

TOWN OF



FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

TOWN OF ROUND HILL, VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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TOWN OF ROUND HILL, VIRGINIA

JUNE 30, 2024

MAYOR AND TOWN COUNCIL

Scott T. Ramsey, Mayor
Mary Anne Graham, Vice Mayor

Dan Brzezynski
Michael B. Hummel

Paula James
Sean Lloyd

Isaac Pacheco

OFFICIALS

Melissa K. Hynes, Town & Zoning Administrator
Bobby Lohr, Town Planner
Robert W. Lohr, Project Manager
Harriet West, Town Clerk
Cathy Owens, Treasurer

LEGAL COUNSEL

Maureen K. Gilmore



INDEPENDENT AUDITORS' REPORT

**To The Honorable Mayor and Members of Town Council
Town of Round Hill, Virginia**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Round Hill, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Round Hill, Virginia, as of June 30, 2024, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Town of Round Hill, 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.

Change in Accounting Principle

As described in Note 7 to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances to Correct Errors

As described in Note 7 to the financial statements, in 2024, the Town restated beginning balances to correct errors related to prior year recognition of compensated absences in the basic fund statements in the governmental funds, and to properly report the net pension asset and net OPEB liability and related items. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Round Hill, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Round Hill, 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 the Town of Round Hill, 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Round Hill, Virginia's basic financial statements. The supplementary information is presented for purposes of additional analysis and is 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of Town of Round Hill, 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 Round Hill, 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 Round Hill, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

March 19, 2025

Basic Financial Statements

Government-wide Financial Statements

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 837,650	\$ 3,379,395	\$ 4,217,045
Investments	903,669	1,774,688	2,678,357
Receivables (net of allowance for uncollectible, where applicable)			
Property taxes, including penalties	36,249	-	36,249
Accounts	4,003	215,282	219,285
Due from other governments	8,475	-	8,475
Restricted assets, cash on deposit			
Customer deposits	-	19,261	19,261
Net pension asset	45,296	70,848	116,144
Capital assets (net of accumulated depreciation)			
Land	1,445,067	541,464	1,986,531
Construction in progress	-	29,444	29,444
Buildings and improvements	305,449	2,482,587	2,788,036
Parks and improvements	823,953	-	823,953
Utility distribution systems	-	16,590,919	16,590,919
Machinery and equipment	-	1,023,693	1,023,693
Streets, sidewalk and improvements	1,483,126	-	1,483,126
Total assets	\$ 5,892,937	\$ 26,127,581	\$ 32,020,518
Deferred Outflows of Resources			
Pension related items	\$ 41,559	\$ 65,001	\$ 106,560
OPEB related items	8,291	12,969	21,260
Total deferred outflows of resources	\$ 49,850	\$ 77,970	\$ 127,820
Liabilities			
Accounts payable and other liabilities	\$ 131,903	\$ 226,036	\$ 357,939
Accrued interest payable	-	47,324	47,324
Public improvement escrow	36,664	-	36,664
Liabilities payable from restricted assets	-	19,261	19,261
Reserve for proffers	265,589	-	265,589
Noncurrent liabilities:			
Due within one year	5,017	459,048	464,065
Due in more than one year	66,576	6,102,094	6,168,670
Total liabilities	\$ 505,749	\$ 6,853,763	\$ 7,359,512
Deferred Inflows of Resources			
Pension related items	\$ 29,284	45,804	75,088
OPEB related items	4,809	7,521	12,330
Total deferred inflows of resources	\$ 34,093	\$ 53,325	\$ 87,418
NET POSITION			
Net Investment in capital assets	\$ 4,057,595	\$ 14,307,107	\$ 18,364,702
Unrestricted	1,345,350	4,991,356	6,336,706
Total net position	\$ 5,402,945	\$ 19,298,463	\$ 24,701,408

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

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Capital Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,152,041	\$ 190,170	\$ 6,585	\$ -	\$ (955,286)	\$ -	\$ (955,286)
Public safety	7,000	-	15,000	-	8,000	-	8,000
Public works	227,729	-	-	-	(227,729)	-	(227,729)
Total governmental activities	\$ 1,386,770	\$ 190,170	\$ 21,585	\$ -	\$ (1,175,015)	\$ -	\$ (1,175,015)
Business-type activities							
Water and Sewer	\$ 3,684,701	\$ 2,611,370	\$ -	\$ 314,060	\$ -	\$ (759,271)	\$ (759,271)
Total business-type activities	\$ 3,684,701	\$ 2,611,370	\$ -	\$ 314,060	\$ -	\$ (759,271)	\$ (759,271)
Total primary government	\$ 5,071,471	\$ 2,801,540	\$ 21,585	\$ 314,060	\$ (1,175,015)	\$ (759,271)	\$ (1,934,286)
General revenues							
Property taxes					\$ 195,255	\$ -	\$ 195,255
Sales taxes					84,240	-	84,240
Motor vehicle taxes					16,135	-	16,135
Business licenses					26,530	-	26,530
Consumer taxes					9,061	-	9,061
Cigarette taxes					20,228	-	20,228
Grants and contributions not restricted to specific programs					28,021	-	28,021
Unrestricted revenues from use of money					77,077	255,022	332,099
Miscellaneous					27,642	-	27,642
Transfers					471,984	(471,984)	-
Total general revenues and transfers					\$ 956,173	\$ (216,962)	\$ 739,211
Change in net position					\$ (218,842)	\$ (976,233)	\$ (1,195,075)
Net position - beginning, as previously reported					\$ 5,631,030	\$ 20,353,705	\$ 25,984,735
Restatements					(9,243)	(79,009)	(88,252)
Net position, beginning of year, as restated					\$ 5,621,787	\$ 20,274,696	\$ 25,896,483
Net position - ending					\$ 5,402,945	\$ 19,298,463	\$ 24,701,408

