

TOWN OF BERRYVILLE, VIRGINIA



**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

TOWN OF BERRYVILLE, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TOWN OF BERRYVILLE, VIRGINIA

Keith R. Dalton, Town Manager

Cindy Poulin, Director of
Finance/Treasurer

Christina Dunkle, Director of Community
Development

Neal White, Chief of Police

Vacant, Director of Utilities

Rick Boor, Director of Public Works

Jodi Kern, Utility Clerk

Paul Culp, Town Clerk

TOWN OF BERRYVILLE, VIRGINIA

Financial Report
Year Ended June 30, 2023

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Independent Auditors' Report

To the Honorable Members of
The Town Council
Town of Berryville, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2023, 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 financial position of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2023, 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; 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 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Berryville, Virginia, 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 Town of Berryville, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 Town of Berryville, Virginia'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 Town of Berryville, Virginia'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, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Berryville, Virginia's basic financial statements. The accompanying supporting schedules and 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 supporting 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 statistical information but does not include the basic financial statements and our auditors' 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 December 1, 2023, on our consideration of Town of Berryville, Virginia'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 Town of Berryville, Virginia'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 of Berryville, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
December 1, 2023

TOWN OF BERRYVILLE, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Berryville (the "Town") we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,956,111 (net position). Of this amount, \$23,479,986 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$3,206,559, of which the governmental activities accounted for a \$2,028,452 increase and business-type activities accounted for a \$1,178,107 increase.

The unassigned ending fund balance for the Town's general fund was \$7,949,945, an increase of \$2,017,831 over the prior year.

The Town's total debt decreased by \$184,658 (1.87%) during the current fiscal year. The key factor in this net decrease was the payment of General Obligation Bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private sector business. The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have previously accumulated funds.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occur, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government administration, public safety, public works, parks, recreation and culture, and community development.

Overview of the Financial Statements: (Continued)

Government-wide financial statements: (Continued)

The two Proprietary (business-type) Fund financial statements provide information on the activities in the Town's Water and Sewer Funds. Activities that are funded through the Water Fund include water system administration and billing, water treatment, and maintenance of treatment, distribution, and storage facilities. Activities that are funded through the Sewer Fund include sewer system administration and billing, wastewater treatment, and maintenance of treatment and collection facilities. User fees (water and sewer bills) and availability fees comprise the income for these funds.

The Town has no separate component units (e.g. school board, industrial development authority, etc.) that would be included in its government-wide financial statements.

The government-wide financial statements can be found on pages 11 through 13 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term affect of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The Town maintains two **Proprietary Funds**. These *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

The Town adopts an annual appropriated budget for its General Fund and its two Proprietary Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21 through 52 of this report.

Overview of the Financial Statements: (Continued)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and the schedules related to funding of the Town's participation in its defined benefit pension plan and group life insurance plan.

Required supplementary information can be found on pages 53 through 60 of this report.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.9 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$21.6 million, 47.04% of total) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e. the Town's investment in capital assets are of a permanent nature as assets acquired are not generally sold or otherwise disposed of during their useful life).

The following table summarizes the Town's Statement of Net Position:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 11,126,984	\$ 8,542,504	\$ 17,328,208	\$ 15,725,704	\$ 28,455,192	\$ 24,268,208
Capital assets	4,069,188	4,124,745	26,206,819	26,714,806	30,276,007	30,839,551
Total assets	\$ 15,196,172	\$ 12,667,249	\$ 43,535,027	\$ 42,440,510	\$ 58,731,199	\$ 55,107,759
Deferred outflows of resources	\$ 244,310	\$ 369,244	\$ 123,403	\$ 188,115	\$ 367,713	\$ 557,359
Long-term liabilities outstanding	\$ 2,565,829	\$ 2,381,905	\$ 7,113,847	\$ 7,482,430	\$ 9,679,676	\$ 9,864,335
Other liabilities	1,949,168	1,366,852	487,786	59,227	2,436,954	1,426,079
Total liabilities	\$ 4,514,997	\$ 3,748,757	\$ 7,601,633	\$ 7,541,657	\$ 12,116,630	\$ 11,290,414
Deferred inflows of resources	\$ 914,420	\$ 1,305,123	\$ 111,751	\$ 320,029	\$ 1,026,171	\$ 1,625,152
Net investment in capital assets	\$ 2,227,497	\$ 2,238,547	\$ 18,976,576	\$ 19,429,806	\$ 21,204,073	\$ 21,668,353
Restricted	386,809	486,420	470,000	470,000	856,809	956,420
Unrestricted	7,396,759	5,257,646	16,498,470	14,867,133	23,895,229	20,124,779
Total net position	\$ 10,011,065	\$ 7,982,613	\$ 35,945,046	\$ 34,766,939	\$ 45,956,111	\$ 42,749,552

A portion of the Town's net position is restricted (\$856,809 or 1.86% of the total). Of this amount \$375,000 is restricted for proffers, and \$481,809 may be used to meet the Town's ongoing long-term debt obligations.

Government-wide Financial Analysis: (Continued)

The remaining balance of unrestricted net position (\$23.5 million, 51.09% of total) may be used to meet the Town’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

As noted previously, the Town’s net position increased by \$3,206,559 during the current fiscal year, attributable to the \$2,028,452 increase in governmental activities net position, and \$1,178,107 increase in business-type activities.

**Town of Berryville, Virginia
Changes in Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Charges for services	\$ 227,258	\$ 128,421	\$ 4,554,000	\$ 5,268,625	\$ 4,781,258	\$ 5,397,046
Operating grants & contributions	1,163,703	942,785	1,229,765	540,338	2,393,468	1,483,123
Capital grants & contributions	-	-	249	-	249	-
General real property taxes	2,015,629	1,821,332	-	-	2,015,629	1,821,332
Other taxes	1,594,731	1,315,562	-	-	1,594,731	1,315,562
Unrestricted revenues from the use of money	212,398	171,134	179,948	39,217	392,346	210,351
Grants & contributions not restricted to specific programs	276,885	280,441	-	-	276,885	280,441
Miscellaneous	72,335	159,746	-	-	72,335	159,746
Total Revenues	\$ 5,562,939	\$ 4,819,421	\$ 5,963,962	\$ 5,848,180	\$ 11,526,901	\$ 10,667,601
Expenses:						
General government administration	\$ 1,562,939	\$ 1,400,110	\$ -	\$ -	\$ 1,562,939	\$ 1,400,110
Public safety	861,237	887,663	-	-	861,237	887,663
Public works	834,724	1,086,855	-	-	834,724	1,086,855
Parks, recreation & cultural	45,602	48,536	-	-	45,602	48,536
Community development	153,093	156,187	-	-	153,093	156,187
Interest on long-term debt	76,892	78,692	-	-	76,892	78,692
Water fund	-	-	2,691,569	1,676,769	2,691,569	1,676,769
Sewer fund	-	-	2,094,286	1,909,566	2,094,286	1,909,566
Total Expenses	\$ 3,534,487	\$ 3,658,043	\$ 4,785,855	\$ 3,586,335	\$ 8,320,342	\$ 7,244,378
Change in net position	\$ 2,028,452	\$ 1,161,378	\$ 1,178,107	\$ 2,261,845	\$ 3,206,559	\$ 3,423,223
Net position, beginning of year	7,982,613	6,821,235	34,766,939	32,505,094	42,749,552	39,326,329
Net position, end of year	\$ 10,011,065	\$ 7,982,613	\$ 35,945,046	\$ 34,766,939	\$ 45,956,111	\$ 42,749,552

Business-type activities increased the Town’s net position by \$1,178,107. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town’s business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund: The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's general fund reported a fund balance of \$8,336,754, an increase of \$1,918,220 in comparison to the prior year, due to cash flow involved in the VDOT street maintenance project and capital projects carried over from the prior fiscal year. Of this total amount, \$7,949,945 or 95.36% constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town is required to restrict \$11,809 of fund balance for debt service obligations related to the Joint Government Center. The remaining balance of \$375,000 is restricted for proffers revenue, which was not spent as of June 30, 2023.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the water and sewer funds was \$35,945,046. Unrestricted net position at the end of the year was \$16,498,470, an increase of \$1,631,337 from last year's unrestricted net position.

General Fund Budgetary Highlights

During the fiscal year the Town's general fund budget exceeded revenue by \$954,108 primarily due to budgeted ARPA revenue that was deferred. Excluding budgeted ARPA funds, during the fiscal year the Town's general fund revenue exceeded budget by \$898,129. Of this amount \$200,398 can be attributed to general property taxes.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$30,276,007 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment.

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 93,209	\$ 93,209	\$ 76,000	\$ 76,000	\$ 169,209	\$ 169,209
Buildings & improvements	3,414,944	3,549,720	24,344,390	24,734,331	27,759,334	28,284,051
Infrastructure	63,607	68,207	1,240,792	1,401,712	1,304,399	1,469,919
Equipment	497,428	413,609	545,637	502,764	1,043,065	916,373
Total	\$ 4,069,188	\$ 4,124,745	\$ 26,206,819	\$ 26,714,807	\$ 30,276,007	\$ 30,839,552

Additional information on the Town's capital assets can be found in Note 5 on pages 31 and 32 of this report.

