672)
Use of money and property	101,694	101,694	141,045	39,351
Charges for services	349,194	349,194	313,422	(35,772)
Miscellaneous	45,360	45,360	114,015	68,655
Intergovernmental	2,150,784	1,727,333	5,252,649	3,525,316
Total revenues	5,401,052	4,977,601	8,727,706	3,750,105
Expenditures:				
Current:				
General government administration	995,892	995,892	1,058,567	62,675
Public safety	937,120	937,120	1,090,701	153,581
Public works	2,935,324	4,226,623	4,191,432	(35,191)
Parks, recreation and cultural	753,937	753,937	775,087	21,150
Community and economic development	221,566	521,566	535,707	14,141
Sipe Center	220,810	332,639	356,844	24,205
Debt service:				
Principal	254,488	254,488	245,240	(9,248)
Interest and fiscal charges	97,272	97,272	101,184	3,912
Total expenditures	6,416,409	8,119,537	8,354,762	235,225
Excess (deficiency) of revenues over (under) expenditures	(1,015,357)	(3,141,936)	372,944	3,514,880
Other financing sources (uses):				
General obligation bonds issued	100,000	-	-	-
Transfers in	-	-	273,373	273,373
Transfers out	-	-	(239,918)	(239,918)
Total other financing sources, net	100,000	-	33,455	33,455
Net change in fund balance	\$ (915,357)	\$ (3,141,936)	406,399	\$ 3,548,335
Fund balance, beginning			976,060	
Fund balance, ending			\$ 1,382,459	

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2022

	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	\$ 430,750	\$ 21,866	\$ 452,616
Total current assets	430,750	21,866	452,616
Noncurrent assets:			
Net pension asset	100,060	6,543	106,603
Capital assets:			
Land	4,600	-	4,600
Buildings and improvements	1,018,917	-	1,018,917
Infrastructure	-	134,509	134,509
Distribution and collection systems	4,170,273	-	4,170,273
Equipment	2,565,619	-	2,565,619
Vehicles	603,145	249,225	852,370
Construction in progress	638,497	-	638,497
	9,001,051	383,734	9,384,785
Less: accumulated depreciation	(5,225,194)	(39,345)	(5,264,539)
Total capital assets	3,775,857	344,389	4,120,246
Total noncurrent assets	3,875,917	350,932	4,226,849
Total assets	4,306,667	372,798	4,679,465
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	12,425	-	12,425
Pension plan	147,305	9,632	156,937
Total deferred outflows of resources	159,730	9,632	169,362
LIABILITIES			
Current liabilities:			
Accounts and deposits payable	140,900	300	141,200
Accrued payroll and benefits	21,901	3,046	24,947
Accrued interest	8,809	-	8,809
Compensated absences	14,609	-	14,609
Private placement note payable	23,249	-	23,249
Bonds payable	173,766	-	173,766
Total current liabilities	383,234	3,346	386,580
Noncurrent liabilities:			
Private placement note payable	19,308	-	19,308
Bonds payable	1,177,895	-	1,177,895
Compensated absences	9,739	-	9,739
Other postemployment benefits	44,391	542	44,933
Total noncurrent liabilities	1,251,333	542	1,251,875
Total liabilities	1,634,567	3,888	1,638,455
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	75,987	3,699	79,686
Pension plan	413,458	27,036	440,494
Total deferred inflows of resources	489,445	30,735	520,180
NET POSITION			
Net investment in capital assets	2,381,639	344,389	2,726,028
Unrestricted (deficit)	(39,254)	3,418	(35,836)
Total net position	\$ 2,342,385	\$ 347,807	\$ 2,690,192

See Notes to Financial Statements.

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2022

	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	\$ 3,417,333	\$ 165,037	\$ 3,582,370
Penalties	43,318	-	43,318
Other	1,300	-	1,300
Total operating revenues	3,461,951	165,037	3,626,988
Operating expenses:			
Personal services	636,878	85,497	722,375
Fringe benefits	189,768	10,462	200,230
Materials, line repairs and other	888,581	20,444	909,025
Regional Sewer Authority assessment:			
Operations and maintenance	268,986	-	268,986
Debt service	442,779	-	442,779
Construction	149,717	-	149,717
Depreciation	206,612	29,156	235,768
Total operating expenses	2,783,321	145,559	2,928,880
Operating income	678,630	19,478	698,108
Nonoperating revenue (expense):			
Interest expense	(34,319)	-	(34,319)
Gain on disposal of assets	2,500	-	2,500
Connection availability fees	464,147	-	464,147
Total nonoperating revenue, net	432,328	-	432,328
Income before transfers	1,110,958	19,478	1,130,436
Transfers in	-	239,918	239,918
Transfers out	(273,373)	-	(273,373)
Change in net position	837,585	259,396	1,096,981
Net position, beginning	1,504,800	88,411	1,593,211
Net position, ending	\$ 2,342,385	\$ 347,807	\$ 2,690,192

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended June 30, 2022

	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	\$ 3,539,369	\$ 165,319	\$ 3,704,688
Payments to suppliers for goods and services	(1,725,659)	(20,251)	(1,745,910)
Payments to employees for services and benefits	(893,101)	(105,746)	(998,847)
Net cash provided by operating activities	920,609	39,322	959,931
Cash flows from noncapital and related financing activities:			
Transfers in (out)	(273,373)	239,918	(33,455)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(883,102)	(279,240)	(1,162,342)
Proceeds from the sale of capital assets	2,500	-	2,500
Connection availability fees	464,147	-	464,147
Principal paid on:			
General obligation bonds	(172,147)	-	(172,147)
Private placement note	(22,997)	-	(22,997)
Interest paid on outstanding debt	(35,637)	-	(35,637)
Net cash used in capital and related financing activities	(647,236)	(279,240)	(926,476)
Cash and cash equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 678,630	\$ 19,478	\$ 698,108
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	206,612	29,156	235,768
Changes in operating accounts:			
Decrease in accounts receivable	77,418	282	77,700
Decrease in pension related deferred outflows of resources	97,853	9,581	107,434
Decrease in OPEB related deferred outflows of resources	4,658	1,211	5,869
Increase in accounts payable and accrued expenses	10,763	934	11,697
Decrease in net pension liability	(527,707)	(40,057)	(567,764)
Decrease in net OPEB liability	(36,231)	(5,721)	(41,952)
Increase in pension related deferred inflows of resources	413,458	27,036	440,494
Decrease in OPEB related deferred inflows of resources	(4,845)	(2,578)	(7,423)
Net cash provided by operating activities	\$ 920,609	\$ 39,322	\$ 959,931

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

A. Reporting Entity

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the Town adopted GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, and 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*. As required by GAAP, these financial statements present the activities of the Town and its component units.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB. Component units include any legally separate organizations for which the Town Council is financially accountable. Financial accountability results where 1) there is fiscal dependence and a financial benefit or burden relationship, 2) there is a voting majority of the organization's governing body appointed by the Town Council and a financial benefit or burden relationship, or 3) there is a voting majority of the organization's governing body appointed by Town Council and the Town Council has the ability to impose its will on the organization. Even if financial accountability is not established, a potential component unit may still need to be reported simply because it would be misleading to exclude it.

Blended component units, although legally separate entities, are, in substance, part of the Town's operations, and functions as an integral part of the primary government, so data from these units would be combined with data of the Town. The Town has no blended component units at June 30, 2022. 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, 2022 as a discretely presented component unit.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

The Sipe Center Live was created as a nonstock corporation pursuant to Chapter 10 of Title 13.1 of the *Code of Virginia* and organized exclusively for charitable purposes as specified in § 501(c)(3) of the *Internal Revenue Code*. Sipe Center Live is governed by five directors, including the Mayor of the Town, the Town Manager of the Town, and three directors elected by the board of directors. A financial benefit/burden relationship with the Town exists. The elected directors serve a three year term. Sipe Center Live does not issue separate financial statements but is included in the Town's financial statements for fiscal year ended June 30, 2022 as a discretely presented component unit.

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

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

Basis of Presentation

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

The Town reports the following major governmental fund:

General Fund

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

The Town reports the following major enterprise fund:

Water, Sewer and Sanitation Fund

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

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. Issuances of long-term debt are reported as other financing sources.

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

C. Budgetary Data

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

1) Deposits and Investments

Cash and Cash Equivalents

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

Investments

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

2) Property Taxes Receivable

Property taxes are recognized as a receivable when levied and attach as an enforceable lien on the property as of January 1. Beginning calendar year 2019, the Town eliminated a real estate tax. 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. The Town also has a deferred charge on refunding.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, unavailable revenue, which arises under the modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other items relate to the Pension and OPEB plans and leases.

7) Capital Assets

Capital assets, which include property, equipment, infrastructure, 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) Leases

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

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

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

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

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

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

At July 1, 2021 and June 30, 2022, the Town did not have any lease assets or liabilities.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

8) Leases (Continued)

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

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

Key estimates and judgements include how the Town determines (1) the discount rate is used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

9) 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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

10) Long-Term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type 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.

11) Pensions

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

12) Other Postemployment Benefits

Medical Insurance Program

The Town's Medical Insurance Program is a single-employer defined benefit plan administered by the Town. It provides health insurance coverage to all full-time employees (must be covered by the active plan at time of retirement or disability).

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

12) Other Postemployment Benefits (Continued)

Group Life Insurance Program

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

Virginia Local Disability Program

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

13) Fund Balance

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

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

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

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.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

13) Fund Balance (Continued)

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.