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

Fund Financial Statements

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental funds</u>
Assets			
Cash and cash equivalents	\$ 1,383,156	\$ -	\$ 1,383,156
Investments	455,533	448,136	903,669
Receivables			
Property taxes	36,249	-	36,249
Utility taxes	1,100	-	1,100
Tower rental	2,903	-	2,903
Due from other governments	8,475	-	8,475
Total assets	<u>\$ 1,887,416</u>	<u>\$ 448,136</u>	<u>\$ 2,335,552</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable and other liabilities	\$ 18,689	\$ 113,214	\$ 131,903
Reconciled overdraft	-	545,506	545,506
Public improvements escrow funds	-	36,664	36,664
Reserve for proffers	-	265,589	265,589
Total liabilities	<u>\$ 18,689</u>	<u>\$ 960,973</u>	<u>\$ 979,662</u>
Fund balances			
Unassigned (deficit)	\$ <u>1,868,727</u>	\$ <u>(512,837)</u>	\$ <u>1,355,890</u>
Total fund balances (deficits)	<u>\$ 1,868,727</u>	<u>\$ (512,837)</u>	<u>\$ 1,355,890</u>
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:			
Total fund balances for governmental funds			\$ 1,355,890
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund			4,057,595
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds (net pension asset)			45,296
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds			49,850
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(71,593)
Deferred inflows of resources are not due and payable in the current period and therefore, are not reported in the funds			<u>(34,093)</u>
Net position of governmental activities			<u>\$ 5,402,945</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental funds</u>
Revenues			
General property taxes	\$ 195,255	\$ -	\$ 195,255
Other local taxes	113,529	-	113,529
Permits, licenses, and fees	54,065	-	54,065
Revenues from use of money and property	210,566	45,281	255,847
Miscellaneous	25,842	1,800	27,642
Intergovernmental	49,606	-	49,606
Total revenues	<u>\$ 648,863</u>	<u>\$ 47,081</u>	<u>\$ 695,944</u>
Expenditures			
General government	\$ 820,012	\$ -	\$ 820,012
Public safety	7,000	-	7,000
Public works	116,705	-	116,705
Capital projects/improvements	-	199,155	199,155
Total expenditures	<u>\$ 943,717</u>	<u>\$ 199,155</u>	<u>\$ 1,142,872</u>
(Deficiency) of revenues (under) expenditures	\$ (294,854)	\$ (152,074)	\$ (446,928)
Other Financing Sources (Uses)			
Transfers in	\$ 471,984	\$ 517,054	\$ 989,038
Transfers out	(517,054)	-	(517,054)
Total other financing sources (uses)	<u>\$ (45,070)</u>	<u>\$ 517,054</u>	<u>\$ 471,984</u>
Net change in fund balances	\$ (339,924)	\$ 364,980	\$ 25,056
Fund balance (deficit), beginning of year, as previously reported	2,146,892	(877,817)	1,269,075
Restatement - correction of error	<u>61,759</u>	<u>-</u>	<u>61,759</u>
Fund balance (deficit), beginning of year, as restated	<u>\$ 2,208,651</u>	<u>\$ (877,817)</u>	<u>\$ 1,330,834</u>
Fund balance (deficit), end of year	<u>\$ 1,868,727</u>	<u>\$ (512,837)</u>	<u>\$ 1,355,890</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 BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

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

Net change in fund balances - total governmental funds	\$	25,056
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(188,998)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This adjustment combines the net changes of the following:		
Compensated absences	\$	1,694
Pension expense		(57,791)
OPEB expense		1,197
		<u>(54,900)</u>
Change in net position of governmental activities	\$	<u>(218,842)</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2024**

	Business-type Activities	
	Water and Sewer	Memorandum Only
	Current Year	Water and Sewer Prior Year
Assets		
Current assets		
Cash and cash equivalents	\$ 3,379,395	\$ 1,435,922
Investments	1,774,688	3,025,074
Accounts receivable	215,282	459,632
Total current assets	<u>\$ 5,369,365</u>	<u>\$ 4,920,628</u>
Noncurrent assets		
Restricted assets, cash on deposit		
Customer deposits	\$ 19,261	\$ 12,773
Total restricted assets	<u>\$ 19,261</u>	<u>\$ 12,773</u>
Other assets		
Net pension asset	\$ 70,848	\$ 34,345
Capital assets		
Land, buildings, and structures	\$ 6,351,387	\$ 6,351,387
Utility distribution systems	23,789,466	22,894,360
Equipment	2,679,863	2,067,494
Construction in progress	29,444	-
Less accumulated depreciation	(12,182,053)	(11,345,107)
Total capital assets (net of accumulated depreciation)	<u>\$ 20,668,107</u>	<u>\$ 19,968,134</u>
Total noncurrent assets	<u>\$ 20,758,216</u>	<u>\$ 20,015,252</u>
Total assets	<u>\$ 26,127,581</u>	<u>\$ 24,935,880</u>
Deferred Outflows of Resources		
Pension related items	\$ 65,001	\$ 133,353
OPEB related items	12,969	-
Total deferred outflows	<u>\$ 77,970</u>	<u>\$ 133,353</u>
Liabilities		
Current liabilities		
Accounts payable and other liabilities	\$ 226,036	\$ 49,210
Accrued interest payable	47,324	42,059
Compensated absences - current	5,621	-
Premium on bonds - current	110,427	-
General obligation bonds - current	343,000	245,000
Total current liabilities	<u>\$ 732,408</u>	<u>\$ 336,269</u>
Current liabilities payable from restricted assets		
Customer deposits payable	\$ 19,261	\$ 12,773
Total current liabilities payable from restricted assets	<u>\$ 19,261</u>	<u>\$ 12,773</u>
Noncurrent liabilities		
Compensated absences	\$ 50,587	\$ 138,956
Net OPEB liability	33,507	-
Post retirement benefits	-	32,651
Premium on bonds	479,500	864,388
Notes payable	16,500	16,500
General obligation bonds payable	5,522,000	3,265,000
Total noncurrent liabilities	<u>\$ 6,102,094</u>	<u>\$ 4,317,495</u>
Total liabilities	<u>\$ 6,853,763</u>	<u>\$ 4,666,537</u>
Deferred Inflows of Resources		
Pension related items	\$ 45,804	\$ 48,991
OPEB related items	7,521	-
Total deferred inflows	<u>\$ 53,325</u>	<u>\$ 48,991</u>
Net Position		
Net investment in capital assets	\$ 14,307,107	\$ 16,441,634
Unrestricted	4,991,356	3,912,071
Total net position	<u>\$ 19,298,463</u>	<u>\$ 20,353,705</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2024**