Capital Asset and Debt Administration: (Continued)

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of \$9,679,676 and details are summarized in the following table:

Town of Berryville, Virginia Outstanding Obligations For the Year Ended June 30, 2023						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Long-term obligations:						
Lease revenue bond	\$ 1,841,691	\$ 1,886,198	\$ -	\$ -	\$ 1,841,691	\$ 1,886,198
General obligation bonds	-	-	6,815,000	7,285,000	6,815,000	7,285,000
Net pension liability	386,029	160,043	194,842	80,840	580,871	240,883
Net OPEB liability	65,520	64,042	33,095	32,431	98,615	96,473
Compensated absences	272,589	271,457	70,910	84,159	343,499	355,616
Total	\$ 2,565,829	\$ 2,381,740	\$ 7,113,847	\$ 7,482,430	\$ 9,679,676	\$ 9,864,170

Obligations associated with governmental activities increased by \$183,924 in 2023. The governmental activities obligations increase was primarily due to the increase of the net pension liability.

The obligations associated with business-type activities decreased by \$368,583 in 2023 due to VRA loan payments.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total value of taxed real property. The Town was in compliance with debt limitations as of June 30, 2023.

Additional information on the Town’s long-term debt and compliance can be found in Note 6.

Economic Factors and Next Year’s Budgets and Rates:

Berryville serves as the center of commercial, residential, institutional, and industrial activity for Clarke County.

Both the Town and County are committed to preserving and enhancing Berryville’s historic downtown and maintaining Clarke County’s exquisite countryside. Preservation of our community’s charming character and natural beauty has required extraordinary effort and a high level of cooperation between the Town and County.

For tax year 2024, the real estate tax rate remained the same as the prior year at .200/\$100. The personal property rate remained the same as the prior year at \$1.25/\$100. The machinery and tools tax rate remained the same as the prior year at \$1.30/\$100.

Effective November 17, 2022, the Town's water rate was \$8.15 per 1,000 gallons, and the Town's sewer rate was \$17.27 per 1,000 gallons. Administrative monthly fees are \$18.07 for water and \$9.65 for sewer use.

Requests for Information

This financial report is designed to provide a general overview of the Town's Finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, Town of Berryville, 101 Chalmers Court, Suite A, Berryville, Virginia 22611.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
As of June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 10,442,008	\$ 16,031,650	\$ 26,473,658
Restricted cash and cash equivalents	11,809	470,000	481,809
Receivables, net of allowance for uncollectibles	850,205	376,064	1,226,269
Due from other governments	3,456	-	3,456
Prepaid items	-	270,000	270,000
Internal balances	(180,494)	180,494	-
Capital assets:			
Land	93,209	76,000	169,209
Construction in progress	-	415,243	415,243
Other capital assets, net of accumulated depreciation	3,975,979	25,715,576	29,691,555
Capital assets, net	\$ 4,069,188	\$ 26,206,819	\$ 30,276,007
Total assets	\$ 15,196,172	\$ 43,535,027	\$ 58,731,199
Deferred Outflows of Resources:			
OPEB related items	\$ 17,039	\$ 8,605	\$ 25,644
Pension related items	227,271	114,798	342,069
Total deferred outflows of resources	\$ 244,310	\$ 123,403	\$ 367,713
Liabilities:			
Accounts payable	\$ 55,472	\$ 359,116	\$ 414,588
Unearned revenue	1,890,531	-	1,890,531
Retainage payable	-	65,964	65,964
Accrued interest	3,165	-	3,165
Customer deposits	-	62,706	62,706
Long-term liabilities:			
Due within one year:			
Bonds payable	46,378	470,000	516,378
Due in more than one year:			
Compensated absences	272,589	70,910	343,499
Net OPEB liability	65,520	33,095	98,615
Net pension liability	386,029	194,842	580,871
Bonds payable	1,795,313	6,345,000	8,140,313
Total liabilities	\$ 4,514,997	\$ 7,601,633	\$ 12,116,630
Deferred Inflows of Resources:			
OPEB related items	\$ 13,972	\$ 7,059	\$ 21,031
Pension related items	207,262	104,692	311,954
Deferred revenue-property taxes	693,186	-	693,186
Total deferred inflows of resources	\$ 914,420	\$ 111,751	\$ 1,026,171
Net Position:			
Net investment in capital assets	\$ 2,227,497	\$ 18,976,576	\$ 21,204,073
Restricted for proffers	375,000	-	375,000
Restricted for debt reserve	11,809	470,000	481,809
Unrestricted	7,396,759	16,498,470	23,895,229
Total net position	\$ 10,011,065	\$ 35,945,046	\$ 45,956,111

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government administration	\$ 1,562,939	\$ -	\$ -	\$ -
Public safety	861,237	13,582	109,909	-
Public works	834,724	213,676	1,049,294	-
Parks, recreation and cultural	45,602	-	-	-
Community development	153,093	-	4,500	-
Interest on long-term debt	76,892	-	-	-
Total governmental activities	\$ 3,534,487	\$ 227,258	\$ 1,163,703	\$ -
Business-type activities:				
Water	\$ 2,691,569	\$ 1,926,888	\$ 1,158,928	\$ -
Sewer	2,094,286	2,627,112	70,837	249
Total business-type activities	\$ 4,785,855	\$ 4,554,000	\$ 1,229,765	\$ 249
Total	\$ 8,320,342	\$ 4,781,258	\$ 2,393,468	\$ 249

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary Government:			
Governmental activities:			
General government administration	\$ (1,562,939)	\$ -	\$ (1,562,939)
Public safety	(737,746)	-	(737,746)
Public works	428,246	-	428,246
Parks, recreation and cultural	(45,602)	-	(45,602)
Community development	(148,593)	-	(148,593)
Interest on long-term debt	(76,892)	-	(76,892)
Total governmental activities	\$ (2,143,526)	\$ -	\$ (2,143,526)
Business-type activities:			
Water	\$ -	\$ 394,247	\$ 394,247
Sewer	-	603,912	603,912
Total business-type activities	\$ -	\$ 998,159	\$ 998,159
Total	\$ (2,143,526)	\$ 998,159	\$ (1,145,367)
General Revenues:			
General real property taxes	\$ 2,015,629	\$ -	\$ 2,015,629
Local sales and use taxes	352,947	-	352,947
Business license tax	307,820	-	307,820
Cigarette tax	18,175	-	18,175
Bank franchise taxes	226,517	-	226,517
Consumer utility tax	112,658	-	112,658
Lodging tax	12,793	-	12,793
Meals tax	450,007	-	450,007
Motor vehicle licenses	113,814	-	113,814
Unrestricted revenues from the use of money	212,398	179,948	392,346
Grants and contributions not restricted to specific programs	276,885	-	276,885
Miscellaneous	72,335	-	72,335
Total general revenues	\$ 4,171,978	\$ 179,948	\$ 4,351,926
Change in net position	\$ 2,028,452	\$ 1,178,107	\$ 3,206,559
Net position, beginning of year	7,982,613	34,766,939	42,749,552
Net position, end of year	\$ 10,011,065	\$ 35,945,046	\$ 45,956,111

The accompanying notes to financial statements are an integral part of this statement.

Fund Financial Statements

Balance Sheet
 Governmental Fund
 As of June 30, 2023

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 10,442,008
Receivables (net of allowance for uncollectibles):	
Taxes including penalties	850,205
Due from other governments	3,456
Restricted assets:	
Cash and cash equivalents	<u>11,809</u>
Total assets	<u>\$ 11,307,478</u>
Liabilities:	
Accounts payable	\$ 55,472
Unearned revenue	1,890,531
Due to other funds	<u>180,494</u>
Total liabilities	<u>\$ 2,126,497</u>
Deferred Inflows of Resources:	
Unavailable revenue-property taxes	<u>\$ 844,227</u>
Fund Balance:	
Restricted for proffers	\$ 375,000
Restricted for debt service	11,809
Unassigned	<u>7,949,945</u>
Total fund balance	<u>\$ 8,336,754</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 11,307,478</u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
As of June 30, 2023

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balance for governmental fund (Exhibit 3)	\$	8,336,754
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	93,209	
Depreciable capital assets, net of accumulated depreciation		<u>3,975,979</u>	4,069,188

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(3,165)
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Unavailable revenue-property taxes	151,041
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	227,271	
OPEB related items		<u>17,039</u>	244,310

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$	(272,589)	
Net OPEB liability		(65,520)	
Net pension liability		(386,029)	
Bonds payable		<u>(1,841,691)</u>	(2,565,829)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(207,262)	
OPEB related items		<u>(13,972)</u>	<u>(221,234)</u>

Total net position of governmental activities	\$	<u><u>10,011,065</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 Year Ended June 30, 2023

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 1,950,598
Other local taxes	1,594,731
Permits, privilege fees and regulatory licenses	42,736
Fines and forfeitures	13,582
Revenue from use of money and property	316,836
Charges for services	66,502
Miscellaneous	72,334
Intergovernmental:	
Commonwealth	1,024,321
Federal	416,267
Total revenues	<u>\$ 5,497,907</u>
Expenditures:	
Current:	
General government administration	\$ 1,421,648
Public safety	836,383
Public works	946,275
Parks, recreation, and cultural	8,136
Community development	155,476
Capital outlay	89,031
Contingency	1,262
Debt service	121,476
Total expenditures	<u>\$ 3,579,687</u>
Net change in fund balance	\$ 1,918,220
Fund balances at beginning of year	<u>6,418,534</u>
Fund balances at end of year	<u><u>\$ 8,336,754</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental fund (Exhibit 5)	\$	1,918,220
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Governmental activities 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 expense. This is the amount by which the depreciation exceeded capital outlays in the current year.