14) Net Position

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Use of Estimates

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

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

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

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

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

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

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

G. Subsequent Events

The Town has evaluated subsequent events through October 31, 2022, the date on which the financial statements were available to be issued.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

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

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

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

The Town has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Town’s investments in the LGIP, totaling \$618,782, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of the LGIP is less than one year.

The Town does not have a formal investment policy.

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

Certificate of deposit (maturing April 26, 2023)	\$ <u>22,488</u>
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The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following investment subject to recurring fair value measurement as of June 30, 2022:

- Certificate of deposit of \$22,488 is valued using quoted market prices (Level 1 inputs).

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unavailable/Unearned Revenue

Receivables at June 30, 2022, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water, Sewer and Sanitation Fund	Stormwater Management Fund	Totals
Property taxes	\$ 10,945	\$ -	\$ -	\$ 10,945
Trade and other accounts	81,771	437,750	21,866	541,387
Gross receivables	92,716	437,750	21,866	552,332
Less allowance for uncollectable accounts	10,000	7,000	-	17,000
Net receivables	\$ 82,716	\$ 430,750	\$ 21,866	\$ 535,332

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$10,000 and \$7,000 at June 30, 2022 for the General Fund and Water, Sewer and Sanitation Fund, respectively.

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

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 10,000	\$ -
VDOT Maintenance funds	-	338,072
ARPA funds	-	115,231
Other	-	8,402
	\$ 10,000	\$ 461,705

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, 2022.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Due from other governments includes the following:

General Fund:

Federal:

Small Business Administration grant funds

Enhancement grant funds \$ 2,327

Transportation alternative project 2,574

First Cities project 250,218

Edward Byrne memorial justice assistance grant program 18,750

Commonwealth of Virginia:

Local sales and communication tax 61,000

Total General Fund \$ 334,869

Note 5. Leases

Lease Receivable

During the current fiscal year, the Town leased water towers to third parties. The tower leases are being leased for 22 to 25 years ending between August 31, 2023 and September 22, 2033. The Town will receive annual payments ranging from \$1,537 to \$39,048 for the towers. The Town recognized \$83,672 in lease revenue and \$16,611 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the Town's receivable for lease payments was \$616,722. Also, the Town has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of the deferred inflow of resources was \$585,873.

During the current fiscal year, the Town leased residential property to a third party. The residential property is being leased for three years ending on February 28, 2025. The Town will receive monthly payments of \$1,000. The Town recognized \$1,060 in lease revenue and \$0 in interest revenue during the current fiscal year related to the lease. As of June 30, 2022, the Town's receivable for lease payments was \$33,976. Also, the Town has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$33,905.

During the current fiscal year, the component unit IDA leased commercial property to a third party. The tower leases are being leased for ten years ending on May 31. The component unit IDA will receive monthly payments of \$3,000 with an annual 2% increase beginning in fiscal year 2025. The component unit IDA recognized \$2,786 in lease revenue and \$0 in interest revenue during the current fiscal year related to the lease. As of June 30, 2022, the component unit IDA's receivable for lease payments was \$331,314. Also, the component unit IDA has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$331,314.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 1,864,802	\$ 1,127,181	\$ -	\$ 2,991,983
Land easements	8,400	-	-	8,400
Construction in progress	268,007	265,798	-	533,805
Total capital assets, not being depreciated or amortized	2,141,209	1,392,979	-	3,534,188
Capital assets being depreciated or amortized:				
Buildings and improvements	6,253,278	20,969	-	6,274,247
Equipment	1,125,178	115,532	(152,879)	1,087,831
Software	53,970	-	-	53,970
Infrastructure	1,244,706	-	-	1,244,706
Vehicles	540,916	77,733	(59,461)	559,188
Total capital assets being depreciated or amortized	9,218,048	214,234	(212,340)	9,219,942
Less accumulated depreciation and amortization for:				
Buildings and improvements	1,890,999	241,736	-	2,132,735
Equipment	890,204	52,498	(149,483)	793,219
Software	49,400	4,570	-	53,970
Infrastructure	386,972	41,490	-	428,462
Vehicles	446,340	42,567	(59,461)	429,446
Total accumulated depreciation and amortization	3,663,915	382,861	(208,944)	3,837,832
Total capital assets being depreciated or amortized, net	5,554,133	(168,627)	(3,396)	5,382,110
Governmental activities capital assets, net	\$ 7,695,342	\$ 1,224,352	\$ (3,396)	\$ 8,916,298

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

Governmental activities:	
General government administration	\$ 22,904
Public safety	27,539
Public works	176,670
Community development	3,736
Parks, recreation and cultural	152,012
Total depreciation and amortization expense - governmental activities	\$ 382,861

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	-	638,497	-	638,497
Total capital assets, not being depreciated	4,600	638,497	-	643,097
Capital assets being depreciated:				
Buildings and improvements	1,018,917	-	-	1,018,917
Infrastructure	104,494	30,015	-	134,509
Distribution and collection systems	3,961,726	208,547	-	4,170,273
Equipment	2,529,561	36,058	-	2,565,619
Vehicles	625,287	249,225	(22,142)	852,370
Total capital assets being depreciated	8,239,985	523,845	(22,142)	8,741,688
Less accumulated depreciation for:				
Buildings and improvements	865,850	14,612	-	880,462
Infrastructure	10,188	4,234	-	14,422
Distribution and collection systems	2,028,523	88,180	-	2,116,703
Equipment	1,588,013	84,204	-	1,672,217
Vehicles	558,339	44,538	(22,142)	580,735
Total accumulated depreciation	5,050,913	235,768	(22,142)	5,264,539
Total capital assets being depreciated, net	3,189,072	288,077	-	3,477,149
Business-type activities capital assets, net	\$ 3,193,672	\$ 926,574	\$ -	\$ 4,120,246

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 104,010
Sewer	97,066
Sanitation	5,536
Stormwater	29,156
Total depreciation expense - business-type activities	\$ 235,768

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Component unit - IDA:				
Capital assets not being depreciated:				
Land	\$ 79,747	\$ -	\$ -	\$ 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	61,666	11,494	-	73,160
Equipment	14,712	3,011	-	17,723
Total accumulated depreciation	76,378	14,505	-	90,883
Total capital assets being depreciated, net	361,613	(14,505)	-	347,108
Component unit - IDA capital assets, net	\$ 441,360	\$ (14,505)	\$ -	\$ 426,855

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	\$ 3,935,922	\$ -	\$ (245,240)	\$ 3,690,682	\$ 250,223
Compensated absences	126,908	75,158	(110,107)	91,959	55,175
Governmental activities long-term activities	\$ 4,062,830	\$ 75,158	\$ (355,347)	\$ 3,782,641	\$ 305,398

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2023	\$ 250,223	\$ 95,413
2024	208,502	88,968
2025	185,023	83,456
2026	189,112	78,653
2027	193,331	73,746
2028-2032	985,545	293,952
2033-2037	1,080,039	160,745
2038-2042	598,907	35,346
	<u>\$ 3,690,682</u>	<u>\$ 910,279</u>

General Obligation Bonds

\$915,000 general obligation bond issued December 2011, due in annual installments of \$27,688 to \$73,081 through December 2023, plus interest payable annually at 2.84%.	\$ 100,769
\$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.	799,972
\$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%.	210,055
\$125,000 general obligation public improvement bond issued August 2017, due in annual installments of \$12,356 through August 2027, plus interest payable semi-annually at 2.48%.	75,575
\$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%.	1,190,408
\$1,397,000 general obligation public improvement bond issued September 2019, 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%.	<u>1,313,903</u>
Total General Obligation Bonds	<u><u>\$ 3,690,682</u></u>

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

The December 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.

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	\$ 1,523,808	\$ -	\$ (172,147)	\$ 1,351,661	\$ 173,766
Private placement note	65,554	-	(22,997)	42,557	23,249
	1,589,362	-	(195,144)	1,394,218	197,015
Compensated absences	37,144	26,579	(39,375)	24,348	14,609
Business-type activities long-term liabilities	\$ 1,626,506	\$ 26,579	\$ (234,519)	\$ 1,418,566	\$ 211,624

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

Year(s) Ending June 30,	General Obligation Bonds		Private Placement Note	
	Principal	Interest	Principal	Interest
2023	\$ 173,766	\$ 29,091	\$ 23,249	\$ 1,594
2024	174,555	25,193	19,308	452
2025	120,359	21,299	-	-
2026	121,180	18,439	-	-
2027	122,018	15,583	-	-
2028-2032	341,735	48,566	-	-
2033-2037	287,044	17,606	-	-
2038-2039	11,004	110	-	-
	\$ 1,351,661	\$ 175,887	\$ 42,557	\$ 2,046

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%.	\$ 110,000
\$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%.	132,780
\$698,750 general obligation public improvement bond, issued August 2017, due in annual installments of \$70,019 through August 2027, plus interest payable semi-annually at 2.48%.	418,675
\$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%.	690,206
Total bonded debt	\$ 1,351,661

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.

Private Placement Note

\$110,135 private placement note issued April 2019, secured by equipment with a net book value of \$60,574, monthly maturity from \$1,805 to \$2,062 through April 2024, interest payable annually at 4.84%.	\$ 42,557
Total private placement note	\$ 42,557

The April 2019 private placement note was for the purchase of a backhoe.

At June 30, 2022, the Town had an available legal debt margin of \$59,481,454.