	Business-type Activities	
	Water and Sewer Current Year	Memorandum Only Water and Sewer Prior Year
Operating revenues:		
Charges for services	\$ 2,558,193	\$ 2,465,448
Connection fees	12,925	38,876
Meter fees and miscellaneous revenue	40,252	9,724
Total operating revenues	\$ 2,611,370	\$ 2,514,048
Operating expenses:		
Personal services	\$ 776,652	\$ 841,053
Fringe benefits	211,504	329,600
Depreciation	836,946	675,801
Office expense	45,819	68,390
Truck expense	32,412	32,581
Engineering support	44,439	59,169
Supplies	203,579	181,150
Repairs and maintenance	1,009,782	361,792
Generators and fuel	32,061	-
Mowing sites, facilities and improvements	42,867	-
Information technology	35,356	-
Insurance	36,326	33,619
Utilities	178,506	174,071
Uniforms and training	9,734	-
Telephone	9,757	12,478
License and permits	8,212	7,659
Miscellaneous	54,674	21,131
Sludge removal	17,338	30,735
Safety	3,571	2,439
Professional fees	41,807	41,908
Total operating expenses	\$ 3,631,342	\$ 2,873,576
Operating Income (Loss)	\$ (1,019,972)	\$ (359,528)
Nonoperating revenues (expenses):		
Investment earnings	\$ 255,022	\$ 115,865
Bond interest (net amortization)	(53,359)	(99,148)
Total nonoperating revenues (expenses)	\$ 201,663	\$ 16,717
Income (loss) before contributions and transfers	\$ (818,309)	(342,811)
Transfers and capital contributions		
Availability fees	\$ 314,060	\$ 92,368
Transfers (out)	(471,984)	(365,361)
Transfers and capital contributions	\$ (157,924)	\$ (272,993)
Change in net position	\$ (976,233)	(615,804)
Total net position - beginning of year, as previously reported	\$ 20,353,705	\$ 20,969,509
Restatement - correction of error	(79,009)	-
Net position - beginning of year, as restated	\$ 20,274,696	\$ 20,969,509
Total net position - end of year	\$ 19,298,463	\$ 20,353,705

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Water and Sewer</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 2,855,720
Payments to suppliers	(1,983,066)
Payments to employees	(891,718)
Net cash used in operating activities	<u>\$ (19,064)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to other funds	\$ (471,984)
Net cash used in noncapital and related financing activities	<u>\$ (471,984)</u>
Cash Flows from Capital and Related Financing Activities:	
Availability fees	\$ 314,060
Acquisition and construction of capital assets	(1,507,476)
Proceeds from the issuance of debt	2,600,000
Principal paid on capital debt	(245,000)
Interest paid on capital debt	(58,624)
Net cash provided by capital and related financing activities	<u>\$ 1,102,960</u>
Cash Flows from Investing Activities:	
Purchase of investments	\$ (688,393)
Withdrawal of investments to cash	1,752,159
Interest and dividends received	255,022
Net cash used in investing activities	<u>\$ 1,318,788</u>
Net increase in cash and cash equivalents	\$ 1,930,700
Cash and cash equivalents, beginning of year	<u>\$ 1,448,695</u>
Cash and cash equivalents, end of the year	<u><u>\$ 3,379,395</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	<u>\$ (1,019,972)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 836,946
(Increase)/decrease in accounts receivable	244,350
(Increase)/decrease in net pension asset	(36,503)
(Increase)/decrease in deferred outflows of resources - pension	68,352
(Increase)/decrease in deferred outflows of resources - OPEB	(12,969)
Increase/(decrease) in accounts payable	(176,826)
Increase/(decrease) in compensated absences	82,748
Increase/(decrease) in net OPEB liability	(33,507)
Increase/(decrease) in net pension liability	32,651
Increase/(decrease) in deferred inflows of resources - pension	3,187
Increase/(decrease) in deferred inflows of resources - OPEB	(7,521)
Total adjustments	<u>\$ 1,000,908</u>
Net cash used in operating activities	<u><u>\$ (19,064)</u></u>

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

TOWN OF ROUND HILL, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Round Hill, Virginia (the Town) was established in 1900. The Town is governed by a mayor and a six member town council who are elected at large for a four year term.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant policies is presented to assist the reader in interpreting the financial statements and other data contained in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Town of Round Hill, Virginia (government) is a municipal corporation governed by an elected mayor and six-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Financial accountability is defined as appointment of voting majority of the component unit's board and either (a) the ability to impose its will on the component unit, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based upon the above, all potential component units were evaluated for inclusion in the reporting entity and it was determined that there are no component units requiring inclusion in the Town's reporting.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment 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 instead as *general revenues*.

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

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year end are reflected as deferred revenues. Sales, which are collected by the state 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. Utility taxes are collected by the utilities and remitted directly to the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports on the following nonmajor governmental funds:

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by the proprietary funds.

The government reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the Town's water and sewer operations.

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

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

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

The Town's cash and cash equivalents include cash on hand and amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

2. Receivables and Payables: (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The trade and property tax receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined using historical collection data and account analysis.

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia for all property of record as of January 1. The County bills and collects personal and real estate taxes based on its own assessed values and then remits these amounts to the town monthly. Real estate and personal property taxes are levied annually on January 1 and are due November 5 and December 5. The bills are sent out semi-annually.