Capital outlay	\$	146,633	
Depreciation expense		<u>(202,190)</u>	(55,557)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.

Property taxes	65,031
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The issuance of long-term debt (e.g. bonds, leases, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this item consist of principal retired on long-term obligations.

44,507

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 the governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$	(1,132)	
Pension expense		51,799	
OPEB expense		5,507	
Change in interest payable		<u>77</u>	<u>56,251</u>

Change in net position of governmental activities	\$	<u><u>2,028,452</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,575,589	\$ 10,456,061	\$ 16,031,650
Restricted cash and cash equivalents	-	470,000	470,000
Prepaid items	-	270,000	270,000
Receivables (net of allowance for uncollectibles)	141,912	234,152	376,064
Due from other funds	82,767	97,727	180,494
Total current assets	\$ 5,800,268	\$ 11,527,940	\$ 17,328,208
Noncurrent assets:			
Land	\$ 5,000	\$ 71,000	\$ 76,000
Capital assets, net of accumulated depreciation	1,088,636	24,626,940	25,715,576
Construction in progress	415,243	-	415,243
Total noncurrent assets	\$ 1,508,879	\$ 24,697,940	\$ 26,206,819
Total assets	\$ 7,309,147	\$ 36,225,880	\$ 43,535,027
Deferred Outflows of Resources:			
OPEB related items	\$ 4,946	\$ 3,659	\$ 8,605
Pension related items	65,985	48,813	114,798
Total deferred outflows of resources	\$ 70,931	\$ 52,472	\$ 123,403
Liabilities:			
Current liabilities:			
Accounts payable	\$ 347,170	\$ 11,946	\$ 359,116
Customer deposits	9,719	52,987	62,706
Retainage payable	65,964	-	65,964
Current portion of long-term debt	-	470,000	470,000
Total current liabilities	\$ 422,853	\$ 534,933	\$ 957,786
Noncurrent liabilities:			
Compensated absences	\$ 39,395	\$ 31,515	\$ 70,910
Net OPEB liability	19,023	14,072	33,095
Net pension liability	111,951	82,891	194,842
Long-term debt, net of current portion	-	6,345,000	6,345,000
Total noncurrent liabilities	\$ 170,369	\$ 6,473,478	\$ 6,643,847
Total liabilities	\$ 593,222	\$ 7,008,411	\$ 7,601,633
Deferred Inflows of Resources:			
OPEB related items	\$ 4,057	\$ 3,002	\$ 7,059
Pension related items	60,176	44,516	104,692
Total deferred inflows of resources	\$ 64,233	\$ 47,518	\$ 111,751
Net Position:			
Net investment in capital assets	\$ 1,093,636	\$ 17,882,940	\$ 18,976,576
Restricted for debt reserve	-	470,000	470,000
Unrestricted	5,628,987	10,869,483	16,498,470
Total net position	\$ 6,722,623	\$ 29,222,423	\$ 35,945,046

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 1,926,888	\$ 2,627,112	\$ 4,554,000
Total operating revenues	\$ 1,926,888	\$ 2,627,112	\$ 4,554,000
Operating expenses:			
General administration	\$ 1,306,913	\$ 193,484	\$ 1,500,397
Supply purification	431,887	-	431,887
Transmission and distribution	349,196	-	349,196
Wastewater treatment	-	830,502	830,502
Maintenance of sewer lines	-	109,923	109,923
Fringe benefits	131,913	88,967	220,880
Depreciation	197,774	851,919	1,049,693
Contingency	273,886	19,491	293,377
Total operating expenses	\$ 2,691,569	\$ 2,094,286	\$ 4,785,855
Operating income (loss)	\$ (764,681)	\$ 532,826	\$ (231,855)
Nonoperating revenues (expenses):			
Interest revenue	\$ 132,779	\$ 47,169	\$ 179,948
Federal grant	1,158,928	70,837	1,229,765
Total nonoperating revenues (expenses)	\$ 1,291,707	\$ 118,006	\$ 1,409,713
Income (loss) before contributions	\$ 527,026	\$ 650,832	\$ 1,177,858
Capital contributions and construction grants	-	249	249
Change in net position	\$ 527,026	\$ 651,081	\$ 1,178,107
Net position, beginning of year	6,195,597	28,571,342	34,766,939
Net position, end of year	\$ 6,722,623	\$ 29,222,423	\$ 35,945,046

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 1,909,486	\$ 2,633,411	\$ 4,542,897
Payments to and for employees	(664,597)	(493,219)	(1,157,816)
Payments to suppliers	(1,853,713)	(758,581)	(2,612,294)
Net cash provided by (used for) operating activities	\$ (608,824)	\$ 1,381,611	\$ 772,787
Cash flows from investing activities:			
Investment income	\$ 132,779	\$ 47,169	\$ 179,948
Cash flows from capital and related financing activities:			
Purchase of capital assets	\$ (69,482)	\$ (56,980)	\$ (126,462)
Capital contributions and grants	-	249	249
Principal payments on long-term debt	-	(470,000)	(470,000)
Net cash provided by (used for) capital and related financing activities	\$ (69,482)	\$ (526,731)	\$ (596,213)
Cash flows from noncapital and related financing activities:			
Net transfers from (to) other funds	\$ 22,023	\$ 25,206	\$ 47,229
Federal grants received	1,158,928	70,837	1,229,765
Net cash provided by (used) for noncapital and related financing activities	\$ 1,180,951	\$ 96,043	\$ 1,276,994
Net increase (decrease) in cash and cash equivalents	\$ 635,424	\$ 998,092	\$ 1,633,516
Cash and cash equivalents at beginning of year - including restricted	4,940,165	9,927,969	14,868,134
Cash and cash equivalents at end of year - including restricted	\$ 5,575,589	\$ 10,926,061	\$ 16,501,650
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (764,681)	\$ 532,826	\$ (231,855)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	197,774	851,919	1,049,693
Changes in operating accounts:			
Accounts receivable	(18,227)	2,010	(16,217)
Deferred outflows - GLI OPEB	1,077	796	1,873
Deferred outflows - pension	36,802	26,037	62,839
Accounts payable and accrued liabilities	(2,592)	10,793	8,201
Compensated absences	(6,784)	(6,465)	(13,249)
Net OPEB liability	382	282	664
Net pension liability	65,485	48,517	114,002
Deferred inflows - GLI OPEB	(3,085)	(2,281)	(5,366)
Deferred inflows - pension	(115,800)	(87,112)	(202,912)
Customer deposits	825	4,289	5,114
Net cash provided by (used for) operating activities	\$ (608,824)	\$ 1,381,611	\$ 772,787
Noncash investing, capital, and financing activities:			
(Increase) decrease in payables payable for capital projects	\$ 390,660	\$ -	\$ 390,660

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile:

Town of Berryville, located in central Clarke County, Virginia, approximately 60 miles west of Washington, D.C., was chartered in 1798. The town has a population of 4,342 and a land area of approximately 2.275 square miles.

The Town is governed under the Council-Manager form of government. The Town engages in wide ranges of municipal services including general government administration; public safety; public works; parks, recreation and cultural; and community development. Judicial administration, education, fire, library, and health and welfare services are provided by Clarke County.

The financial statements of Town of Berryville, Virginia have been prepared in conformity the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and with specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements: Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Financial Reporting Entity (Continued)

Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the Town's original budget to the current comparison of final budget and actual results for its major funds.

Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units, if applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, community development, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, community development, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-wide and Fund Financial Statements (Continued)

revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities is allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The following is a brief description of the specific funds used by the Town in 2023.

- A. *Governmental Funds* - Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Fund is:

General Fund - The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, and interest income. The General Fund is considered a major fund for reporting purposes.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-wide and Fund Financial Statements (Continued)

- B. *Proprietary Funds* - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and cash flows. Proprietary Funds consist of the water and sewer enterprise funds, which are both considered major funds.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

1. *Governmental Funds* - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when measurable and available or at the time of the specific expenditure.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt is recognized when due except for amounts due on July 1, which are accrued.

2. *Proprietary Funds* - The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Budgets and Budgetary Accounting

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Administrator is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town funds unless they are carried forward by a resolution of Town Council.
8. All budgetary data presented in the accompanying financial statements reflect budget revisions as of June 30.
9. Excess of expenditures over appropriations in the central administration/purchasing department of \$431,858; due mostly to ARPA expenditures of \$415,256.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash on hand and in banks, certificates of deposit, and highly liquid investments with original maturities of three months or less.

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

G. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$27,399 at June 30, 2023 and is comprised of solely of property taxes.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. It is the Town's policy to record capital assets with a cost greater than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment, and infrastructure purchases are stated at historical cost or estimated cost. Donated property is recorded at acquisition value at date of donation. Depreciation is recorded on capital assets on a government-wide basis or in the Proprietary Funds using the straight-line method and the following estimated useful lives:

Buildings and improvements	15-50 years
Infrastructure	20-39 years
Equipment	5-10 years

J. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

K. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K. Net Position (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

L. Compensated Absences

The Town accrues compensated absences (annual benefits) when vested. The amounts include all balances earned by employees which would be paid upon employee terminations, resignations or retirements.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond 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 and premium on issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

N. Fund Balance (Continued)

- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

O. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the 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.

Q. Other Postemployment Benefits (OPEB)

Group Life Insurance

For purposes of measuring the net VRS GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan's net fiduciary 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.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2—PROPERTY TAXES RECEIVABLE:

Property is assessed at its value on January 1. The Town bills and collects its own property taxes based on the assessed values provided by Clarke County. Real estate taxes are levied semiannually and are due June 5th and December 5th. Personal property taxes are levied annually and are due December 5th.