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit - IDA:					
General obligation bonds	\$ 469,562	\$ -	\$ (17,655)	\$ 451,907	\$ 18,533
Component Unit - IDA long-term liabilities	\$ 469,562	\$ -	\$ (17,655)	\$ 451,907	\$ 18,533

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2023	\$ 18,533	\$ 15,640
2024	19,150	15,023
2025	19,870	14,103
2026	20,576	13,598
2027	21,306	12,867
2028-2032	118,362	54,914
2033-2037	140,959	32,808
2038-2040	93,151	7,876
	<u>\$ 451,907</u>	<u>\$ 166,829</u>

\$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.

\$ 177,409

\$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.

274,497

\$ 451,907

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 (4.75% at June 30, 2022). There was no outstanding balance at June 30, 2022. 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 (professional) 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 Same as Plan 1.	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>Defined Contribution Component</i> Not applicable.
<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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	33
Inactive members:	
Vested	9
Non-vested	41
Active elsewhere in VRS	36
Total inactive members	86
Active members	47
Total covered employees	166

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, 2022 was 9.38% 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 \$200,475 and \$205,022 for the years ended June 30, 2022 and 2021, respectively.

D. Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension asset determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town, the net pension asset was measured as of June 30, 2021. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Public Safety Employees

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
Balances at June 30, 2020	\$ 11,434,182	\$ 10,090,573	\$ 1,343,609
Changes for the Year:			
Service cost	275,446	-	275,446
Interest	753,628	-	753,628
Changes of assumptions	508,048	-	508,048
Difference between expected and actual experience	(177,264)	-	(177,264)
Contributions – employer	-	205,022	(205,022)
Contributions – employee	-	112,318	(112,318)
Net investment income	-	2,746,293	(2,746,293)
Benefit payments, including refunds of employee contributions	(538,637)	(538,637)	-
Administrative expense	-	(6,861)	6,861
Other	-	259	(259)
Net changes	821,221	2,518,394	(1,697,173)
Balances at June 30, 2021	\$ 12,255,403	\$ 12,608,967	\$ (353,564)

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's net pension liability (asset)	\$ 1,275,139	\$ (353,564)	\$ (1,691,452)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$214,014. At June 30, 2022, the Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,285	\$ (94,816)
Changes of assumptions	271,746	-
Net difference between projected and actual earnings on pension plan investments	-	(1,366,150)
Employer contributions subsequent to the measurement date	200,475	-
Total	\$ 520,506	\$ (1,460,966)

The \$200,475 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 asset in the year ending June 30, 2023. 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
2023	\$ (118,483)
2024	(289,794)
2025	(318,082)
2026	(414,576)
	<u>\$ (1,140,935)</u>

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-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, 2022, the three plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Healthcare Plan	\$ 29,299	\$ -	\$ 199,922	\$ (33,115)
Group Life Insurance Program	136,219	41,302	69,479	4,813
Virginia Local Disability Program	(2,133)	9,343	5,642	5,690
	<u>\$ 163,385</u>	<u>\$ 50,645</u>	<u>\$ 275,043</u>	<u>\$ (22,612)</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)*

A. Plan Description (Continued)

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

Employer Contributions

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

Employee Contributions

None.

B. Employees Covered by Benefit Terms

At July 1, 2020 (the valuation date), the following employees were covered by benefit terms:

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefits	9
Active	<u>47</u>
Total	<u><u>56</u></u>

C. Total OPEB Liability

The Town's total OPEB liability is reported herein as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of June 30, 2022. 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	3.54%, 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)

D. Actuarial Assumptions (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, 2021	<u>\$ 57,572</u>
Changes for the year:	
Service cost	521
Interest on total OPEB liability	940
Effect of plan changes	
Effect of assumptions changes or inputs	(376)
Benefit payments	<u>(29,358)</u>
Net changes	<u>(28,273)</u>
Balance at June 30, 2022	<u><u>\$ 29,299</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 3.54%. It also presents what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower (2.54%) and one percentage point higher (4.54%) than the current rate.

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 29,571	\$ 29,299	\$ 29,026

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	\$ 28,293	\$ 29,299	\$ 30,320

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, 2022 follow:

Description	Amount
Service cost	\$ 521
Interest on total OPEB liability	940
Recognition of economic/demographic gains or losses	(11,175)
Recognition of assumption changes or inputs	(23,401)
	<u>\$ (33,115)</u>

At June 30, 2022, 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	\$ (70,406)
Changes in assumptions	(129,516)
	<u>\$ (199,922)</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
2023	\$ (34,200)
2024	(34,200)
2025	(32,908)
2026	(29,882)
2027	(29,882)
Thereafter	(38,850)
	<u>\$ (199,922)</u>

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program

A. Plan Description

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

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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 \$8,722 as of June 30, 2022.

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, 2022 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 \$12,929 and \$13,044 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the Town reported a liability of \$136,219 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01170% as compared to 0.01229% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$4,813. 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, 2022, 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	\$ 15,651	\$ (1,038)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(32,513)
Change in assumptions	7,510	(18,638)
Changes in proportionate share	5,212	(17,290)
Employer contribution subsequent to the measurement date	12,929	-
Total	\$ 41,302	\$ (69,479)

The \$12,929 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, 2023. 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
2023	\$ (7,479)
2024	(7,947)
2025	(8,922)
2026	(13,175)
2027	(3,698)
Total	\$ (41,221)

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, 2020, 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, 2021.

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and services to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. Net GLI OPEB Liability

The net OPEB Liability (NOL) for the GLI represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB liability	\$ 3,577,346
Plan fiduciary net position	<u>2,413,074</u>
GLI Net OPEB liability	<u>\$ 1,164,272</u>

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

67.45%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 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	\$ 199,022	\$ 136,219	\$ 85,504

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-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
<p>Eligible Employees</p> <p>The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits.</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none">• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
<p>Benefit Amounts</p> <p>The VLDP provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• Short-Term Disability:<ul style="list-style-type: none">○ The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.○ During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.• Long-Term Disability:<ul style="list-style-type: none">○ The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.○ Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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, 2022 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, 2020. 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 \$8,004 and \$7,024 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Town reported an asset of \$2,133 for its proportionate share of the VLDP net OPEB asset. The VLDP net OPEB asset was measured as of June 30, 2021 and the total VLDP OPEB liability used to calculate the VLDP net OPEB asset was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date as of June 30, 2021. The Town's proportion of the VLDP net OPEB asset was based on the Town's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Town's proportion of the VLDP was 0.21066% as compared to 0.22974% at June 30, 2020.

For the year ended June 30, 2022, the Town recognized VLDP OPEB expense of \$5,690. 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 Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB (Continued)

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,267	\$ (3,195)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(1,190)
Change in assumptions	72	(578)
Changes in proportion	-	(679)
Employer contribution subsequent to the measurement date	8,004	-
Total	\$ 9,343	\$ (5,642)

The \$8,004 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, 2023. 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
2023	\$ (644)
2024	(640)
2025	(650)
2026	(1,069)
2027	(387)
Thereafter	(913)
Total	\$ (4,303)

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, 2020, 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, 2021.

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

F. VLDP OPEB Asset

The net OPEB 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, 2021, NOL amounts for the VLDP is as follows (amounts expressed in thousands):

	VLDP OPEB Plan
Total VLDP OPEB liability	\$ 5,156
Plan fiduciary net position	6,166
Employers' net VLDP OPEB asset	\$ (1,010)

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

119.59%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11, including expected inflation of 2.50%.

H. Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 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 Asset to Changes in the Discount Rate

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

Participating Employer	Current Discount		
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
Town	\$ (1,143)	\$ (2,133)	\$ (2,992)

J. VLDP OPEB Fiduciary Net Position

Detailed information about the Town VLDP's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-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 \$273,373 from the Water, Sewer and Sanitation Fund to the General Fund and \$239,918 from the General Fund to the Stormwater Management 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, 2021 (most recent balances available) consist of the following:

Series	Amount	Interest
Series 2007	\$ 16,539,054	2.52%
Series 2008	18,577,626	2.72%
Series 2015	7,047,567	1.20%
Series 2017	12,343,115	2.25%
Series 2018C	1,182,906	4.43 - 5.13%
Series 2020	4,821,329	1.85%

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Government Services Provided by Authorities (Continued)

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

The HRRSA bills the municipalities a monthly charge, which includes an assessment for their respective share of the HRRSA's debt service, operating, and construction expenditures based on the municipality usage of the sewage treatment facilities. Based on the current average usage, the Town's assessment for the HRRSA's operating, capital outlay and maintenance, construction and debt service expenditures for the ensuing year will approximate \$291,000, \$105,000 and \$488,000, 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, 2022, water and sewer revenue from this customer was approximately \$1,021,000. There are accounts receivable from this customer of approximately \$89,000 at June 30, 2022.

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, 2022, 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. 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. 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, 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.

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. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Statement 99 will be effective for fiscal years beginning after June 15, 2022 and June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Subsequent Event

On July 22, the Town received tranche 2 of ARPA funding in the amount of \$3,187,770.

In August 2022, the Town approved the sale of 425 North Main Street in the amount of \$283,500.

In August 2022, The Town approved a special use permit for a 139 planned unit development.