Collections of real and personal property taxes between July 1 and August 15 of the subsequent fiscal year, classified as delinquent at June 30, are recorded as revenue for the fiscal year then ended, in accordance with the standards established by the Auditor of Public Accounts of the Commonwealth of Virginia. Liens attach to the property when the tax remains unpaid after July 1 of the following year. The billings are considered past due after the respective tax billing date at which time the applicable property is subject to a 10% penalty and interest is assessed 30 days therefrom.

3. Restricted Assets

Customer Deposits - The Town collects a utility deposit from renters when the homeowners request a deposit. Under certain circumstances, the deposit is refunded. Cash is restricted to set aside resources for future refunding along with a related customer deposit liability.

Reserve for Proffers – The Town has collected funds from developers for specific public improvement projects. The funds are restricted for this specific use and release from the restriction as spent.

4. Use of Estimates

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at acquisition value at the date of donation.

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

5. Capital Assets: (Continued)

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

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Assets</u>	<u>Years</u>
Buildings	39-50
Improvements other than buildings	10-15
Equipment and vehicles	5-10
Sidewalk improvements	15
Utility distribution system	15-50

6. Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund.

7. Reserve for Proffers

The capital projects fund reports a liability for proffers of \$265,589. The Commonwealth of Virginia grants localities the ability to seek voluntary proffers from developers to offset costs for infrastructure and public services generated by development through the rezoning process. The Town’s most common proffered cash contributions are those to offset future capital costs associated with public facilities and transportation improvements. Revenue from proffers is recognized by the Town as proffer projects are completed.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as accounting charge on refinance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or accounting charge.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources, while discounts of debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

9. 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's deferred outflows of resources are comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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 of Round Hill has two items which qualify for reporting in this category: (1) Under modified accrual basis of accounting under the governmental funds, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available; and, (2) Deferred pension inflow reported in the proprietary funds financial statement of net position and in the governmental and business-type activities in the government wide financial statement of net position. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. 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.
- 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.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

11. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The Town’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- ***Non-spendable Fund Balance*** – amounts that are not in spendable form (such as inventory and prepaid) or are 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;
- ***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 an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment if 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).

E. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town’s Retirement Plan and the additions to/deductions from the Town’s Retirement Plan’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.

F. Other Postemployment Benefits (OPEB)

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

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 2--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or lawfully encumbered. Budgets for the enterprise funds serve as a spending guide and do not constitute legally binding limitations.

Before July 1, the proposed budget is presented to Town Council for review. The council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as provided by the Town treasurer. Expenditures may not legally exceed budgeted appropriations at the function level.

The appropriated budget is prepared by fund, function, and department. The Town’s council made budgetary modification during the year but did not change the total original appropriation.

NOTE 3--DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

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

Investments

Statutes authorize 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 qualifying corporate notes, bankers acceptances, repurchase agreements and the State Treasurer's Local Government Pool and the VML/VACO Investment Pool.

As of June 30, 2024, the Town’s investments are summarized as follows:

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
Virginia State Non-Arbitrage Program	\$ 937,629
Virginia Investment Pool - Stable NAV Liquidity Pool	5,798,847
Total	\$ <u>6,736,476</u>

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 3–DETAILED NOTES ON ALL FUNDS: (CONTINUED)

A. Deposits and Investments: (Continued)

Investments (Continued)

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment

Investment Type	Investment Maturities	
	Balance June 30, 2024	1 Year
Virginia State Non-Arbitrage Program	\$ 937,629	\$ 937,629
Virginia Investment Pool - Stable NAV Liquidity Pool	5,798,847	5,798,847
Total	\$ 6,736,476	\$ 6,736,476

Custodial Credit Risk

The Town’s investments are all insured, registered in the Town’s name and held in an account in the Town’s name, or invested in an external investment pool.

Fair Value Measurements:

Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured the fair value of the above investments at the net asset value (NAV). There are no withdrawal limitations or restrictions imposed on participants.

External Investment Pool

The fair values of the positions in the SNAP are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

B. Receivables:

Receivables as of year-end for the government’s individual funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Utility	Total
Receivables:			
Property taxes	\$ 36,249	\$ -	\$ 36,249
Accounts	-	215,282	215,282
Intergovernmental	8,475	-	8,475
Utility taxes	1,100	-	1,100
Tower rental	2,903	-	2,903
Net total receivables	\$ 48,727	\$ 215,282	\$ 264,009

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 3–DETAILED NOTES ON ALL FUNDS: (CONTINUED)

B. Receivables: (Continued)

At June 30, 2024 amounts due from other governments were as follows:

<u>Description/Payer</u>	<u>General</u>
Commonwealth of Virginia - Fire Department, Communication Tax	\$ 775
Loudoun County - Sales Tax	7,700
Total	<u>\$ 8,475</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,445,067	\$ -	\$ -	\$ 1,445,067
Total capital assets, not being depreciated	<u>\$ 1,445,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,445,067</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 594,595	\$ -	\$ -	\$ 594,595
Parks and improvements	1,002,386	-	-	1,002,386
Furniture and fixtures	22,938	-	-	22,938
Equipment	99,009	2,071	-	101,080
Streets, sidewalks and improvements	1,707,026	-	2,071	1,704,955
Total capital assets, being depreciated	<u>\$ 3,425,954</u>	<u>\$ 2,071</u>	<u>\$ 2,071</u>	<u>\$ 3,425,954</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (271,636)	\$ (17,510)	\$ -	\$ (289,146)
Parks and improvements	(122,061)	(56,372)	-	(178,433)
Furniture and fixtures	(22,938)	-	-	(22,938)
Equipment	(101,080)	-	-	(101,080)
Streets, sidewalks and improvements	(106,713)	(115,116)	-	(221,829)
Total accumulated depreciation	<u>\$ (624,428)</u>	<u>\$ (188,998)</u>	<u>\$ -</u>	<u>\$ (813,426)</u>
Net capital assets being depreciated	<u>\$ 2,801,526</u>	<u>\$ (186,927)</u>	<u>\$ 2,071</u>	<u>\$ 2,612,528</u>
Governmental activities capital assets, net	<u>\$ 4,246,593</u>	<u>\$ (186,927)</u>	<u>\$ 2,071</u>	<u>\$ 4,057,595</u>