NOTE 3—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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Town to invest in obligations of the United States or 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, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The Town had no investments at June 30, 2023.

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2023, the amount due from other governmental units was as follows:

	Governmental Activities
Other local governments:	
Clarke County	\$ 10,644
Total	\$ 10,644

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets during the fiscal year:

Governmental Activities:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 93,209	\$ -	\$ -	\$ 93,209
Total capital assets not being depreciated	<u>\$ 93,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,209</u>
Other capital assets:				
Buildings and improvements	\$ 5,543,012	\$ -	\$ -	\$ 5,543,012
Infrastructure	304,073	-	-	304,073
Equipment	1,741,121	146,633	-	1,887,754
Total other capital assets	<u>\$ 7,588,206</u>	<u>\$ 146,633</u>	<u>\$ -</u>	<u>\$ 7,734,839</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,993,292	\$ 134,776	\$ -	\$ 2,128,068
Infrastructure	235,866	4,600	-	240,466
Equipment	1,327,512	62,814	-	1,390,326
Total accumulated depreciation	<u>\$ 3,556,670</u>	<u>\$ 202,190</u>	<u>\$ -</u>	<u>\$ 3,758,860</u>
Other capital assets, net	<u>\$ 4,031,536</u>	<u>\$ (55,557)</u>	<u>\$ -</u>	<u>\$ 3,975,979</u>
Net capital assets	<u>\$ 4,124,745</u>	<u>\$ (55,557)</u>	<u>\$ -</u>	<u>\$ 4,069,188</u>

Depreciation expense has been allocated as follows:

General government administration	\$ 84,505
Public safety	28,914
Public works	51,305
Parks, recreation, and cultural	<u>37,466</u>
Total depreciation expense	<u>\$ 202,190</u>

The Town's Water Fund has future construction commitments for the water, sewer and Drainage Improvements Project. The amount outstanding on the contract as of June 30, 2023 was \$1,002,437.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 5—CAPITAL ASSETS: (Continued)

Business-type Activities:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Water Fund				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in progress	-	415,243	-	415,243
Total capital assets not being depreciated	<u>\$ 5,000</u>	<u>\$ 415,243</u>	<u>\$ -</u>	<u>\$ 420,243</u>
Other capital assets:				
Buildings and improvements	\$ 3,416,605	\$ -	\$ -	\$ 3,416,605
Infrastructure	1,574,855	-	-	1,574,855
Equipment	1,570,821	69,483	-	1,640,304
Total other capital assets	<u>\$ 6,562,281</u>	<u>\$ 69,483</u>	<u>\$ -</u>	<u>\$ 6,631,764</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,096,296	\$ 76,445	\$ -	\$ 3,172,741
Infrastructure	1,129,069	61,159	-	1,190,228
Equipment	1,119,989	60,170	-	1,180,159
Total accumulated depreciation	<u>\$ 5,345,354</u>	<u>\$ 197,774</u>	<u>\$ -</u>	<u>\$ 5,543,128</u>
Other capital assets, net	<u>\$ 1,216,927</u>	<u>\$ (128,291)</u>	<u>\$ -</u>	<u>\$ 1,088,636</u>
Net capital assets	<u>\$ 1,221,927</u>	<u>\$ 286,952</u>	<u>\$ -</u>	<u>\$ 1,508,879</u>
Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Total capital assets not being depreciated	<u>\$ 71,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,000</u>
Other capital assets:				
Buildings and improvements	\$ 29,676,554	\$ -	\$ -	\$ 29,676,554
Infrastructure	4,323,494	-	-	4,323,494
Equipment	467,094	56,980	-	524,074
Total other capital assets	<u>\$ 34,467,142</u>	<u>\$ 56,980</u>	<u>\$ -</u>	<u>\$ 34,524,122</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,262,532	\$ 728,739	\$ -	\$ 5,991,271
Infrastructure	3,367,568	99,761	-	3,467,329
Equipment	415,163	23,419	-	438,582
Total accumulated depreciation	<u>\$ 9,045,263</u>	<u>\$ 851,919</u>	<u>\$ -</u>	<u>\$ 9,897,182</u>
Other capital assets, net	<u>\$ 25,421,879</u>	<u>\$ (794,939)</u>	<u>\$ -</u>	<u>\$ 24,626,940</u>
Net capital assets	<u>\$ 25,492,879</u>	<u>\$ (794,939)</u>	<u>\$ -</u>	<u>\$ 24,697,940</u>

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 6—LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities for the fiscal year ended June 30, 2023:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities Liabilities:					
Direct Borrowings and Direct Placements					
Lease revenue bond	\$ 1,886,198	\$ -	\$ 44,507	\$ 1,841,691	\$ 46,378
Net pension liability	160,046	518,051	292,068	386,029	-
Net OPEB liability	64,204	37,690	36,374	65,520	-
Compensated absences	<u>271,457</u>	<u>1,132</u>	<u>-</u>	<u>272,589</u>	<u>-</u>
Total Governmental Activities Liabilities	<u>\$ 2,381,905</u>	<u>\$ 556,873</u>	<u>\$ 372,949</u>	<u>\$ 2,565,829</u>	<u>\$ 46,378</u>
Business-type Activities Liabilities:					
Direct Borrowings and Direct Placements					
General obligation bonds	\$ 7,285,000	\$ -	\$ 470,000	\$ 6,815,000	\$ 470,000
Net pension liability	80,840	261,529	147,527	194,842	-
Net OPEB liability	32,431	19,037	18,373	33,095	-
Compensated absences	<u>84,159</u>	<u>-</u>	<u>13,249</u>	<u>70,910</u>	<u>-</u>
Total Business-type Activities Liabilities	<u>\$ 7,482,430</u>	<u>\$ 280,566</u>	<u>\$ 649,149</u>	<u>\$ 7,113,847</u>	<u>\$ 470,000</u>
Total Long-term Liabilities	<u>\$ 9,864,335</u>	<u>\$ 837,439</u>	<u>\$ 1,022,098</u>	<u>\$ 9,679,676</u>	<u>\$ 516,378</u>

Annual requirements to amortize the Town's long-term liabilities are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Liabilities</u>		<u>Liabilities</u>	
	<u>Direct Borrowings</u>		<u>Direct Borrowings</u>	
	<u>and Placements</u>		<u>and Placements</u>	
	<u>Lease</u>		<u>General</u>	
	<u>Revenue Bond</u>		<u>Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 46,378	\$ 75,098	\$ 470,000	\$ -
2025	48,328	73,148	470,000	-
2026	50,359	71,117	470,000	-
2027	52,476	69,000	470,000	-
2028	54,682	66,794	470,000	-
2029-2033	309,888	297,492	2,350,000	-
2034-2038	380,735	226,645	2,115,000	-
2039-2043	467,782	139,598	-	-
2044-2047	<u>431,063</u>	<u>35,808</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,841,691</u>	<u>\$ 1,054,700</u>	<u>\$ 6,815,000</u>	<u>\$ -</u>

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 6—LONG-TERM LIABILITIES: (Continued)

Details of the Town's long-term liabilities are as follows:

Governmental Activities Liabilities:

Lease Revenue Bond:

\$2,327,000 Lease Revenue Bond issued May 2008, due in monthly installments of \$10,123 beginning June 2009 through May 2047, including interest at 4.125%. This lease revenue bond was issued through the Industrial Development Authority of Clarke County, Virginia, for purposes of funding construction of the Town's municipal building.

\$ 1,841,691

Net pension liability

386,029

Net OPEB liability

65,520

Compensated absences

272,589

Total governmental activities liabilities

\$ 2,565,829

Business-type Activities Liabilities:

General Obligation Bonds:

\$11,750,000 General Obligation Revenue Bond Series 2010, issued March 2010 for purposes of funding new wastewater treatment plant, due in semi-annual installments of \$235,000 beginning February 2013 through August 2037 with no interest.

\$ 6,815,000

Net pension liability

194,842

Net OPEB liability

33,095

Compensated absences

70,910

Total business-type activities liabilities

\$ 7,113,847

In the event of default for any general obligation bond the Lender may declare the entire unpaid principal and interest at the issuance as due and payable.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7—COMPENSATED ABSENCES:

The Town has accrued the liability arising from outstanding claims and judgments and compensated absences. Town employees earn vacation based upon length of service. The Town has outstanding accrued vacation pay totaling \$272,589 in the general governmental activities and \$70,910 in business-type activities.