In August 2022, the Town signed the VDOT project for Main Street Pedestrian Crosswalks in the amount of \$161,867.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRIDGEWATER, VIRGINIA

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

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability (Asset)								
Service cost	\$ 239,778	\$ 238,817	\$ 237,721	\$ 258,759	\$ 264,137	\$ 262,663	\$ 272,815	\$ 275,446
Interest	516,842	554,431	585,551	600,059	635,351	670,404	701,383	753,628
Changes of assumptions	-	-	-	(170,428)	-	308,150	-	508,048
Differences between expected and actual experience	-	(59,260)	(277,323)	178,671	(5,715)	3,701	309,283	(177,264)
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)
Net change in total pension liability	540,749	510,599	190,511	545,115	489,933	862,725	803,159	821,221
Total pension liability - beginning	7,491,391	8,032,140	8,542,739	8,733,250	9,278,365	9,768,298	10,631,023	11,434,182
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>	<u>\$ 12,255,403</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 212,519	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022
Contributions - employee	100,101	100,255	106,156	117,310	115,780	117,706	117,816	112,318
Net investment income	1,021,390	348,875	138,422	985,528	664,791	639,169	192,297	2,746,293
Benefit payments, including refunds of employee contributions	(215,871)	(223,389)	(355,438)	(321,946)	(403,840)	(382,193)	(480,322)	(538,637)
Administrative expense	(5,367)	(4,619)	(4,883)	(5,607)	(5,720)	(6,259)	(6,602)	(6,861)
Other	54	(75)	(59)	(880)	(593)	(402)	(229)	259
Net change in plan fiduciary net position	1,112,826	431,957	108,543	957,867	550,699	543,414	(3,950)	2,518,394
Plan fiduciary net position - beginning	6,389,217	7,502,043	7,934,000	8,042,543	9,000,410	9,551,109	10,094,523	10,090,573
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>	<u>\$ 12,608,967</u>
Town net pension liability (asset) - 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>	<u>\$ (353,564)</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%	102.88%
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
Town's net pension liability (asset) as a percentage of covered payroll	26.14%	30.25%	32.27%	12.09%	9.61%	23.43%	59.46%	-14.64%

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	2022	
Contractually required contribution (CRC)*	\$ 212,519	\$ 210,910	\$ 224,345	\$ 183,462	\$ 180,281	\$ 175,393	\$ 173,090	\$ 205,022	\$ 200,475	
Contributions in relation to the CRC*	212,519	210,910	224,345	183,462	180,281	175,393	173,090	205,022	200,475	
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	\$ 2,137,260	
Contributions as a percentage of covered payroll	10.48%	10.48%	10.48%	7.98%	7.98%	7.66%	7.66%	8.49%	9.38%	

* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty

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

TOWN OF BRIDGEWATER, VIRGINIA

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

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 41,527	\$ 27,214	\$ 563	\$ 500	\$ 521
Interest on total OPEB liability	30,892	28,469	4,059	1,785	940
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)	(376)
Benefit payments	(52,560)	(61,048)	(49,313)	(31,593)	(29,358)
Net change in total OPEB liability	(13,393)	(313,153)	(444,629)	(38,405)	(28,273)
Total OPEB liability - beginning	867,152	853,759	540,606	95,977	57,572
Total OPEB liability - ending	<u>\$ 853,759</u>	<u>\$ 540,606</u>	<u>\$ 95,977</u>	<u>\$ 57,572</u>	<u>\$ 29,299</u>
Covered employee payroll	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038	\$ 2,415,623	\$ 2,394,171
Total OPEB liability as a percentage of covered employee payroll	26.23%	16.26%	2.90%	2.38%	1.22%

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, 2021, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net GLI OPEB liability	0.0134%	0.0131%	0.0130%	0.0123%	0.0117%
Employer's proportionate share of the net GLI OPEB liability	\$ 202,000	\$ 199,000	\$ 210,731	\$ 205,100	\$ 136,219
Employer's covered payroll	\$ 2,468,713	\$ 3,254,620	\$ 3,324,423	\$ 3,314,038	\$ 2,415,623
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.18%	6.11%	6.34%	6.19%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 10,163	\$ 10,654	\$ 10,702	\$ 11,572	\$ 12,837	\$ 16,924	\$ 17,287	\$ 17,233	\$ 13,044	\$ 12,929
Contributions in relation to the CRC	10,163	10,654	10,702	11,572	12,837	16,924	17,287	17,233	13,044	12,929
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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	\$ 2,394,171
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%

Note to Schedule:

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

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET) – VIRGINIA LOCAL DISABILITY PROGRAM For the Measurement Dates of June 30, 2021, 2020, 2019, 2018, and 2017

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net VLDP OPEB liability	0.3278%	0.3032%	0.2659%	0.2297%	0.2107%
Employer's proportionate share of the net VLDP OPEB liability (asset)	\$ 2,000	\$ 3,000	\$ 5,386	\$ 2,293	\$ (2,133)
Employer's covered payroll	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage	0.3323%	0.4076%	0.5462%	0.2226%	-0.2520%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.40%	51.39%	49.19%	76.84%	119.59%

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	2022	
Contractually required contribution (CRC)	\$ 164	\$ 424	\$ 1,809	\$ 3,611	\$ 4,416	\$ 5,916	\$ 6,164	\$ 7,024	\$ 8,004	
Contributions in relation to the CRC	164	424	1,809	3,611	4,416	5,916	6,164	7,024	8,004	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 27,333	\$ 70,710	\$ 301,552	\$ 601,901	\$ 736,084	\$ 986,000	\$ 1,030,000	\$ 846,312	\$ 964,395	
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.83%	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, 2022

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:

2022	3.54%
------	-------

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

Non-Largest 10 Locality Employers – Hazardous Duty Employees

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

Note 3. Virginia Local Disability Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

SUPPLEMENTARY SCHEDULES

TOWN OF BRIDGEWATER, VIRGINIA

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

Year Ended June 30, 2022

(With Comparative Amounts for 2021)

	2022	2021
Revenues:		
General property taxes	\$ 308,647	\$ 290,738
Other local taxes	2,566,997	2,387,441
Permits and other licenses	9,603	10,719
Fines and forfeitures	21,328	24,920
Use of money and property	141,045	100,575
Charges for services	313,422	170,738
Miscellaneous	114,015	296,476
Intergovernmental	5,252,649	2,702,177
Total revenues	8,727,706	5,983,784
Expenditures:		
Current:		
General government administration	1,058,567	969,962
Public safety	1,090,701	832,439
Public works	4,191,432	3,572,196
Parks, recreation and cultural	775,087	1,016,986
Community and economic development	535,707	171,916
Sipe Center	356,844	146,341
Debt service:		
Principal	245,240	520,207
Interest	101,184	110,776
Total expenditures	8,354,762	7,340,823
Excess (deficiency) of revenues over (under) expenditures	372,944	(1,357,039)
Other financing sources (uses):		
General obligation bonds issued	-	1,210,849
Refunding bonds issued	-	1,319,504
Payment to refunded bond escrow agent	-	(1,290,973)
Transfers in	273,373	585,395
Transfers out	(239,918)	-
Total other financing sources, net	33,455	1,824,775
Net change in fund balance	406,399	467,736
Fund balance, beginning	976,060	508,324
Fund balance, ending	\$ 1,382,459	\$ 976,060

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2022

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	\$ 289,339	\$ 289,339	\$ 303,419	\$ 14,080
Interest and penalties on delinquent taxes	2,500	2,500	5,228	2,728
Total general property taxes	291,839	291,839	308,647	16,808
Other local taxes:				
Local sales and use taxes	280,382	280,382	298,889	18,507
Consumer utility taxes	740,645	740,645	735,101	(5,544)
Consumption taxes	21,820	21,820	23,473	1,653
Cigarette taxes	18,792	18,792	20,454	1,662
Business license taxes	237,971	237,971	235,246	(2,725)
Vehicle license taxes	77,476	77,476	100,718	23,242
Bank stock taxes	151,149	151,149	189,060	37,911
Meals taxes	861,619	861,619	930,375	68,756
Right-of-way use fee	22,646	22,646	31,548	8,902
Transient occupancy	681	681	2,133	1,452
Total other local taxes	2,413,181	2,413,181	2,566,997	153,816
Permits and other licenses:				
Zoning and building	12,000	12,000	9,603	(2,397)
Passport application fee	12,000	12,000	-	(12,000)
Total permits and other licenses	24,000	24,000	9,603	(14,397)
Fines and forfeitures	25,000	25,000	21,328	(3,672)
Use of money and property:				
Revenue from use of money	5,170	5,170	25,320	20,150
Revenue from use of property	96,524	96,524	115,725	19,201
Total revenue from use of money and property	101,694	101,694	141,045	39,351
Charges for services:				
Generations park	101,181	101,181	119,278	18,097
Golf fees	45,000	45,000	40,807	(4,193)
Sipe Center	202,513	202,513	150,371	(52,142)
Classes and camps	500	500	2,966	2,466
Total charges for services	349,194	349,194	313,422	(35,772)
Miscellaneous	45,360	45,360	114,015	68,655
Total revenue from local sources	3,250,268	3,250,268	3,475,057	224,789