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 3--DETAILED NOTES ON ALL FUNDS: (CONTINUED)

C. Capital Assets: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 541,464	\$ -	\$ -	\$ 541,464
Construction in progress	-	29,444	-	29,444
Total capital assets, not being depreciated	<u>\$ 541,464</u>	<u>\$ 29,444</u>	<u>\$ -</u>	<u>\$ 570,908</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,809,923	\$ -	\$ -	\$ 5,809,923
Utility distribution systems	22,894,360	895,106	-	23,789,466
Machinery and equipment	2,067,494	612,369	-	2,679,863
Total capital assets, being depreciated	<u>\$ 30,771,777</u>	<u>\$ 1,507,475</u>	<u>\$ -</u>	<u>\$ 32,279,252</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (3,169,220)	\$ (158,116)	\$ -	\$ (3,327,336)
Utility distribution systems	(6,661,397)	(537,150)	-	(7,198,547)
Machinery and equipment	(1,514,490)	(141,680)	-	(1,656,170)
Total accumulated depreciation	<u>\$ (11,345,107)</u>	<u>\$ (836,946)</u>	<u>\$ -</u>	<u>\$ (12,182,053)</u>
Net capital assets being depreciated	<u>\$ 19,426,670</u>	<u>\$ 670,529</u>	<u>\$ -</u>	<u>\$ 20,097,199</u>
Business-type activities capital assets, net	<u>\$ 19,968,134</u>	<u>\$ 699,973</u>	<u>\$ -</u>	<u>\$ 20,668,107</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>Depreciation</u>
Governmental activities:	
General government administration	\$ 77,974
Public works	<u>111,024</u>
Total depreciation expense - governmental activities	<u>\$ 188,998</u>
Business-type activities:	
Water and sewer	<u>\$ 836,946</u>

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 3—DETAILED NOTES ON ALL FUNDS: (CONTINUED)

D. Long-Term Obligations

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for refunding of general obligation bonds. Two general obligation bonds have been issued for proprietary activities. The bonds are reported in the proprietary funds as they are expected to be repaid from proprietary fund revenues. The general obligation bonds are direct obligations and pledged by the full faith and credit of the Town. These bonds generally are issued as serial bonds with an amount of principal maturing each year. General obligation bond and note amounts outstanding at June 30, 2024 are as follows:

	Amount
\$4,240,000 Virginia Resources Authority general obligation refunding bond, series 2020, 14 year bond dated July 5, 2020, at a varying interest rate of 4.125% to 5.125%, due in 14 annual principal installments starting October 1, 2020	\$ 3,265,000
\$2,600,000 Virginia Resources Authority general obligation refunding bond, series 2023, 20 year bond dated October 1, 2023, at a varying interest rate of 5.09%, due in 20 annual principal installments starting October 1, 2024	2,600,000
Total bonds payable	\$ 5,865,000

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2025	\$ 343,000	\$ 227,188
2026	363,000	257,836
2027	377,000	243,355
2028	402,000	218,545
2029	417,000	203,380
2030-2034	2,421,000	681,236
2035-2039	769,000	298,503
2040-2044	773,000	81,161
Total	\$ 5,865,000	\$ 2,211,204

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 3–DETAILED NOTES ON ALL FUNDS: (CONTINUED)

D. Long-Term Obligations: (Continued)

Note Payable. The Town had the following note outstanding at June 30, 2024:

	Amount
\$30,000 1976 note payable to Loudoun County, Virginia, no stated interest, payable \$750 for each designated out-of-town availability charged.	\$ 16,500

Long-term liability activity for the year ended June 30, 2024 was as follows:

	As Restated June 30, 2023	Additions	Retirements	June 30, 2024	Due Within One Year
Governmental activities:					
Compensated absences	\$ 51,865	\$ -	\$ 1,695	\$ 50,170	\$ 5,017
Net OPEB liability	20,287	14,120	12,984	21,423	-
Total	\$ 72,152	\$ 14,120	\$ 14,679	\$ 71,593	\$ 5,017
Business-type activities:					
General obligation bonds	\$ 3,510,000	\$ 2,600,000	\$ 245,000	\$ 5,865,000	\$ 343,000
Note payable	16,500	-	-	16,500	-
Compensated absences	138,956	-	82,748	56,208	5,621
Premiums on bonds	864,389	-	274,462	589,927	110,427
Net OPEB liability	31,730	22,085	20,308	33,507	-
Total	\$ 4,561,575	\$ 2,622,085	\$ 622,518	\$ 6,561,142	\$ 459,048

E. Interfund Transactions and Balances

Operating Transfers	Transfers	
	In	Out
General Fund	\$ 471,984	\$ 517,054
Capital Projects Fund	517,054	-
Water and Sewer Fund	-	471,984
	\$ 989,038	\$ 989,038

TOWN OF ROUND HILL, VIRGINIA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)**

NOTE 4--OTHER INFORMATION:

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined together with other municipalities in the Commonwealth of Virginia in several public entity risk pools (not self-insured) that operate as common risk management and insurance programs for member municipalities. The risk pools include:

VRSA: The Town has workers' compensation coverage with the Virginia Risk Sharing Association Liability Pool (VRSA). During the fiscal year 2024 the Town paid premiums of approximately \$12,145 in Workers Compensation to VRSA.

VRSA: The Town has general and excess liability, automobile, property, boiler and machinery, law enforcement liability, public officials, legal liability, and commercial crime insurance with the Virginia Risk Sharing Association Liability Pool (VRSA). During the fiscal year 2024, the Town paid contributions of approximately \$58,288 to the VRSA.

The town continues to carry the above commercial insurance for risks of loss. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

B. Surety Bonds

The Town maintains a \$25,000 blanket surety bond on all employees through the VRSA.