NOTE 8—PENSION PLAN:

Plan Description:

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	35
Inactive members:	
Vested inactive members	12
Non-vested inactive members	13
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	42
Active members	<u>35</u>
Total covered employees	<u><u>112</u></u>

Contributions

The contribution requirement for active employees is governed by §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 employer contribution rate for the year ended June 30, 2023 was 13.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$236,129 and \$210,865 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 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

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2021 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:

All Others (Non 10 Largest) - 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 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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 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% 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 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, 2021 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:

All Others (Non 10 Largest) - 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 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 BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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 BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, 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, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers and school divisions 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 8,449,291	\$ 8,208,405	\$ 240,886
Changes for the year:			
Service cost	\$ 194,237	\$ -	\$ 194,237
Interest	570,906	-	570,906
Differences between expected and actual experience	(145,490)	-	(145,490)
Contributions - employer	-	210,865	(210,865)
Contributions - employee	-	83,050	(83,050)
Net investment income	-	(9,351)	9,351
Benefit payments, including refunds of employee contributions	(371,315)	(371,315)	-
Administrative expenses	-	(5,087)	5,087
Other changes	-	191	(191)
Net changes	<u>\$ 248,338</u>	<u>\$ (91,647)</u>	<u>\$ 339,985</u>
Balances at June 30, 2022	<u>\$ 8,697,629</u>	<u>\$ 8,116,758</u>	<u>\$ 580,871</u>

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Town using the discount rate of 6.75%, as well as what the Town’s net pension 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:

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Town of Berryville, Virginia's Net Pension Liability (Asset)	\$ 1,689,676	\$ 580,871	\$ (328,518)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$158,354. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 36,354	\$ 80,539
Change in assumptions	69,586	-
Net difference between projected and actual earnings on pension plan investments	-	231,415
Employer contributions subsequent to the measurement date	<u>236,129</u>	<u>-</u>
Total	<u>\$ 342,069</u>	<u>\$ 311,954</u>

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$236,129 was reported as deferred outflows of resources related to pensions resulting from the Town’s contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2024	\$ (50,874)
2025	(110,233)
2026	(157,034)
2027	112,129
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan 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 Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. 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 GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable 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 \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §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 Plan 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Plan from the entity were \$10,069 and \$9,623 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2023, the entity reported a liability of \$98,615 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer’s proportion was .00820% as compared to .00830% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$4,129. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,809	\$ 3,956
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,162
Change in assumptions	3,678	9,606
Changes in proportionate share	4,088	1,307
Employer contributions subsequent to the measurement date	<u>10,069</u>	<u>-</u>
Total	<u>\$ 25,644</u>	<u>\$ 21,031</u>

\$10,069 was 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, 2024. 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:

<u>Year Ended June 30</u>	
2024	\$ (749)
2025	(702)
2026	(4,283)
2027	1,271
2028	(993)
Thereafter	-

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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 Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety 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 BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 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 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

Mortality Rates - Non-Largest Ten 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 BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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%.

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 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 ended June 30, 2022, the rate contributed by the entity 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, 2022 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.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town’s proportionate share of the GLI Plan Net OPEB Liability	\$ 143,497	\$ 98,615	\$ 62,345

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—DEFERRED/UNAVAILABLE REVENUE:

Deferred/Unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/Unavailable revenue is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Fund
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 151,041
2nd half assessment - property tax	669,343	669,343
Prepaid property taxes due after June 30 but paid in advance by taxpayers	23,843	23,843
Total deferred/unavailable revenue	\$ 693,186	\$ 844,227

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 11—COVID-19 FUNDING:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In fiscal year 2021, the Town received its share of the first half of the CSLFRF funds in the amount of \$2,267,493. In fiscal year 2022, the Town received the second half of the CSLFRF funds in the amount of \$2,267,493. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,890,531 is reported as unearned revenue as of June 30.

NOTE 12—INTERFUND BALANCES:

The Town had the following interfund balances as of June 30, 2023:

	<u>Amounts Due From Other Funds</u>	<u>Amounts Due To Other Funds</u>
General fund	\$ 180,494	\$ -
Water fund	-	82,767
Sewer fund	-	97,727
Total	<u>\$ 180,494</u>	<u>\$ 180,494</u>

NOTE 13—UPCOMING PRONOUNCEMENTS:

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Note to Required Supplementary Information:

Presented Budgets were prepared in accordance with Accounting Principles Generally Accepted in the United States of America.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 1,750,200	\$ 1,750,200	\$ 1,950,598	\$ 200,398
Other local taxes	1,206,500	1,206,500	1,594,731	388,231
Permits, privilege fees and regulatory licenses	36,000	36,000	42,736	6,736
Fines and forfeitures	16,000	16,000	13,582	(2,418)
Revenue from use of money and property	197,500	197,500	316,836	119,336
Charges for services	27,000	27,000	66,502	39,502
Miscellaneous	7,000	7,000	72,334	65,334
Intergovernmental:				
Commonwealth	944,322	944,322	1,024,321	79,999
Federal	2,267,493	2,267,493	416,267	(1,851,226)
Total revenues	<u>\$ 6,452,015</u>	<u>\$ 6,452,015</u>	<u>\$ 5,497,907</u>	<u>\$ (954,108)</u>
Expenditures:				
Current:				
General government administration	\$ 1,110,300	\$ 1,110,300	\$ 1,421,648	\$ (311,348)
Public safety	931,190	931,190	836,383	94,807
Public works	1,366,400	1,366,400	946,275	420,125
Parks, recreation, and cultural	11,500	11,500	8,136	3,364
Community development	146,320	146,320	155,476	(9,156)
Capital outlay	241,696	241,696	89,031	152,665
Contingency	176,616	176,616	1,262	175,354
Debt service	121,500	121,500	121,476	24
Total expenditures	<u>\$ 4,105,522</u>	<u>\$ 4,105,522</u>	<u>\$ 3,579,687</u>	<u>\$ 525,835</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,346,493</u>	<u>\$ 2,346,493</u>	<u>\$ 1,918,220</u>	<u>\$ (428,273)</u>
Net change in fund balances	\$ 2,346,493	\$ 2,346,493	\$ 1,918,220	\$ (428,273)
Fund balances at beginning of year	<u>(2,346,493)</u>	<u>(2,346,493)</u>	<u>6,418,534</u>	<u>8,765,027</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,336,754</u>	<u>\$ 8,336,754</u>

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 194,237	\$ 219,204	\$ 202,217	\$ 187,147	\$ 179,120
Interest	570,906	498,392	485,678	465,258	437,474
Changes in benefit terms	-	-	-	-	-
Changes in assumptions	-	342,473	-	209,668	-
Differences between expected and actual experience	(145,490)	178,918	(138,864)	(1,294)	26,084
Benefit payments	(371,315)	(346,568)	(374,774)	(249,423)	(242,093)
Net change in total pension liability	<u>\$ 248,338</u>	<u>\$ 892,419</u>	<u>\$ 174,257</u>	<u>\$ 611,356</u>	<u>\$ 400,585</u>
Total pension liability - beginning	<u>8,449,291</u>	<u>7,556,872</u>	<u>7,382,615</u>	<u>6,771,259</u>	<u>6,370,674</u>
Total pension liability - ending (a)	<u><u>\$ 8,697,629</u></u>	<u><u>\$ 8,449,291</u></u>	<u><u>\$ 7,556,872</u></u>	<u><u>\$ 7,382,615</u></u>	<u><u>\$ 6,771,259</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 210,865	\$ 203,705	\$ 191,477	\$ 184,538	\$ 161,440
Contributions - employee	83,050	80,910	102,029	75,253	72,554
Net investment income	(9,351)	1,781,829	121,047	409,232	417,291
Benefit payments	(371,315)	(346,568)	(374,774)	(249,423)	(242,093)
Administrator charges	(5,087)	(4,376)	(4,169)	(3,913)	(3,534)
Other	191	168	(146)	(258)	(375)
Net change in plan fiduciary net position	<u>\$ (91,647)</u>	<u>\$ 1,715,668</u>	<u>\$ 35,464</u>	<u>\$ 415,429</u>	<u>\$ 405,283</u>
Plan fiduciary net position - beginning	<u>8,208,405</u>	<u>6,492,737</u>	<u>6,457,273</u>	<u>6,041,844</u>	<u>5,636,561</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,116,758</u></u>	<u><u>\$ 8,208,405</u></u>	<u><u>\$ 6,492,737</u></u>	<u><u>\$ 6,457,273</u></u>	<u><u>\$ 6,041,844</u></u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 580,871</u>	<u>\$ 240,886</u>	<u>\$ 1,064,135</u>	<u>\$ 925,342</u>	<u>\$ 729,415</u>
Plan fiduciary net position as a percentage of the total pension liability	93.32%	97.15%	85.92%	87.47%	89.23%
Covered payroll	<u>\$ 1,782,007</u>	<u>\$ 1,714,147</u>	<u>\$ 1,641,335</u>	<u>\$ 1,560,787</u>	<u>\$ 1,489,831</u>
Town's net pension liability (asset) as a percentage of covered payroll	32.60%	14.05%	64.83%	59.29%	48.96%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios

Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 174,368	\$ 152,759	\$ 166,211	\$ 157,906
Interest	380,892	366,252	343,686	320,296
Changes in benefit terms	161,064	-	-	-
Changes in assumptions	(19,399)	-	-	-
Differences between expected and actual experience	344,826	(114,675)	(31,092)	-
Benefit payments	(224,784)	(165,609)	(147,241)	(140,878)
Net change in total pension liability	<u>\$ 816,967</u>	<u>\$ 238,727</u>	<u>\$ 331,564</u>	<u>\$ 337,324</u>
Total pension liability - beginning	<u>5,553,707</u>	<u>5,314,980</u>	<u>4,983,416</u>	<u>4,646,092</u>
Total pension liability - ending (a)	<u><u>\$ 6,370,674</u></u>	<u><u>\$ 5,553,707</u></u>	<u><u>\$ 5,314,980</u></u>	<u><u>\$ 4,983,416</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 157,093	\$ 154,359	\$ 119,961	\$ 136,088
Contributions - employee	75,379	67,595	69,866	73,323
Net investment income	615,033	87,873	214,380	625,028
Benefit payments	(224,784)	(165,609)	(147,241)	(140,878)
Administrator charges	(3,473)	(2,962)	(2,842)	(3,286)
Other	(551)	(37)	(45)	32
Net change in plan fiduciary net position	<u>\$ 618,697</u>	<u>\$ 141,219</u>	<u>\$ 254,079</u>	<u>\$ 690,307</u>
Plan fiduciary net position - beginning	<u>5,017,864</u>	<u>4,876,645</u>	<u>4,622,566</u>	<u>3,932,259</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,636,561</u></u>	<u><u>\$ 5,017,864</u></u>	<u><u>\$ 4,876,645</u></u>	<u><u>\$ 4,622,566</u></u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 734,113</u>	<u>\$ 535,843</u>	<u>\$ 438,335</u>	<u>\$ 360,850</u>
Plan fiduciary net position as a percentage of the total pension liability	88.48%	90.35%	91.75%	92.76%
Covered payroll	<u>\$ 1,436,612</u>	<u>\$ 1,376,791</u>	<u>\$ 1,407,165</u>	<u>\$ 1,476,761</u>
Town's net pension liability (asset) as a percentage of covered payroll	51.10%	38.92%	31.15%	24.44%

Schedule of Employer Contributions
Pension Plan

Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2023	\$ 236,129	\$ 236,129	\$ -	\$ 1,864,628	12.66%
2022	210,865	210,865	-	1,782,007	11.83%
2021	203,704	203,704	-	1,714,147	11.88%
2020	192,272	192,272	-	1,641,335	11.71%
2019	184,701	184,701	-	1,560,787	11.83%
2018	164,626	164,626	-	1,489,831	11.05%
2017	158,746	158,746	-	1,436,612	11.05%
2016	168,382	168,382	-	1,376,791	12.23%
2015	120,453	120,453	-	1,407,165	8.56%
2014	137,043	137,043	-	1,476,761	9.28%

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

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 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:

All Others (Non-10 Largest) - 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 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

All Others (Non-10 Largest) - 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 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

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 Measurement Dates of June 30, 2017 through June 30, 2022

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4)</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
2022	0.00820%	\$ 98,615	\$ 1,782,007	5.53%	67.21%
2021	0.00830%	96,635	1,714,147	5.64%	67.45%
2020	0.00800%	133,006	1,641,335	8.10%	52.64%
2019	0.00796%	129,530	1,560,787	8.30%	52.00%
2018	0.00783%	119,000	1,489,831	7.99%	51.22%
2017	0.00779%	117,000	1,436,612	8.14%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 10,069	\$ 10,069	\$ -	\$ 1,864,628	0.54%
2022	9,623	9,623	-	1,782,007	0.54%
2021	9,256	9,256	-	1,714,147	0.54%
2020	8,535	8,535	-	1,641,335	0.52%
2019	8,116	8,116	-	1,560,787	0.52%
2018	7,747	7,747	-	1,489,831	0.52%
2017	7,470	7,470	-	1,436,612	0.52%

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 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 Ten 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 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

Non-Largest Ten 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

Supporting Schedules

Schedule of Revenues - Budget and Actual
General Fund
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,165,200	\$ 1,165,200	\$ 1,324,059	\$ 158,859
Personal property taxes	400,000	400,000	411,441	11,441
Machinery and tools taxes	175,000	175,000	193,077	18,077
Penalties	8,000	8,000	17,557	9,557
Interest	2,000	2,000	4,464	2,464
Total general property taxes	<u>\$ 1,750,200</u>	<u>\$ 1,750,200</u>	<u>\$ 1,950,598</u>	<u>\$ 200,398</u>
Other local taxes:				
Local sales and use taxes	\$ 260,000	\$ 260,000	\$ 352,947	\$ 92,947
Lodging tax	8,500	8,500	12,793	4,293
Business license tax	240,000	240,000	307,820	67,820
Cigarette tax	13,000	13,000	18,175	5,175
Bank franchise taxes	140,000	140,000	226,517	86,517
Consumer utility tax	100,000	100,000	112,658	12,658
Meals tax	350,000	350,000	450,007	100,007
Motor vehicle licenses	95,000	95,000	113,814	18,814
Total other local taxes	<u>\$ 1,206,500</u>	<u>\$ 1,206,500</u>	<u>\$ 1,594,731</u>	<u>\$ 388,231</u>
Permits, privilege fees and regulatory licenses:				
Licenses, zoning and subdivision permits	\$ 36,000	\$ 36,000	\$ 42,736	\$ 6,736
Fines and forfeitures:				
Court fines and forfeitures	\$ 13,000	\$ 13,000	\$ 12,729	\$ (271)
Parking fines	3,000	3,000	853	(2,147)
Total fines and forfeitures	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 13,582</u>	<u>\$ (2,418)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 100,000	\$ 100,000	\$ 203,201	\$ 103,201
Revenue from use of property	97,500	97,500	113,635	16,135
Total revenue from use of money and property	<u>\$ 197,500</u>	<u>\$ 197,500</u>	<u>\$ 316,836</u>	<u>\$ 119,336</u>
Charges for services:				
Charges for services - meters	\$ 10,000	\$ 10,000	\$ 13,499	\$ 3,499
Refuse collection	7,000	7,000	14,578	7,578
Zoning and subdivision fees	10,000	10,000	38,425	28,425
Total charges for services	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 66,502</u>	<u>\$ 39,502</u>

Schedule of Revenues - Budget and Actual
 General Fund
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous income	\$ 7,000	\$ 7,000	\$ 72,334	\$ 65,334
Total revenue from local sources	\$ 3,240,200	\$ 3,240,200	\$ 4,057,319	\$ 817,119
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communication taxes	\$ 70,000	\$ 70,000	\$ 65,184	\$ (4,816)
Personal property tax relief act funds	209,917	209,917	209,917	-
Rolling stock tax	1,850	1,850	1,784	(66)
Total noncategorical aid	\$ 281,767	\$ 281,767	\$ 276,885	\$ (4,882)
Categorical aid:				
Aid to localities with police departments	\$ 82,350	\$ 82,350	\$ 90,547	\$ 8,197
Litter control grant	1,900	1,900	3,904	2,004
Street and highway maintenance	558,555	558,555	630,134	71,579
Commission of the arts	4,500	4,500	4,500	-
Fire funds	15,250	15,250	18,351	3,101
Total categorical aid	\$ 662,555	\$ 662,555	\$ 747,436	\$ 84,881
Total revenue from the Commonwealth	\$ 944,322	\$ 944,322	\$ 1,024,321	\$ 79,999
Revenue from the Federal government:				
Categorical aid:				
Fire and police funds	\$ -	\$ -	\$ 1,011	\$ 1,011
ARPA funds	2,267,493	2,267,493	415,256	(1,852,237)
Total revenue from the Federal government	\$ 2,267,493	\$ 2,267,493	\$ 416,267	\$ (1,851,226)
Total General Fund	\$ 6,452,015	\$ 6,452,015	\$ 5,497,907	\$ (954,108)

Schedule of Expenditures - Budget and Actual
General Fund
Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund:				
General government administration:				
Town Council:				
Compensation	\$ 20,350	\$ 20,350	\$ 20,585	\$ (235)
Training	4,000	4,000	160	3,840
Local contributions	10,000	10,000	-	10,000
Miscellaneous	5,000	5,000	5,258	(258)
Dues	3,000	3,000	-	3,000
Town code supplements	2,000	2,000	-	2,000
Total town council	\$ 44,350	\$ 44,350	\$ 26,003	\$ 18,347
Town Clerk:				
Compensation	\$ 52,200	\$ 52,200	\$ 52,613	\$ (413)
Education/Training	1,250	1,250	38	1,212
Dues	100	100	25	75
Total town clerk	\$ 53,550	\$ 53,550	\$ 52,676	\$ 874
Town Manager:				
Compensation	\$ 75,400	\$ 75,400	\$ 66,562	\$ 8,838
Mileage	150	150	46	104
Training	1,000	1,000	650	350
Dues	51,100	51,100	1,127	49,973
Total town manager	\$ 127,650	\$ 127,650	\$ 68,385	\$ 59,265
Legal and Professional:				
Professional services	\$ 50,000	\$ 50,000	\$ 40,880	\$ 9,120
Contractual services	20,000	20,000	17,500	2,500
Engineering services	5,000	5,000	-	5,000
Total legal and professional	\$ 75,000	\$ 75,000	\$ 58,380	\$ 16,620
Personnel:				
Retirement	\$ 160,000	\$ 160,000	\$ 153,707	\$ 6,293
Health insurance	219,245	219,245	209,142	10,103
Life insurance	16,230	16,230	15,507	723
Unemployment insurance	600	600	232	368
Workers' compensation insurance	35,000	35,000	35,000	-
Line of Duty act	8,500	8,500	8,108	392
Employment screening	750	750	-	750
Other	2,000	2,000	-	2,000
Total personnel	\$ 442,325	\$ 442,325	\$ 421,696	\$ 20,629