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2022

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	\$ 63,947	\$ 63,947	\$ 65,641	\$ 1,694
Town of Dayton:				
Public safety	-	-	2,100	2,100
Total local aid	63,947	63,947	67,741	3,794
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	71,302	71,302	65,237	(6,065)
Personal property tax relief	102,034	102,034	102,034	-
Vehicle rental tax	-	-	8,642	8,642
Total non-categorical aid	173,336	173,336	175,913	2,577
Categorical aid:				
Litter control	2,782	2,782	3,967	1,185
Law enforcement assistance	140,376	140,376	140,390	14
Urban construction	-	-	410,377	410,377
Street and highway maintenance	780,296	780,296	578,998	(201,298)
Virginia Department of Transportation revenue sharing project	63,617	63,617	194,929	131,312
Asset forfeiture funds	-	24,570	24,570	-
Gen-Oak Connector grant	30,400	30,400	-	(30,400)
Other	105	105	22,979	22,874
Total categorical aid	1,017,576	1,042,146	1,376,210	334,064
Total intergovernmental revenue from the Commonwealth	1,190,912	1,215,482	1,552,123	336,641
Revenue from the federal government:				
Categorical aid:				
Crosswalk improvement grant	30,000	30,000	24,922	(5,078)
ARPA	-	-	3,072,539	3,072,539
Urban construction	832,725	250,000	439,022	189,022
Riverwalk grant	33,200	33,200	32,917	(283)
JAG Grant	-	22,875	22,375	(500)
SBA Grant	-	111,829	41,010	(70,819)
Total intergovernmental revenue from the federal government	895,925	447,904	3,632,785	3,184,881
Total intergovernmental revenue	2,150,784	1,727,333	5,252,649	3,525,316
Total General Fund	\$ 5,401,052	\$ 4,977,601	\$ 8,727,706	\$ 3,750,105

TOWN OF BRIDGEWATER, VIRGINIA

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SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2022

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	\$ 35,996	\$ 35,996	\$ 35,699	\$ (297)
Fringe benefits	2,753	2,753	2,733	(20)
Other charges	1,500	1,500	2,609	1,109
Total Town Council	40,249	40,249	41,041	792
Town Manager's office:				
Personal services	345,265	345,265	381,125	35,860
Fringe benefits	102,751	102,751	96,910	(5,841)
Other charges	6,500	6,500	14,138	7,638
Contractual services	14,500	14,500	14,613	113
Total town manager's office	469,016	469,016	506,786	37,770
Treasurer's office:				
Personal services	158,651	158,651	163,375	4,724
Fringe benefits	57,126	57,126	55,045	(2,081)
Other charges	2,000	2,000	32,351	30,351
Capital outlay	25,850	25,850	-	(25,850)
Contractual services	27,000	27,000	28,056	1,056
Total treasurer's office	270,627	270,627	278,827	8,200
Total legislative	779,892	779,892	826,654	46,762
General and financial administration:				
Legal	30,000	30,000	39,625	9,625
Independent auditor and actuary	51,000	51,000	56,650	5,650
Insurance and bonding	135,000	135,000	135,638	638
Total general and financial administration	216,000	216,000	231,913	15,913
Total general government administration	995,892	995,892	1,058,567	62,675

TOWN OF BRIDGEWATER, VIRGINIA

Page 2 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2022**

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	\$ 572,546	\$ 572,546	\$ 567,722	\$ (4,824)
Fringe benefits	179,308	179,308	170,087	(9,221)
Vehicle operation	31,703	31,703	32,283	580
Other charges	28,613	28,613	124,961	96,348
Capital outlay	59,650	59,650	123,736	64,086
Contractual services	35,300	35,300	41,912	6,612
Total law enforcement and traffic control	907,120	907,120	1,060,701	153,581
Fire and rescue services:				
Fire department and rescue squad	30,000	30,000	30,000	-
Total fire and rescue services	30,000	30,000	30,000	-
Total public safety	937,120	937,120	1,090,701	153,581
Public works:				
Public works department:				
Personal services	134,758	134,758	147,583	12,825
Fringe benefits	43,570	43,570	55,493	11,923
Other charges	6,500	6,500	926	(5,574)
Contractual services	18,500	18,500	23,104	4,604
Total public works department	203,328	203,328	227,106	23,778

TOWN OF BRIDGEWATER, VIRGINIA

Page 3 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2022**

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	\$ 91,902	\$ 91,902	\$ 128,647	\$ 36,745
Fringe benefits	36,709	36,709	36,435	(274)
Other charges	116,000	116,000	59,545	(56,455)
Contractual services	50,000	50,000	208,446	158,446
Street paving	475,480	475,480	102,958	(372,522)
Virginia Department of Transportation revenue sharing project	288,811	838,229	1,106,567	268,338
Urban construction program	870,200	334,920	522,207	187,287
Capital outlay	103,000	103,000	47,041	(55,959)
Total highways, streets, bridges, and sidewalks	2,032,102	2,046,240	2,211,846	165,606
Street lights	84,961	84,961	85,785	824
Total maintenance of highways, streets, bridges, sidewalks, and street lights	2,117,063	2,131,201	2,297,631	166,430
General properties:				
Personal services	227,398	227,398	162,677	(64,721)
Fringe benefits	86,067	86,067	76,047	(10,020)
Other charges	32,500	32,500	21,069	(11,431)
Capital outlay	165,000	1,192,181	1,307,073	114,892
Contractual services	72,000	75,466	99,829	24,363
Contingency	31,968	278,482	-	(278,482)
Total general properties	614,933	1,892,094	1,666,695	(225,399)
Total public works	2,935,324	4,226,623	4,191,432	(35,191)

TOWN OF BRIDGEWATER, VIRGINIA

Page 4 of 4

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2022**

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	\$ 347,723	\$ 347,723	\$ 310,182	\$ (37,541)
Fringe benefits	120,714	120,714	84,643	(36,071)
Other charges	62,400	62,400	100,015	37,615
Capital outlay	72,500	72,500	129,363	56,863
Contractual services	135,600	135,600	150,884	15,284
Contingency	15,000	15,000	-	(15,000)
Total parks, recreation and cultural	753,937	753,937	775,087	21,150
Community and economic development:				
Community development:				
Personal services	36,019	36,019	26,328	(9,691)
Fringe benefits	12,190	12,190	2,325	(9,865)
Other charges	107,200	157,200	188,188	30,988
Contractual services	31,694	31,694	24,806	(6,888)
Total community development	187,103	237,103	241,647	4,544
Economic development:				
Personal services	21,431	21,431	20,188	(1,243)
Fringe benefits	8,532	8,532	4,789	(3,743)
Other charges	1,000	251,000	252,835	1,835
Contractual services	3,500	3,500	16,248	12,748
Total economic development	34,463	284,463	294,060	9,597
Total community and economic development	221,566	521,566	535,707	14,141
Sipe Center:				
Personal services	48,724	48,724	54,048	5,324
Fringe benefits	17,833	17,833	16,740	(1,093)
Other charges	1,344	71,173	89,966	18,793
Vending purchases	-	-	11,714	11,714
Contractual services	-	42,000	33,955	(8,045)
Movies	25,509	25,509	20,279	(5,230)
Performers	127,400	127,400	130,142	2,742
Total Sipe Center	220,810	332,639	356,844	24,205
Debt service:				
Principal	254,488	254,488	245,240	(9,248)
Interest	97,272	97,272	101,184	3,912
Total debt service	351,760	351,760	346,424	(5,336)
Total General Fund	\$ 6,416,409	\$ 8,119,537	\$ 8,354,762	\$ 235,225

TOWN OF BRIDGEWATER, VIRGINIA**Page 1 of 2****SCHEDULE OF CAPITAL OUTLAYS****Year Ended June 30, 2022**

General Fund:**Public works:**

First Floor Renovations	\$ 179,892
Light Bridge	225
Electric Line Relocation	5,310
Gen-Oak Connector	20,537
104 N River and 429 N Main	392,181
425 N Main	735,000
N Main Street Retainage Wall	20,969
	<hr/>
	1,354,114

Parks, recreation and cultural:

Water Gator Deposit	18,688
Riverwalk Phase 2	41,146
Kubota Ventrac 4500z	30,184
Oakdale Sign	17,917
John Deere ZTrak #0734	10,714
John Deere ZTrak #3144	10,714
	<hr/>
	129,363

Public safety:

10 Police Radios	46,003
2020 Ford Police Interceptor	44,861
2022 Dodge Charger	32,872
	<hr/>
	123,736

Total General Fund

\$ 1,607,213

TOWN OF BRIDGEWATER, VIRGINIA**Page 2 of 2****SCHEDULE OF CAPITAL OUTLAYS****Year Ended June 30, 2022**

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

SCADA	\$ 102,850
SWAT	535,647
Barbee Street Water Line	208,547
	<u>847,044</u>

Sanitation:

Pro-Tilt Trailer 25 yard	21,170
Pro-Tilt Trailer 15 yard	14,888
	<u>36,058</u>

Total Water, Sewer and Sanitation Fund\$ 883,102**Stormwater Management Fund:****Stormwater:**

Wildwood Drive Culdesac	\$ 30,015
2021 Ravo Street Sweeper	249,225

Total Stormwater Management Fund\$ 279,240

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF TAXES RECEIVABLE

June 30, 2022

(With Comparative Amounts for 2021)

	2022	2021
Taxes receivable: *		
General Fund:		
Real estate:		
2008	\$ -	\$ 67
2009	-	134
2010	-	127
2011	-	127
2012	37	164
2013	223	366
2014	224	374
2015	224	374
2016	224	374
2017	224	374
2018	416	1,479
	<u>1,572</u>	<u>3,960</u>
Personal property:		
2017	-	1,000
2018	529	1,015
2019	819	1,477
2020	2,158	5,197
2021	5,867	-
	<u>9,373</u>	<u>8,689</u>
Less:		
Allowance for uncollectible taxes	<u>10,000</u>	<u>11,000</u>
Taxes receivable - General Fund	<u><u>\$ 945</u></u>	<u><u>\$ 1,649</u></u>