NOTE 5--PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town and (nonprofessional) employees of public school divisions 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.

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

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 1, 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.
- 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 equals 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.

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5--PENSION PLAN: (CONTINUED)

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.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	4
Non-vested inactive members	4
Inactive members active elsewhere in VRS	<u>6</u>
Total inactive members	14
Active members	<u>13</u>
Total covered employees	<u><u>39</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, 2024 was 7.07% 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 \$66,399 and \$71,727 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Net Pension Asset

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

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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment 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 ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

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

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

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5--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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5—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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 2,712,842	\$ 2,767,185	\$ (54,343)
Changes for the year:			
Service cost	\$ 112,467	\$ -	\$ 112,467
Interest	188,229	-	188,229
Differences between expected and actual experience	(58,291)	-	(58,291)
Contributions - employer	-	71,723	(71,723)
Contributions - employee	-	51,492	(51,492)
Net investment income	-	182,648	(182,648)
Benefit payments, including refunds	(73,461)	(73,461)	-
Administrative expenses	-	(1,731)	1,731
Other changes	-	74	(74)
Net changes	\$ 168,944	\$ 230,745	\$ (61,801)
Balances at June 30, 2023	\$ 2,881,786	\$ 2,997,930	\$ (116,144)

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town			
Net Pension Liability (Asset)	\$ 298,524	\$ (116,144)	\$ (456,144)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$100,678. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,161	\$ 33,166
Net difference between projected and actual earnings on pension plan investments	-	41,922
Employer contributions subsequent to the measurement date	66,399	-
Total	\$ 106,560	\$ 75,088

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 5--PENSION PLAN: (CONTINUED)

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

\$66,399 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, 2025. 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>Primary Government</u>
2025	\$ (15,875)
2026	(59,588)
2027	39,384
2028	1,152
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 6--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.

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 6—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 \$9,254 as of June 30, 2024.

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, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Group Life Insurance Plan from the entity were \$5,573 and \$5,831 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the State revenues of the financial statements.

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 6–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

At June 30, 2024, the entity reported a liability of \$54,929 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer’s proportion was .00432% as compared to .00458% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$2,969. 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, 2024, 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	\$ 5,486	\$ 1,667
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,207
Change in assumptions	1,174	3,806
Changes in proportionate share	9,027	4,650
Employer contributions subsequent to the measurement date	<u>5,573</u>	<u>-</u>
Total	<u>\$ 21,260</u>	<u>\$ 12,330</u>

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 6—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)

\$5,573 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 107
2026	(436)
2027	2,402
2028	198
2029	1,086
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. 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%
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

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 6–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each 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

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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)

NOTE 6—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.20%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

TOWN OF ROUND HILL, VIRGINIA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)**

NOTE 6–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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	\$ 81,421	\$ 54,929	\$ 33,509

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF ROUND HILL, VIRGINIA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 (CONTINUED)**

NOTE 7—RESTATEMENT OF BEGINNING BALANCES

The Town of Round Hill restated beginning balances to correct errors in the prior year. The correction of errors resulted in the following restatement of net position and fund balance:

	<u>Net Position</u> <u>Governmental</u> <u>Activities</u>	<u>Fund Balance</u> <u>General Fund</u>	<u>Net Position</u> <u>Business-Type</u> <u>Activities</u>
Balance, July 1, 2023, as previously stated	\$ 5,631,030	\$ 2,146,892	\$ 20,353,705
Error correction:			
GASB 75 reporting for GLI OPEB	(19,137)	-	(29,931)
GASB 68 reporting for net pension asset	9,894	9,894	(49,078)
Incorrectly reporting compensated absences on fund statements	-	51,865	-
Balance, as restated at July 1, 2023	<u>\$ 5,621,787</u>	<u>\$ 2,208,651</u>	<u>\$ 20,274,696</u>

NOTE 8—DEFICIT FUND BALANCE

A deficit unassigned fund balance of \$512,837 exists in the Capital Projects fund. The deficit results from the expenditure of funds without the transfer from the General Fund.

NOTE 9—SUBSEQUENT EVENTS

The Town of Round Hill has evaluated events and transactions subsequent to June 30, 2024 through March 19, 2025 the date these financial statements were available to be issued.

In July 2024, the Town awarded a contract to Johnston Construction Company in the amount of \$3,746,026.

Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Original & Final Budget	Actual	Variance Positive (Negative)
Revenues			
General Property Taxes	\$ 176,293	\$ 195,255	\$ 18,962
Other local taxes	139,540	113,529	(26,011)
Permits, fees, and licenses	41,197	54,065	12,868
Revenues from use of money and property	183,200	210,566	27,366
Miscellaneous	18,500	25,842	7,342
Intergovernmental	62,781	49,606	(13,175)
Total General Property Taxes	<u>\$ 621,511</u>	<u>\$ 648,863</u>	<u>\$ 27,352</u>
Expenditures			
General government administration	\$ 870,402	\$ 820,012	\$ 50,390
Public safety	17,000	7,000	10,000
Public works	118,840	116,705	2,135
Total Expenditures	<u>\$ 1,006,242</u>	<u>\$ 943,717</u>	<u>\$ (62,525)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (384,731)</u>	<u>\$ (294,854)</u>	<u>\$ 89,877</u>
Other Financing Sources			
Transfers in	\$ 384,731	\$ 471,984	\$ 87,253
Transfers out	-	(517,054)	(517,054)
Total other financing sources	<u>\$ 384,731</u>	<u>\$ (45,070)</u>	<u>\$ (429,801)</u>
Net change in fund balances	\$ -	\$ (339,924)	\$ (339,924)
Fund balances, beginning of year	<u>\$ 1,707,002</u>	<u>\$ 2,146,892</u>	<u>\$ 439,890</u>
Restatement - correction of error	<u>-</u>	<u>61,759</u>	<u>(61,759)</u>
Fund balance, beginning of year, as restated	<u>\$ 1,707,002</u>	<u>\$ 2,208,651</u>	<u>\$ 378,131</u>
Fund balances, end of year	<u><u>\$ 1,707,002</u></u>	<u><u>\$ 1,868,727</u></u>	<u><u>\$ 38,207</u></u>