Schedule of Expenditures - Budget and Actual
General Fund
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
General government administration: (continued)				
Town Treasurer:				
Compensation	\$ 88,275	\$ 88,275	\$ 87,016	\$ 1,259
Surety bonds	500	500	434	66
Training	2,000	2,000	1,445	555
Dues	1,000	1,000	250	750
Miscellaneous	2,500	2,500	1,125	1,375
Total town treasurer	<u>\$ 94,275</u>	<u>\$ 94,275</u>	<u>\$ 90,270</u>	<u>\$ 4,005</u>
Finance/Accounting:				
Compensation	\$ 118,450	\$ 118,450	\$ 120,182	\$ (1,732)
Training	3,400	3,400	923	2,477
Total finance/accounting	<u>\$ 121,850</u>	<u>\$ 121,850</u>	<u>\$ 121,105</u>	<u>\$ 745</u>
Central Administration/Purchasing:				
Maintenance contracts	\$ 51,100	\$ 51,100	\$ 50,042	\$ 1,058
Advertising	6,000	6,000	15,663	(9,663)
Postage	15,000	15,000	13,254	1,746
Telecommunications	5,200	5,200	5,493	(293)
Office supplies and equipment	7,600	7,600	18,466	(10,866)
Newsletter	1,000	1,000	-	1,000
Training	1,500	1,500	1,084	416
ARPA	-	-	415,256	(415,256)
Total central administration/purchasing	<u>\$ 87,400</u>	<u>\$ 87,400</u>	<u>\$ 519,258</u>	<u>\$ (431,858)</u>
Risk Management:				
Blanket excess liability	\$ 16,000	\$ 16,000	\$ 12,095	\$ 3,905
Automobile insurance	13,000	13,000	11,577	1,423
Semi-multi peril insurance	28,900	28,900	36,254	(7,354)
Total risk management	<u>\$ 57,900</u>	<u>\$ 57,900</u>	<u>\$ 59,926</u>	<u>\$ (2,026)</u>
Elections:				
Election officials	\$ 3,000	\$ 3,000	\$ 3,935	\$ (935)
Office supplies	3,000	3,000	14	2,986
Total elections	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 3,949</u>	<u>\$ 2,051</u>
Total general government administration	<u>\$ 1,110,300</u>	<u>\$ 1,110,300</u>	<u>\$ 1,421,648</u>	<u>\$ (311,348)</u>

Schedule of Expenditures - Budget and Actual
 General Fund
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
Public safety:				
Police department:				
Compensation	\$ 718,500	\$ 718,500	\$ 695,331	\$ 23,169
Maintenance contracts	33,400	33,400	22,839	10,561
Communication equipment and services	3,000	3,000	2,753	247
Community relations	2,000	2,000	512	1,488
Office supplies	2,100	2,100	2,429	(329)
Gasoline oil	19,440	19,440	17,811	1,629
Repair and maintenance	12,000	12,000	11,874	126
Police supplies	13,750	13,750	14,049	(299)
Uniforms	3,000	3,000	3,633	(633)
Medical examinations	500	500	134	366
Training	17,000	17,000	9,031	7,969
Professional services	400	400	126	274
Employment screening	500	500	1,500	(1,000)
Dues	850	850	890	(40)
Total police department	<u>\$ 826,440</u>	<u>\$ 826,440</u>	<u>\$ 782,912</u>	<u>\$ 43,528</u>
Traffic control:				
Contribution - crossing guard	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,500</u>
Emergency services:				
Contribution - alarm	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Fire and rescue:				
Contribution - JHEVFD	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Fire fund program	15,250	15,250	18,351	(3,101)
Fire capital	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total fire and rescue	<u>\$ 95,250</u>	<u>\$ 95,250</u>	<u>\$ 48,351</u>	<u>\$ 46,899</u>
Correction and detention:				
Public defenders fees	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 120</u>	<u>\$ 1,880</u>
Total public safety	<u>\$ 931,190</u>	<u>\$ 931,190</u>	<u>\$ 836,383</u>	<u>\$ 94,807</u>
Public works:				
Maintenance of streets, bridges and sidewalks:				
General administration:				
Compensation	\$ 43,100	\$ 43,100	\$ 33,652	\$ 9,448
Fuel oil/heat	2,500	2,500	436	2,064
Telecommunications	8,000	8,000	8,355	(355)
Office supplies	3,200	3,200	4,231	(1,031)
Vehicle repairs and maintenance	11,000	11,000	9,481	1,519
Medical exams	1,000	1,000	919	81
Training	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total general administration	<u>\$ 71,300</u>	<u>\$ 71,300</u>	<u>\$ 57,074</u>	<u>\$ 14,226</u>

Schedule of Expenditures - Budget and Actual
 General Fund
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
Public works: (continued)				
Maintenance of streets, bridges and sidewalks: (continued)				
Highways, streets, bridges and sidewalks:				
Compensation	\$ 188,400	\$ 188,400	\$ 181,140	\$ 7,260
Gasoline and oil	24,000	24,000	28,058	(4,058)
Uniforms	6,000	6,000	3,888	2,112
Materials and supplies	5,000	5,000	10,872	(5,872)
Equipment maintenance	12,000	12,000	21,538	(9,538)
Sidewalk maintenance	31,000	31,000	112	30,888
Street maintenance	478,000	478,000	117,415	360,585
Norfolk/Southern ROW	1,200	1,200	1,238	(38)
Total highways, streets, bridges, and sidewalks	<u>\$ 745,600</u>	<u>\$ 745,600</u>	<u>\$ 364,261</u>	<u>\$ 381,339</u>
Street lights:				
Electricity - street lights	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 68,448</u>	<u>\$ 6,552</u>
Snow and ice removal:				
Material and supplies	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 22,000</u>
Parking meters:				
Material and supplies	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 531</u>	<u>\$ 969</u>
Street and road cleaning:				
Street cleaning	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total maintenance of streets, bridges and sidewalks	<u>\$ 915,400</u>	<u>\$ 915,400</u>	<u>\$ 490,314</u>	<u>\$ 425,086</u>
Sanitation and waste removal:				
Contractual services	\$ 219,000	\$ 219,000	\$ 215,551	\$ 3,449
Recycling services	85,000	85,000	98,743	(13,743)
Landfill charges	45,000	45,000	38,001	6,999
Total sanitation and waste removal	<u>\$ 349,000</u>	<u>\$ 349,000</u>	<u>\$ 352,295</u>	<u>\$ (3,295)</u>
Maintenance of buildings and grounds:				
General properties:				
Repair and maintenance	\$ 21,100	\$ 21,100	\$ 26,328	\$ (5,228)
Materials and supplies	500	500	-	500
Christmas lights	500	500	-	500
Total general properties	<u>\$ 22,100</u>	<u>\$ 22,100</u>	<u>\$ 26,328</u>	<u>\$ (4,228)</u>

Schedule of Expenditures - Budget and Actual

General Fund

Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
Public works: (continued)				
Maintenance of buildings and grounds: (continued)				
Building services:				
Compensation	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
Contractual services	11,000	11,000	8,819	2,181
Electricity	20,100	20,100	22,206	(2,106)
Natural gas/heat	3,000	3,000	2,961	39
Materials and supplies	10,000	10,000	2,808	7,192
Water/sewer	2,300	2,300	3,097	(797)
Shared expenses - Clarke County	19,000	19,000	35,115	(16,115)
Telecommunications	1,500	1,500	2,332	(832)
Total building services	<u>\$ 79,900</u>	<u>\$ 79,900</u>	<u>\$ 77,338</u>	<u>\$ 2,562</u>
Total maintenance of buildings and grounds	<u>\$ 102,000</u>	<u>\$ 102,000</u>	<u>\$ 103,666</u>	<u>\$ (1,666)</u>
Total public works	<u>\$ 1,366,400</u>	<u>\$ 1,366,400</u>	<u>\$ 946,275</u>	<u>\$ 420,125</u>
Parks, recreation and cultural:				
Christmas lights	\$ 3,500	\$ 3,500	\$ 2,147	\$ 1,353
Rose Hill improvements	7,000	7,000	5,094	1,906
Contributions	1,000	1,000	895	105
Total parks, recreation and cultural	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 8,136</u>	<u>\$ 3,364</u>
Community development:				
Planning:				
Compensation	\$ 103,320	\$ 103,320	\$ 99,262	\$ 4,058
Professional services	3,000	3,000	750	2,250
Office supplies	100	100	22,985	(22,885)
Printing	250	250	174	76
Mileage	100	100	-	100
Training	-	-	100	(100)
Total planning	<u>\$ 106,770</u>	<u>\$ 106,770</u>	<u>\$ 123,271</u>	<u>\$ (16,501)</u>
Board of zoning appeals:				
Compensation	\$ 500	\$ 500	\$ -	\$ 500
Training	750	750	500	250
Total board of zoning appeals	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ 500</u>	<u>\$ 750</u>
Economic development:				
DBI/economic development professional services	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
General Fund
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
General Fund: (continued)				
Community development: (continued)				
Planning commission:				
Compensation	\$ 5,000	\$ 5,000	\$ 1,720	\$ 3,280
Training	1,000	1,000	1,100	(100)
Total planning commission	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 2,820</u>	<u>\$ 3,180</u>
Berryville Area Development Authority:				
Compensation	\$ 2,400	\$ 2,400	\$ 310	\$ 2,090
Training	500	500	-	500
Dues	500	500	-	500
Total Berryville Area Development Authority	<u>\$ 3,400</u>	<u>\$ 3,400</u>	<u>\$ 310</u>	<u>\$ 3,090</u>
Architectural Review Board:				
Training	\$ 400	\$ 400	\$ 75	\$ 325
Total community development	<u>\$ 146,320</u>	<u>\$ 146,320</u>	<u>\$ 155,476</u>	<u>\$ (9,156)</u>
Capital outlay:				
Police cruiser	\$ -	\$ -	\$ 48,383	\$ (48,383)
Other capital outlay	241,696	241,696	40,648	201,048
Total capital outlay	<u>\$ 241,696</u>	<u>\$ 241,696</u>	<u>\$ 89,031</u>	<u>\$ 152,665</u>
Contingency:				
Shared cost for operation of joint government center	\$ 176,616	\$ 176,616	\$ 1,262	\$ 175,354
Total contingency	<u>\$ 176,616</u>	<u>\$ 176,616</u>	<u>\$ 1,262</u>	<u>\$ 175,354</u>
Debt service:				
Principal	\$ 44,500	\$ 44,500	\$ 44,507	\$ (7)
Interest	77,000	77,000	76,969	31
Total debt service	<u>\$ 121,500</u>	<u>\$ 121,500</u>	<u>\$ 121,476</u>	<u>\$ 24</u>
Total General Fund	<u><u>\$ 4,105,522</u></u>	<u><u>\$ 4,105,522</u></u>	<u><u>\$ 3,579,687</u></u>	<u><u>\$ 525,835</u></u>