* Includes 10% penalty

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES – PROPRIETARY FUND TYPE Year Ended June 30, 2022

	Water Department	Sewer Department	Sanitation Department	Totals
Operating revenues:				
Charges for services	\$ 1,072,920	\$ 1,771,844	\$ 572,569	\$ 3,417,333
Penalties	22,566	20,752	-	43,318
Other	-	1,300	-	1,300
Total operating revenues	1,095,486	1,793,896	572,569	3,461,951
Operating expenses:				
Personal services	431,351	118,094	87,433	636,878
Fringe benefits	151,064	56,979	(18,275)	189,768
Materials, line repairs and other	406,736	66,915	414,930	888,581
Regional Sewer Authority assessment:				
Operations and maintenance	-	268,986	-	268,986
Debt service	-	442,779	-	442,779
Construction	-	149,717	-	149,717
Depreciation	104,010	97,066	5,536	206,612
Total operating expenses	1,093,161	1,200,536	489,624	2,783,321
Operating income	2,325	593,360	82,945	678,630
Nonoperating revenue (expense):				
Interest expense	(2,907)	(31,412)	-	(34,319)
Gain on disposal of assets	-	-	2,500	2,500
Connection availability fees	126,494	337,653	-	464,147
Total nonoperating revenue, net	123,587	306,241	2,500	432,328
Income before transfers	125,912	899,601	85,445	1,110,958
Transfers out	(55,815)	(217,558)	-	(273,373)
Change in net position	\$ 70,097	\$ 682,043	\$ 85,445	\$ 837,585

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, 2022

(With Comparative Totals for 2021)

	Water Department		Sewer Department		Totals (Memorandum Only)			
					2022		2021	
	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	\$ 1,072,920	\$ 5.174	\$ 1,771,844	\$ 8.545	\$ 2,844,764	\$ 13.719	\$ 2,683,879	\$ 13.300
Penalties	22,566	0.109	20,752	0.100	43,318	0.209	46,930	0.233
Other	-	-	1,300	0.006	1,300	0.006	1,200	0.006
Total operating revenues	1,095,486	5.283	1,793,896	8.651	2,889,382	13.934	2,732,009	13.539
Operating expenses:								
Personal services	431,351	2.080	118,094	0.570	549,445	2.650	543,847	2.695
Fringe benefits	151,064	0.729	56,979	0.275	208,043	1.004	232,190	1.151
Materials, line repairs and other	406,736	1.962	66,915	0.323	473,651	2.285	453,472	2.248
Regional Sewer Authority assessment:								
Operations and maintenance	-	-	268,986	1.297	268,986	1.297	276,542	1.370
Debt service	-	-	442,779	2.135	442,779	2.135	519,907	2.577
Construction	-	-	149,717	0.722	149,717	0.722	102,404	0.507
Depreciation	104,010	0.502	97,066	0.468	201,076	0.970	214,797	1.065
Total operating expenses	1,093,161	5.273	1,200,536	5.790	2,293,697	11.063	2,343,159	11.613
Operating income	2,325	0.010	593,360	2.861	595,685	2.871	388,850	1.926
Nonoperating revenue (expense):								
Interest expense	(2,907)	(0.014)	(31,412)	(0.151)	(34,319)	(0.165)	(38,292)	(0.190)
Connection availability fees	126,494	0.610	337,653	1.628	464,147	2.238	109,444	0.542
Total nonoperating revenue, net	123,587	0.596	306,241	1.477	429,828	2.073	71,152	0.352
Income before transfers	\$ 125,912	\$ 0.606	\$ 899,601	\$ 4.338	\$ 1,025,513	\$ 4.944	\$ 460,002	\$ 2.278
Total water consumption:								
Thousands of gallons	<u>207,357</u>						<u>201,782</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, 2022

ASSETS	
Current assets:	
Cash	\$ 282,977
Lease receivable	27,747
Total current assets	<u>310,724</u>
Noncurrent assets:	
Lease receivable	<u>303,567</u>
Capital assets:	
Land	79,747
Buildings and improvements	407,886
Equipment	30,105
Less: accumulated depreciation	(90,883)
Total capital assets, net	<u>426,855</u>
Total noncurrent assets	<u>730,422</u>
Total assets	<u>1,041,146</u>
LIABILITIES	
Current liabilities:	
Accrued interest	2,601
Unearned revenue	3,000
Bonds payable	18,533
Total current liabilities	<u>24,134</u>
Noncurrent liabilities:	
Bonds payable	<u>433,374</u>
Total noncurrent liabilities	<u>433,374</u>
Total liabilities	<u>457,508</u>
DEFERRED INFLOWS OF RESOURCES	
Leases related	<u>331,314</u>
Total deferred inflows of resources	<u>331,314</u>
NET POSITION	
Net investment in capital assets	249,445
Unrestricted	<u>2,879</u>
Total net position	<u>\$ 252,324</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, 2022

Operating revenues:	
Use of money and property	\$ 12,878
Charges for services	6,000
Appropriation from Primary Government	<u>250,000</u>
Total operating revenues	<u>268,878</u>
Operating expenses:	
Personal services	1,050
Fringe benefits	80
Contractual services	8,862
Other	65,464
Depreciation	<u>14,505</u>
Total operating expenses	<u>89,961</u>
Operating income	178,917
Nonoperating expense:	
Interest	<u>16,426</u>
Change in net position	162,491
Net position, beginning	<u>89,833</u>
Net position, ending	<u><u>\$ 252,324</u></u>

TOWN OF BRIDGEWATER, VIRGINIA

STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 19,092
Appropriation from Primary Government	250,000
Payments to suppliers for goods and services	(8,862)
Payments to employees for services and benefits	(1,130)
Net cash provided by operating activities	<u>259,100</u>
Cash flows from capital and related financing activities:	
Principal paid on:	
General obligation bonds	(17,655)
Interest paid on outstanding debt	(16,517)
Net cash used in capital and related financing activities	<u>(34,172)</u>
Cash flows from investing activities:	
Principal from collection of note receivable	<u>3,558</u>
Net cash provided by investing activities	<u>3,558</u>
Net change in cash	228,486
Cash:	
Beginning	<u>54,491</u>
Ending	<u>\$ 282,977</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 178,917
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	14,505
Write off of note receivable	65,464
Changes in operating accounts:	
Decrease in lease receivable	3,000
Decrease in deferred outflows	(2,786)
Net cash provided by operating activities	<u>\$ 259,100</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, 2022**

ASSETS		
Current assets:		
Cash	\$	78,241
Total current assets		<u>78,241</u>
Total assets		<u>78,241</u>
NET POSITION		
Unrestricted		<u>78,241</u>
Total net position	\$	<u><u>78,241</u></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, 2022**

<hr/>	
Operating revenues:	
Other income - donations	\$ 58,000
	<hr/>
Total operating revenues	58,000
	<hr/>
Operating expenses:	
Other	4,009
	<hr/>
Total operating expenses	4,009
	<hr/>
Change in net position	53,991
	<hr/>
Net position, beginning	24,250
	<hr/>
Net position, ending	\$ 78,241
	<hr/>

TOWN OF BRIDGEWATER, VIRGINIA

**STATEMENT OF CASH FLOWS –
DISCRETELY PRESENTED COMPONENT UNIT –
SIPE CENTER LIVE
Year Ended June 30, 2022**

<hr/>	
Cash flows from operating activities:	
Receipts from donations	\$ 58,000
Payments to suppliers for goods and services	<u>(4,009)</u>
Net cash provided by operating activities	<u>53,991</u>
 Net change in cash	 53,991
 Cash:	
Beginning	<u>24,250</u>
Ending	<u><u>\$ 78,241</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 53,991</u>
Net cash provided by operating activities	<u><u>\$ 53,991</u></u>

STATISTICAL SECTION

TOWN OF BRIDGEWATER, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

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

TOWN OF BRIDGEWATER, VIRGINIA

Table 1

NET POSITION / ASSETS BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 5,250,343
Restricted	22,884	22,884	836,130	22,382	22,403	22,423	22,461	22,464	22,486	22,488
Unrestricted (deficit)	243,717	478,614	(567,221)	97,911	(657,869)	(816,258)	(377,372)	(150,865)	187,025	600,643
Total governmental activities net assets										
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>	<u>\$ 5,873,474</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 2,726,028
Unrestricted	143,719	175,474	10,321	91,676	120,839	(43,434)	(72,523)	101,257	(11,099)	(35,836)
Total business-type activities net assets										
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>	<u>\$ 2,690,192</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 7,976,371
Restricted	22,884	22,884	836,130	22,382	22,403	22,423	22,461	22,464	22,486	22,488
Unrestricted (deficit)	387,436	654,088	(556,900)	189,587	(537,030)	(859,692)	(449,895)	(49,608)	175,926	564,807
Total primary government net assets										
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>	<u>\$ 8,563,666</u>
		(1)			(2)					

Notes:

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

(2) 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government administration	\$ 709,603	\$ 765,232	\$ 786,203	\$ 1,064,171	\$ 780,506	\$ 819,775	\$ 879,486	\$ 846,698	\$ 1,067,040	\$ 1,093,517
Public safety	826,648	833,948	812,586	815,116	784,779	845,679	774,021	791,134	893,368	964,682
Public works	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	3,008,778
Parks, recreation and cultural	426,733	482,013	464,969	670,901	740,707	803,811	811,329	754,113	763,500	797,233
Community and economic development	111,075	101,847	108,566	145,009	151,255	190,969	194,784	185,401	189,297	535,936
Sipe Center	-	-	-	-	-	-	-	154,004	162,482	356,109
Interest	39,946	32,738	39,846	53,294	56,345	54,211	95,928	98,002	84,328	101,366
Total governmental activities	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	6,857,621
Business-type activities:										
Water, sewer and sanitation	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	2,815,140
Stormwater management	-	70,626	58,743	171,900	222,050	161,253	96,227	166,522	98,411	145,559
Total business-type activities	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	2,960,699
Total government	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	9,818,320
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	-	-	-	-	485	14,809	18,966	17,357	-	-
Public safety	45,819	42,796	45,083	45,313	25,907	39,533	53,546	41,849	24,920	21,328
Public works	-	-	-	-	6,025	11,531	8,541	12,065	10,719	9,603
Parks, recreation and cultural	-	-	-	-	114,967	129,937	142,934	252,165	124,940	163,051
Sipe Center	-	-	-	-	-	-	-	-	45,798	150,371
Operating grants and contributions:										
General government administration	-	-	-	-	-	-	-	-	-	1,945,358
Public safety	185,342	174,442	175,484	308,443	179,549	183,909	199,648	207,036	508,142	255,076
Public works	668,965	653,460	728,114	1,057,811	819,933	1,159,124	1,075,125	582,089	1,928,377	1,708,111
Community and economic development	-	-	-	-	-	-	-	-	90,214	41,010
Capital grants and contributions:										
Public works	18,544	-	-	-	-	-	-	1,321	-	1,127,181
Total governmental activities program revenue	918,670	870,698	948,681	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110	5,421,089
Business-type activities:										
Charges for services:										
Water, sewer and sanitation	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	3,418,633
Stormwater Management	-	78,512	79,863	71,747	100,088	132,797	148,513	165,788	157,961	165,037
Capital grants and contributions:										
Water, sewer and sanitation	54,000	67,500	300,141	226,982	210,119	181,169	151,571	143,972	109,444	464,147
Total business-type activities program revenue	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	4,047,817
Total government program revenue	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	9,468,906
Net (expense) revenue:										
Governmental activities	(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)	(1,436,532)
Business-type activities	498,226	419,073	790,921	790,099	645,067	718,224	618,184	921,986	429,861	1,087,118
Total government net expense	(1,999,647)	(2,224,412)	(1,842,418)	(2,559,701)	(2,633,015)	(2,456,748)	(2,539,970)	(2,013,159)	(3,754,288)	(349,414)

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
General property	\$ 506,468	\$ 554,897	\$ 576,922	\$ 590,960	\$ 611,129	\$ 632,407	\$ 459,608	\$ 284,099	\$ 290,738	\$ 309,647
Consumer utility and communications sales and use	386,397	385,779	387,647	387,969	388,104	370,722	541,858	755,307	712,344	735,101
Meals	396,659	446,307	466,633	530,632	548,988	618,979	646,425	709,943	819,144	930,375
Local sales and use	247,769	160,076	160,706	198,749	192,639	196,399	206,402	235,473	298,687	298,889
Bank stock	101,619	107,330	146,696	150,249	154,259	171,849	185,621	147,837	194,679	235,246
Business license	206,776	217,335	223,970	224,118	220,114	218,755	222,382	232,684	212,556	189,060
Other	150,383	136,486	144,678	138,536	141,781	142,385	139,861	155,012	150,031	178,326
Intergovernmental, non-categorical aid	198,768	191,976	197,996	191,335	187,398	186,204	179,457	176,593	175,444	175,913
Use of money and property	68,678	90,455	87,468	175,097	96,141	100,451	118,344	105,268	100,597	141,047
Miscellaneous	20,335	32,980	160,142	621,785	26,134	42,082	138,628	74,383	296,476	114,016
Transfers	476,324	682,478	298,487	516,786	708,272	1,136,806	747,519	758,964	585,395	33,455
Total governmental activities	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	3,341,075
Business-type activities:										
Miscellaneous	36,923	42,706	38,746	32,979	33,972	36,454	37,967	40,223	46,930	43,318
Transfers	(476,324)	(682,478)	(298,487)	(516,786)	(708,272)	(1,136,806)	(747,519)	(758,964)	(585,395)	(33,455)
Total business-type activities	(439,401)	(639,772)	(259,741)	(483,807)	(674,300)	(1,100,352)	(709,552)	(718,741)	(538,465)	9,863
Total primary government	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	3,350,938
Changes in net position:										
Governmental activities	262,303	362,614	218,006	376,416	(3,123)	642,067	427,951	700,418	(348,058)	1,904,543
Business-type activities	58,825	(220,699)	531,180	306,292	(29,233)	(382,128)	(91,368)	203,245	(108,604)	1,096,981
Total primary government	\$ 321,128	\$ 141,915	\$ 749,186	\$ 682,708	\$ (32,356)	\$ 259,939	\$ 336,583	\$ 903,663	\$ (456,662)	\$ 3,001,524

Notes:

- (1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) In fiscal year 2016, the Town sold property for \$590,722 and was classified as miscellaneous revenue on the Statement of Activities.
- (3) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

PROGRAM REVENUES BY FUNCTION / PROGRAM

Last Ten Fiscal Years

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

Function/Program	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ 485	\$ 14,809	\$ 18,966	\$ 17,357	\$ -	\$ 1,945,358
Public safety	231,161	217,238	220,567	353,756	205,456	223,442	253,194	248,885	533,062	276,404
Public works	687,509	653,460	728,114	1,057,811	825,958	1,170,655	1,083,666	595,475	1,939,096	2,844,895
Parks, recreation and cultural	-	-	-	-	122,717	129,937	142,934	252,165	124,940	163,051
Community and economic development	-	-	-	-	-	-	-	-	90,214	41,010
Sipe Center	-	-	-	-	-	-	-	-	45,798	150,371
Total governmental activities	918,670	870,698	948,681	1,411,567	1,154,616	1,538,843	1,498,760	1,113,882	2,733,110	5,421,089
Business-type activities:										
Water, sewer and sanitation	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	3,882,780
Stormwater management	-	78,512	79,863	71,747	100,088	132,797	148,513	165,788	157,961	165,037
Total business-type activities	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	4,047,817
Total government	\$ 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	\$ 9,468,906

TOWN OF BRIDGEWATER, VIRGINIA

Table 4

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

		Fiscal Year June 30,				
		2013	2014	2015	2016	2017
General Fund:						
Unreserved		\$ -	\$ -	\$ 813,754	\$ -	\$ -
Nonspendable		-	-	82,000	-	-
Committed		10,000	10,000	-	-	-
Assigned		-	-	-	-	10,000
Unassigned		485,544	731,144	168,287	896,320	90,347
Total General Fund		\$ 495,544	\$ 741,144	\$ 1,064,041	\$ 896,320	\$ 100,347
All other governmental funds:						
Nonspendable		\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted		16,884	16,884	16,376	16,382	16,403
Total all other governmental funds		\$ 22,884	\$ 22,884	\$ 22,376	\$ 22,382	\$ 22,403
		Fiscal Year June 30,				
		2018	2019	2020	2021	2022
General Fund:						
Restricted		\$ -	\$ -	\$ -	\$ -	\$ -
Assigned		10,000	-	-	-	-
Committed		-	-	48,759	159,207	339,276
Unassigned		392,196	591,748	459,565	816,853	1,043,183
Total General Fund		\$ 402,196	\$ 591,748	\$ 508,324	\$ 976,060	\$ 1,382,459
All other governmental funds:						
Nonspendable		\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Restricted		16,423	16,461	16,464	16,486	16,488
Total all other governmental funds		\$ 22,423	\$ 22,461	\$ 22,464	\$ 22,486	\$ 22,488

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
General property taxes	\$ 509,468	\$ 542,897	\$ 579,922	\$ 593,960	\$ 611,129	\$ 631,407	\$ 462,608	\$ 282,099	\$ 290,738	\$ 308,647
Other local taxes	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	2,566,997
Permits and other licenses	2,965	3,078	4,160	3,499	6,510	26,340	27,507	29,422	10,719	9,603
Fines and forfeitures	42,854	39,718	40,923	41,814	25,907	39,533	53,546	41,849	24,920	21,328
Use of money and property	68,678	90,455	87,468	92,345	96,141	100,451	118,344	105,268	100,597	141,047
Charges for services	-	-	-	56,976	114,967	129,937	142,934	252,165	170,738	313,422
Miscellaneous	20,335	32,980	160,142	56,833	26,134	42,082	138,628	74,383	296,476	114,015
Intergovernmental	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	5,252,649
Total revenues	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	8,727,708
Expenditures:										
General government administration	676,800	734,129	770,265	760,492	771,999	821,438	806,421	896,691	969,962	1,058,567
Public safety	767,068	825,896	878,516	953,365	769,232	815,321	817,721	827,959	832,439	1,090,701
Public works	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	4,191,432
Parks, recreation and cultural	461,846	445,772	1,174,047	1,515,081	745,407	960,286	943,186	711,094	1,016,986	775,087
Community and economic development	109,124	117,737	109,003	137,385	150,315	232,991	191,048	181,665	171,916	535,707
Sipe Center	-	-	-	-	-	-	-	154,004	146,341	356,844
Debt service:										
Principal	291,996	216,520	146,785	164,155	230,147	166,847	340,755	252,917	520,207	245,240
Interest and fiscal charges	42,549	34,135	38,437	48,165	57,953	55,892	94,422	98,740	110,776	101,184
Total expenditures	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	8,354,762
Revenues under expenditures	(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)	372,946
Other financing sources (uses):										
Sale of capital asset	-	-	-	590,722	-	-	-	-	-	-
Transfers in	476,324	682,478	298,487	618,780	841,971	1,211,971	752,450	758,964	585,395	273,373
Transfers out	-	-	-	(101,994)	(133,699)	(75,165)	(4,931)	-	-	(239,918)
Refunding bonds issued	-	-	-	-	-	-	-	-	1,319,504	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(1,290,973)	-
Issuance of debt	-	-	1,055,000	544,000	-	285,000	1,400,000	186,151	1,210,849	-
Total other financing sources, net	476,324	682,478	1,353,487	1,651,508	708,272	1,421,806	2,147,519	945,115	1,824,775	33,455
Net change in fund balances	\$ 2,263	\$ 245,600	\$ 322,389	\$ (167,721)	\$ (795,952)	\$ 301,869	\$ 189,590	\$ (83,421)	\$ 467,758	\$ 406,401