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

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PENSION PLAN
FOR THE MEASUREMENT DATES OF JUNE 30, 2018 THROUGH JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability						
Service cost	\$ 112,467	\$ 105,686	\$ 98,330	\$ 79,502	\$ 76,278	\$ 87,881
Interest	188,229	164,734	137,497	123,000	128,014	115,023
Differences between expected and actual experience	(58,291)	154,909	36,758	77,866	(206,586)	41,384
Changes of assumptions	-	-	105,952	-	60,145	-
Benefit payments	(73,461)	(94,621)	(66,778)	(64,417)	(64,397)	(53,016)
Net change in total pension liability	<u>\$ 168,944</u>	<u>\$ 330,708</u>	<u>\$ 311,759</u>	<u>\$ 215,951</u>	<u>\$ (6,546)</u>	<u>\$ 191,272</u>
Total pension liability - beginning	<u>2,712,842</u>	<u>2,382,134</u>	<u>2,070,375</u>	<u>1,854,424</u>	<u>1,860,970</u>	<u>1,669,698</u>
Total pension liability - ending (a)	<u><u>\$ 2,881,786</u></u>	<u><u>\$ 2,712,842</u></u>	<u><u>\$ 2,382,134</u></u>	<u><u>\$ 2,070,375</u></u>	<u><u>\$ 1,854,424</u></u>	<u><u>\$ 1,860,970</u></u>
Plan fiduciary net position						
Contributions - employer	\$ 71,723	\$ 31,533	\$ 31,852	\$ 38,017	\$ 32,966	\$ 35,848
Contributions - employee	51,492	45,297	44,850	39,673	34,080	40,763
Net investment income	182,648	(3,476)	602,058	40,782	134,062	136,558
Benefit payments	(73,461)	(94,621)	(66,778)	(64,417)	(64,397)	(53,016)
Administrator charges	(1,731)	(1,720)	(1,448)	(1,347)	(1,285)	(1,135)
Other	74	65	57	(49)	(85)	(124)
Net change in plan fiduciary net position	<u>\$ 230,745</u>	<u>\$ (22,922)</u>	<u>\$ 610,591</u>	<u>\$ 52,659</u>	<u>\$ 135,341</u>	<u>\$ 158,894</u>
Plan fiduciary net position - beginning	<u>2,767,185</u>	<u>2,790,107</u>	<u>2,179,516</u>	<u>2,126,857</u>	<u>1,991,516</u>	<u>1,832,622</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,997,930</u></u>	<u><u>\$ 2,767,185</u></u>	<u><u>\$ 2,790,107</u></u>	<u><u>\$ 2,179,516</u></u>	<u><u>\$ 2,126,857</u></u>	<u><u>\$ 1,991,516</u></u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (116,144)</u>	<u>\$ (54,343)</u>	<u>\$ (407,973)</u>	<u>\$ (109,141)</u>	<u>\$ (272,433)</u>	<u>\$ (130,546)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.03%	102.00%	117.13%	105.27%	114.69%	107.01%
Covered payroll	\$ 1,079,751	\$ 1,041,292	\$ 979,649	\$ 933,789	\$ 797,695	\$ 694,317
Town's net pension liability (asset) as a percentage of covered payroll	-10.76%	-5.22%	-41.64%	-11.69%	-34.15%	-18.80%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

<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>
Primary Government					
2024	\$ 66,399	\$ 66,399	-	\$ 1,032,109	6.43%

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

Schedule is intended to show information for 10 years. Information prior to the 2024 valuation is not available. However, additional years will be included as they become available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

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

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

**SCHEDULE OF TOWN'S SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE MEASUREMENT DATE OF JUNE 30, 2023**

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.0043% \$	54,929 \$	1,079,751	5.09%	69.30%

Schedule is intended to show information for 10 years. Information prior to the 2023 valuation is not available. However, additional years will be included as they become available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

<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>
2024	\$ 5,573	\$ 5,573	\$ -	\$ 1,032,109	0.54%

Schedule is intended to show information for 10 years. Information prior to the 2024 is not available. However, additional years will be included as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE YEAR ENDED JUNE 30, 2024