Schedule of Operating Expenses (With Comparative Amounts for 2022)

Enterprise Funds

Year Ended June 30, 2023

<u>Fund, Function, Activity and Elements</u>	<u>2023</u>	<u>2022</u>
<u>Water Fund:</u>		
General administration:		
Salaries and wages	\$ 131,374	\$ 57,373
Miss Utility	3,170	2,025
Repairs and maintenance	2,695	2,453
Postage	4,851	5,449
Office supplies	5,895	1,482
ARPA	<u>1,158,928</u>	<u>-</u>
Total general administration	<u>\$ 1,306,913</u>	<u>\$ 68,782</u>
Supply purification:		
Salaries and wages	\$ 208,799	\$ 197,739
Repairs and maintenance	55,620	54,452
Electricity	69,970	48,040
Heating service	908	2,020
Equipment and supplies	20,766	10,648
Materials and supplies - chemicals	41,231	29,938
Sludge removal	12,427	22,742
Permits, fees and testing	7,376	16,227
Other operating expenses	<u>14,790</u>	<u>14,918</u>
Total supply purification	<u>\$ 431,887</u>	<u>\$ 396,724</u>
Transmission and distribution:		
Salaries and wages	\$ 170,588	\$ 153,055
Repairs and maintenance - water lines	149,971	237,576
Materials and supplies	<u>28,637</u>	<u>25,042</u>
Total transmission and distribution	<u>\$ 349,196</u>	<u>\$ 415,673</u>
Fringe benefits:		
Social security	\$ 7,566	\$ 4,356
Retirement	28,545	50,007
Health insurance	67,687	72,613
Group life insurance	2,644	3,455
Workers' compensation	25,239	5,677
Unemployment insurance	<u>232</u>	<u>273</u>
Total fringe benefits	<u>\$ 131,913</u>	<u>\$ 136,381</u>
Depreciation	<u>\$ 197,774</u>	<u>\$ 194,862</u>
Capital outlay	<u>\$ 273,886</u>	<u>\$ 172,208</u>
Total Water Fund	<u><u>\$ 2,691,569</u></u>	<u><u>\$ 1,384,630</u></u>

Schedule of Operating Expenses (With Comparative Amounts for 2022)
Enterprise Funds
Year Ended June 30, 2023 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>2023</u>	<u>2022</u>
<u>Sewer Fund:</u>		
General administration:		
Salaries and wages	\$ 109,422	\$ 31,242
Repairs and maintenance	2,695	2,453
Postage	4,851	2,785
Office supplies	5,679	1,675
ARPA	<u>70,837</u>	<u>-</u>
Total general administration	\$ <u>193,484</u>	\$ <u>38,155</u>
Wastewater treatment:		
Salaries and wages	\$ 187,115	\$ 193,327
Professional services	87,492	72,175
Repairs and maintenance	162,884	117,368
Electricity	166,892	124,884
Materials and supplies - chemicals	165,240	77,952
Equipment and supplies	16,280	23,728
Permits, fees and testing	36,059	30,461
Other operating expenses	<u>8,540</u>	<u>8,320</u>
Total wastewater treatment	\$ <u>830,502</u>	\$ <u>648,215</u>
Maintenance of sewer lines:		
Salaries and wages	\$ 87,489	\$ 77,806
Repairs and maintenance - sewer lines	22,434	21,234
Materials and supplies	<u>-</u>	<u>6</u>
Total maintenance of sewer lines	\$ <u>109,923</u>	\$ <u>99,046</u>
Fringe benefits:		
Social security	\$ 6,129	\$ 2,248
Retirement	18,327	30,883
Health insurance	47,363	52,490
Group life insurance	1,956	3,133
Workers' compensation	116	252
Unemployment insurance	<u>15,076</u>	<u>3,731</u>
Total fringe benefits	\$ <u>88,967</u>	\$ <u>92,737</u>
Depreciation	\$ <u>851,919</u>	\$ <u>855,441</u>
Capital outlay	\$ <u>19,491</u>	\$ <u>97,117</u>
Total Sewer Fund	\$ <u><u>2,094,286</u></u>	\$ <u><u>1,830,711</u></u>

Statistical Information

TOWN OF BERRYVILLE, VIRGINIA

Table 1

Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Fees and Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Inter-governmental	Total							
2023	\$	1,950,598	\$	1,594,731	\$	42,736	\$	13,582	\$	316,836	\$	66,502	\$	72,334	\$	1,440,588	\$	5,497,907
2022		1,814,562		1,315,562		36,981		13,313		171,134		78,127		177,991		1,223,226		4,830,896
2021		1,645,187		1,174,752		36,821		16,044		181,702		65,281		25,200		990,255		4,135,242
2020		1,478,399		1,083,911		35,642		25,091		220,173		80,131		38,603		985,303		3,947,253
2019		1,452,521		1,075,292		40,124		45,295		196,677		54,166		208,494		1,007,908		4,080,477
2018		1,406,862		1,041,772		34,091		40,056		157,448		29,768		62,168		934,443		3,706,608
2017		1,356,375		1,066,288		29,599		33,319		114,433		66,337		155,666		943,911		3,765,928
2016		1,316,194		983,615		34,745		23,936		88,845		31,273		43,129		914,243		3,435,980
2015		1,165,459		934,720		30,965		35,352		98,699		34,918		34,702		901,393		3,236,208
2014		941,675		770,294		28,716		31,710		46,912		14,389		52,424		907,472		2,793,592

TOWN OF BERRYVILLE, VIRGINIA

Table 2

**Governmental Expenditures by Function
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Works	Parks, Recreation, and Culture	Community Development	Capital		Total
						Outlay and Contingency	Debt Service	
2023	\$ 1,421,648	\$ 836,383	\$ 946,275	\$ 8,136	\$ 155,476	\$ 90,293	\$ 121,476	\$ 3,579,687
2022	1,258,801	820,681	1,217,274	10,849	151,233	53,108	121,476	3,633,422
2021	1,051,651	808,230	1,063,712	2,886	141,216	176,442	121,476	3,365,613
2020	1,041,314	747,073	1,195,535	9,952	133,217	320,598	121,476	3,569,165
2019	1,002,806	693,981	1,296,136	10,149	119,360	311,865	121,476	3,555,773
2018	854,044	652,446	1,062,132	11,832	129,247	96,237	121,476	2,927,414
2017	809,484	672,520	1,159,153	13,757	133,847	64,962	121,476	2,975,199
2016	795,715	688,324	1,054,750	8,228	186,298	104,988	121,476	2,959,779
2015	819,437	675,521	1,245,952	10,222	149,509	102,203	121,476	3,124,320
2014	811,097	676,255	885,330	7,135	126,914	101,579	121,476	2,729,786

Compliance



**Independent Auditors' 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 Members of
The Town Council
Town of Berryville, 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, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Berryville, Virginia's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Berryville, Virginia's internal control over financial reporting (internal control) as a basis for designing 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 of Berryville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Berryville, Virginia'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Berryville, Virginia'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*.

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

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
December 1, 2023



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Members of
The Town Council
Town of Berryville, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Berryville, Virginia's 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 each of Town of Berryville, Virginia's major federal programs for the year ended June 30, 2023. Town of Berryville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Berryville, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Berryville, Virginia 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 each major federal program. Our audit does not provide a legal determination of Town of Berryville, Virginia'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 Town of Berryville, Virginia's federal programs.

Auditors' 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 Town of Berryville, Virginia'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 Town of Berryville, Virginia's compliance with the requirements of each major 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 Town of Berryville, Virginia'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 Town of Berryville, Virginia'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 Town of Berryville, Virginia'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 Auditors' 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.

Report on Internal Control over Compliance: (Continued)

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.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

December 1, 2023

TOWN OF BERRYVILLE, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Department of Treasury: Pass-through payments: Virginia Department of Accounts: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	\$ <u>1,645,021</u>
Department of Transportation: Pass-through payments: Virginia Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	Not Available	\$ <u>1,011</u>
Total expenditures of federal awards			\$ <u>1,646,032</u>

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Berryville, Virginia under programs of the federal government for the year ended June 30, 2023. 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 Town of Berryville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Berryville, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the 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.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Subrecipients

No awards were passed through to subrecipients.

Note D - De Minimis Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate under Uniform Guidance.

Note E - Loan Balances

The Town has no loan guarantees which are subject to reporting requirements for the current year.

TOWN OF BERRYVILLE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
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?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

TOWN OF BERRYVILLE, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

There were no prior year findings.