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ 334,545	\$ 250,655	\$ 185,222	\$ 212,320	\$ 288,100	\$ 222,739	\$ 435,177	\$ 351,657	\$ 630,983	\$ 346,424
Total expenditures	\$ 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	\$ 8,354,762
Less: capital outlay	(151,506)	(60,365)	(910,084)	(1,398,661)	(769,033)	(648,256)	(1,453,718)	(750,779)	(764,586)	(1,607,213)
Noncapital expenditures	\$ 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	\$ 6,747,549
Debt service as a percentage of noncapital expenditures	9.53%	7.04%	5.11%	4.77%	6.48%	4.75%	8.98%	8.24%	9.59%	5.13%

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
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
2022	308,647	735,101	23,473	298,889	189,060	930,375	31,548	235,246	100,718	20,454	2,133	2,875,644
Change 2013-2022	-39.42%	90.25%	-4.86%	20.63%	86.05%	134.55%	124.03%	13.77%	15.27%	100.00%	100.00%	43.85%

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
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%
2022	624,433,990	7,287,366	-	631,721,356	631,721,356	34.75%	-	631,721,356	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, 2018, and 2022.
- (4) The total direct tax rate is per \$100 of assessed value.
- (5) The Town eliminated the Real Estate tax beginning January 1, 2019 and replaced it with an increase to the Consumer Utility Tax.

TOWN OF BRIDGEWATER, VIRGINIA

Table 8

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Unaudited)

Fiscal Year June 30,	Tax Rates - Town			Tax Rates - Rockingham County			Tax Rates - Combined		
	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools	Real Property	Personal Property	Machinery and Tools
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
2022	-	0.75	-	0.68	3.00	2.55	0.68	3.75	2.55

Notes:

- (1) These rates are per \$100 of assessed value for real estate and personal property.
- (2) The Commonwealth of Virginia has no limitations on local tax rates.
- (3) Real property taxes are due in semi-annual installments by June 5 and December 5, and become delinquent thereafter. Beginning January 1, 2019 the Town eliminated the Real Estate Tax and replaced with an increase to the Consumer Utility Tax.
- (4) No discounts are allowed for early payment.
- (5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.

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

Meals Taxpayer	2022 Rank	2013 Rank
McDonald's	1	1
El Charro	2	7
Cracked Pillar Pub	3	-
Dairy Queen	4	2
Dominos Pizza	5	4
NY Flying Pizza	6	5
Francescos	7	3
Subway	8	6
Smiley's Ice Cream	9	-
Bob-a-Rea's	10	8
Papa Johns	-	10
7-Eleven	-	9
Total Meals Tax	<u>\$ 769,331</u>	<u>\$ 336,795</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 2013 through 2019 and 7% for fiscal years 2020 through 2022.
- (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)	
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%
2022	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
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
2022	-	-	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				Percentage of Personal Income	Debt Per Capita	General Bonded Debt	Percentage of Actual	General Bonded Debt
	General Obligation Bonds	Note	Revenue Bonds	Note	Private Placement Notes	Total			Outstanding	Taxable	Outstanding
									General Obligation Bonds	Value of Property	Debt Per Capita
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	1.89%	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%	640
2022	3,690,682	-	1,351,661	-	42,557	5,084,900	N/A	823	3,690,682	0.58%	597

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, 2022****(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Rockingham County, Virginia	\$ 93,012,324	5.37%	\$ 4,990,291
Town Direct Debt			<u>3,690,682</u>
Total direct and overlapping debt			<u><u>\$ 8,680,973</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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Legal debt margin	\$ 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	\$ 63,172,136
Total net debt applicable to limit	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	3,690,682
Available legal debt margin	\$ 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	\$ 59,481,454
Total net debt applicable to the limit as a percentage of debt limit	3.15%	2.55%	4.70%	5.58%	5.01%	5.18%	7.30%	7.08%	8.40%	5.84%
Legal debt margin calculation for fiscal year 2022:			Summary of outstanding debt:							
Assessed value of real estate	\$ 631,721,356		Gross bonded debt				\$ 5,084,900			
			Less: enterprise debt				1,394,218			
Debt limit (10% of assessed value)	\$ 63,172,136									
Debt applicable to limit:			\$ 3,690,682							
Net direct debt outstanding	3,690,682									
Available legal debt margin	\$ 59,481,454									

Note:

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

BOND COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Water, Sewer and Sanitation Fund						Total Coverage
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Totals	
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
2022	3,461,951	2,783,321	678,630	195,144	34,319	229,463	2.96

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
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	265,660,640	43,232	3.7%
2021	6,145	(4)	(4)	3.9%
2022	6,177	(4)	(4)	2.6%

Notes:

- (1) Population estimates obtained from the United States Bureau of the Census for years 2013 through 2022.
- (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 2013 through 2022 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government administration:										
Legislative:										
Manager's office	2	2	2	3	3	3	3	3	4	4
Treasurer's office	3	3	3	3	3	3	3	3	3	3
Public safety:										
Law enforcement and traffic control	9	9	9	9	9	9	9	9	9	9
Public works:										
Public works department	4	4	3	4	4	4	5	4	3	4
Maintenance	6	6	5	5	5	5	5	5	5	5
General properties	5	5	5	5	5	5	6	6	5	5
Parks, recreation and cultural	5	6	5	8	9	8	7	7	7	8
Water, Sewer and Sanitation:										
Administration	1	1	1	1	1	1	1	1	1	4
Transmission	5	5	5	5	5	5	5	5	5	4
Purification	5	5	5	5	5	5	5	5	5	4
Sewer maintenance	2	2	2	2	2	2	2	2	2	2
Sanitation	5	6	6	6	6	6	6	6	3	2
Stormwater	-	-	-	-	-	-	-	1	1	1
Total	52	54	51	56	57	56	57	57	53	55

COMPLIANCE SECTION

TOWN OF BRIDGEWATER, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 3,125
Pass-through Payments:				
Virginia Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-U101ILO18 / 2018-DJ-BX-0728	-	19,250
Total U.S. Department of Justice				22,375
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction Cluster:				
Pass-through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction Cluster	20.205	UPC 80488/ UPC 116859/ UPC 113894	-	496,861
Total Highway Planning and Construction Cluster				496,861
Total U.S. Department of Transportation				496,861
U.S. DEPARTMENT OF THE TREASURY:				
Pass-through Payments:				
Virginia Department of Treasury:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	-	3,072,539
Total U.S. Department of the Treasury				3,072,539
SMALL BUSINESS ADMINISTRATION				
Direct payment:				
Shuttered Venue Operators Grant Program	59.075	N/A	-	41,010
Total National Endowment for the Humanities				41,010
Total Expenditures of Federal Awards				\$ 3,632,785

TOWN OF BRIDGEWATER, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Bridgewater, Virginia (Town) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Bridgewater, Virginia (Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, as described in the accompanying Schedule of Finding and Response as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

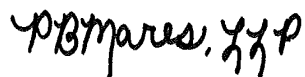
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The Town's Response to Finding

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

Purpose of this Report

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

Handwritten signature in black ink, appearing to read "P. B. Mares, LLP".

Harrisonburg, Virginia
October 31, 2022



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Town of Bridgewater, Virginia's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

PBmares, LLP

Harrisonburg, Virginia
October 31, 2022

TOWN OF BRIDGEWATER, VIRGINIA**Page 1 of 2****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****Year Ended June 30, 2022**

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

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

Internal control over financial reporting:

Material weaknesses identified?

 Yes

 √ No

Significant deficiencies identified?

 √ Yes

 None Reported

Noncompliance material to financial statements noted?

 Yes

 √ No

Federal Awards

Internal control over major federal program:

Material weaknesses identified?

 Yes

 √ No

Significant deficiencies identified?

 Yes

 √ None Reported

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

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

 Yes

 √ No

Identification of major federal program:

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

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes

 √ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section II. FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

2022-001: Significant Deficiency Due to Significant Audit Adjustments

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

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

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

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

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

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

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

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



CORRECTIVE ACTION PLAN

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

Identifying Number: 2022-001 Significant Deficiency Due to Significant Audit Adjustments

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

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDING

A. Significant Deficiency in Internal Control

Identifying Number: 2021-001 Significant Deficiency Due to Significant Audit Adjustments

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

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