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

Non-Largest 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

Other Supplementary Information

Supporting Schedules

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Original & Final Budget	Actual	Variance Positive (Negative)
Sources of Revenues			
General Property Taxes			
Real and personal property taxes	\$ 176,293	\$ 195,255	\$ 18,962
Total General Property Taxes	<u>\$ 176,293</u>	<u>\$ 195,255</u>	<u>\$ 18,962</u>
Other Local Taxes			
Sales taxes	\$ 105,600	\$ 84,240	\$ (21,360)
Consumer utility tax	14,221	9,061	(5,160)
Cigarette tax	19,719	20,228	509
Total Other Local Taxes	<u>\$ 139,540</u>	<u>\$ 113,529</u>	<u>\$ (26,011)</u>
Permits, Fees and Licenses			
Zoning permits	\$ 1,000	\$ 11,400	\$ 10,400
Business licenses	26,347	26,530	183
Motor vehicle licenses	13,850	16,135	2,285
Total Permits, Fees, and Licenses	<u>\$ 41,197</u>	<u>\$ 54,065</u>	<u>\$ 12,868</u>
Revenues from Use of Money and Property			
Office rental income	\$ 13,200	\$ 12,660	\$ (540)
Cell antenna revenue	170,000	166,110	(3,890)
Interest on bank deposits	-	31,796	31,796
Total Revenues from Use of Money and Property	<u>\$ 183,200</u>	<u>\$ 210,566</u>	<u>\$ 27,366</u>
Miscellaneous			
Town events	\$ 12,000	\$ 18,230	\$ 6,230
Other	6,500	7,612	1,112
Total Other Revenue	<u>\$ 18,500</u>	<u>\$ 25,842</u>	<u>\$ 7,342</u>
Intergovernmental			
Communication Tax	\$ 28,668	\$ 9,375	\$ (19,293)
State grants	5,500	6,585	1,085
State aid - fire department	10,000	15,000	5,000
State aid - personal property	18,613	18,646	33
Total Intergovernmental	<u>\$ 62,781</u>	<u>\$ 49,606</u>	<u>\$ (13,175)</u>
Total General Fund Revenues	<u>\$ 621,511</u>	<u>\$ 648,863</u>	<u>\$ 27,352</u>
Other Financing Sources			
Transfers in	\$ 384,731	\$ 471,984	\$ 87,253
Total Other Financing Sources	<u>\$ 384,731</u>	<u>\$ 471,984</u>	<u>\$ 87,253</u>
Total General Fund Revenues and Other Financing Sources	<u><u>\$ 1,006,242</u></u>	<u><u>\$ 1,120,847</u></u>	<u><u>\$ 114,605</u></u>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Original & Final Budget	Actual	Variance Positive (Negative)
General Government			
Administration			
Full time staff	\$ 363,612	\$ 366,450	\$ (2,838)
Part time staff	168,415	138,453	29,962
Auditing and accounting	7,000	7,643	(643)
Subcontractors	15,000	8,504	6,496
Legal fees	33,000	37,255	(4,255)
Postage and box rental	1,000	1,240	(240)
Office supplies	4,000	1,901	2,099
Payroll taxes	40,700	37,812	2,888
Worker's benefits	56,904	71,919	(15,015)
Printing	1,000	633	367
Retirement benefits	24,742	23,513	1,229
Office equipment and maintenance	18,322	18,368	(46)
Town notices	3,400	3,966	(566)
Dues and subscriptions	3,000	2,363	637
Training - staff and officials	17,450	8,620	8,830
Election	2,000	-	2,000
Collection fees	2,027	2,431	(404)
Building and grounds			
Utilities	8,090	6,463	1,627
Security	2,350	2,060	290
Cleaning	4,775	4,680	95
Maintenance	5,000	1,956	3,044
Other expenses			
Town events	34,000	36,586	(2,586)
Virginia Arts grant	9,000	9,000	-
Liability and other insurance	11,852	16,807	(4,955)
Newsletter	1,250	1,250	-
Miscellaneous	3,100	6,704	(3,604)
Contingency	29,413	3,435	25,978
Total General Government	<u>\$ 870,402</u>	<u>\$ 820,012</u>	<u>\$ 50,390</u>
Public Safety			
Fire department	<u>\$ 17,000</u>	<u>\$ 7,000</u>	<u>\$ 10,000</u>
Public Works			
Trash removal/recycling	\$ 67,840	\$ 72,532	\$ (4,692)
Street lighting	9,000	8,791	209
Streets and sidewalks	8,000	8,484	(484)
Park maintenance and supplies	34,000	26,898	7,102
Total Public Works	<u>\$ 118,840</u>	<u>\$ 116,705</u>	<u>\$ 2,135</u>
Total General Fund Expenditures	<u><u>\$ 1,006,242</u></u>	<u><u>\$ 943,717</u></u>	<u><u>\$ 62,525</u></u>

Other Information

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2024**

Assessed value of taxable real property	\$ <u>164,547,270</u>
Debt limit (10% of assessed value)	\$ 16,454,727
Amount of debt applicable to debt limitation	<u>-</u>
Legal debt margin	\$ <u>16,454,727</u>

Section 15.1-176 of 1950 Code of Virginia, as amended, limits to 10% of the assessed valuation of the real estate subject to taxation as the amount of debt which can be issued by the town. Debt includes any bonds or other interest bearing obligations including existing indebtedness. Excluded from the debt margin calculation are bonds payable from enterprise funds issued under Article VII Section 10(a)(2) of the Constitution of Virginia (formerly Clause (B) of Section 127 of the Constitution of Virginia). This exclusion applies to the 2020 and 2023 bond obligations.

Taxable assessed value is as of January 1, 2024 and excludes real property owned by public service corporations, other supplements and reduced for abatements and elderly relief.

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 Mayor and Members of Town Council
Town of Round Hill, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Round Hill, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Round Hill, Virginia's basic financial statements and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Round Hill, 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 Town of Round Hill, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Round Hill, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Round Hill, 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*.

Town of Round Hill, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Town of Round Hill, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Round Hill, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 this communication is not suitable for any other purpose.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

March 19, 2025

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

2024-001

Criteria:	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires an adequate level of technical expertise.
Condition:	The Town currently lacks sufficient technical knowledge to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America.
Cause:	Town staff do not have the knowledge, nor does the Town utilize a third-party consultant, to prepare financial statements free from material misstatement.
Effect:	The financial records prepared by management required significant audit adjustments to be in conformity with accounting principles generally accepted in the United States of America.
Recommendation:	It is recommended that Town staff obtain additional technical training or use a third-party consultant to prepare the financial statements free of material misstatement.
Management's response:	The Town has limited resources to meet financial reporting requirements. However, other controls are in place to mitigate associated risks. The Town Treasurer provides monthly financial reports for review by Town Council that is considered an integral part of the monitoring controls over the Town's financial records.

2024-002

Criteria:	The Town should be able to produce accurate financial reporting from the accounting software.
Condition:	The Town's current accounting software does not allow for financial reports to be run for a certain period, leading to inaccurate reporting.
Cause:	Certain funds within the Town's accounting software do not close on an annual basis, leading to balances in these funds being misstated as they are the cumulative balance rather than an annual cutoff.
Effect:	The financial records prepared by management required significant manual audit adjustment to be materially correct.
Recommendation:	It is recommended that Town use a third-party consultant to prepare financials that are materially correct before the audit begins.
Management's response:	The Town has limited resources to meet financial reporting requirements. However, other controls are in place to mitigate associated risks. The Town Treasurer provides monthly financial reports for review by Town Council that is considered an integral part of the monitoring controls over the Town's financial records.