

**TOWN OF ROUND HILL, VIRGINIA**

*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

**FOR THE FISCAL YEAR ENDED  
June 30, 2023**

**TOWN OF ROUND HILL, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2023**

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**TOWN OF ROUND HILL, VIRGINIA  
JUNE 30, 2023**

**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 AUDITOR'S REPORT**

To The Honorable Mayor and Members of Town Council  
Town of Round Hill, Virginia  
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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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.

### **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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 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 management's discussion and analysis 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 management's discussion and analysis information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Round Hill, Virginia's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 sections 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.

February 21, 2024  
Leesburg, Virginia

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Round Hill, Virginia, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Round Hill, Virginia for the fiscal year ended June 30, 2023.

### Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$259,984,735.
- The Town's total net position decreased by \$258,503 for fiscal year ended June 30, 2023
- As of the close of the current fiscal year, the Town of Round Hill's governmental funds reported combined ending fund balances of \$5,631,030, an increase of \$357,301 in comparison with the prior year. \$1,384,437 is available for spending at the government's discretion.
- The Town's total bonded debt decreased by \$230,000 during the current fiscal year.

### Overview of the Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all Town assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Round Hill that are principally supported by taxes and intergovernmental revenues, (governmental activities), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, (business-type activities). The governmental activities of the Town of Round Hill include general government, public safety, and public works. The business-type activities of the Town include water and sewer. The government-wide financial statements can be found on pages 11-12 of this report.

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

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

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

The Town adopts an annual appropriated budget for its general fund capital projects fund and adopts a nonbinding budget for its water sewer fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget related to basic general government activities.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

**Proprietary funds.** The Town of Round Hill, Virginia uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The Town's only enterprise fund is the water and sewer fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found starting on pages 17-19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-42 of this report.

**Supplementary Information.** A detailed schedule of general fund revenue and expenditures along with additional supplementary information are presented immediately following the notes to the financial statements. This supplementary information can be found on pages 43-48 of this report.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Round Hill, Virginia, assets exceeded liabilities by \$25,981,588 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Round Hill uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table presents a summary of the Town's net position by type of activity as of June 30, 2023.

<b>TOWN OF ROUND HILL - NET POSITION</b>			
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current and other assets	\$ 2,670,099	\$ 4,967,746	\$ 7,637,845
Capital assets	4,246,593	19,968,134	24,214,727
Total Assets	6,916,692	24,935,880	31,852,572
 Deferred Outflows of Resources	 28,216	 133,353	 161,569
 <b>Liabilities</b>			
Long-term liabilities	9,809	4,562,495	4,572,304
Other liabilities	984,528	104,042	1,088,570
Total Liabilities	994,337	4,666,537	5,660,874
 Deferred Inflows of Resources	 319,541	 48,991	 368,532
 <b>Net Position</b>			
Net investment in capital assets	4,246,593	16,441,634	20,688,227
Restricted	-	-	-
Unrestricted	1,384,437	3,912,071	5,296,508
Total Net Position	\$ 5,631,030	\$ 20,353,705	\$ 25,984,735

The remaining balance of unassigned net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Round Hill is able to report positive balances for both of the categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The Town's net position increased by \$354,150

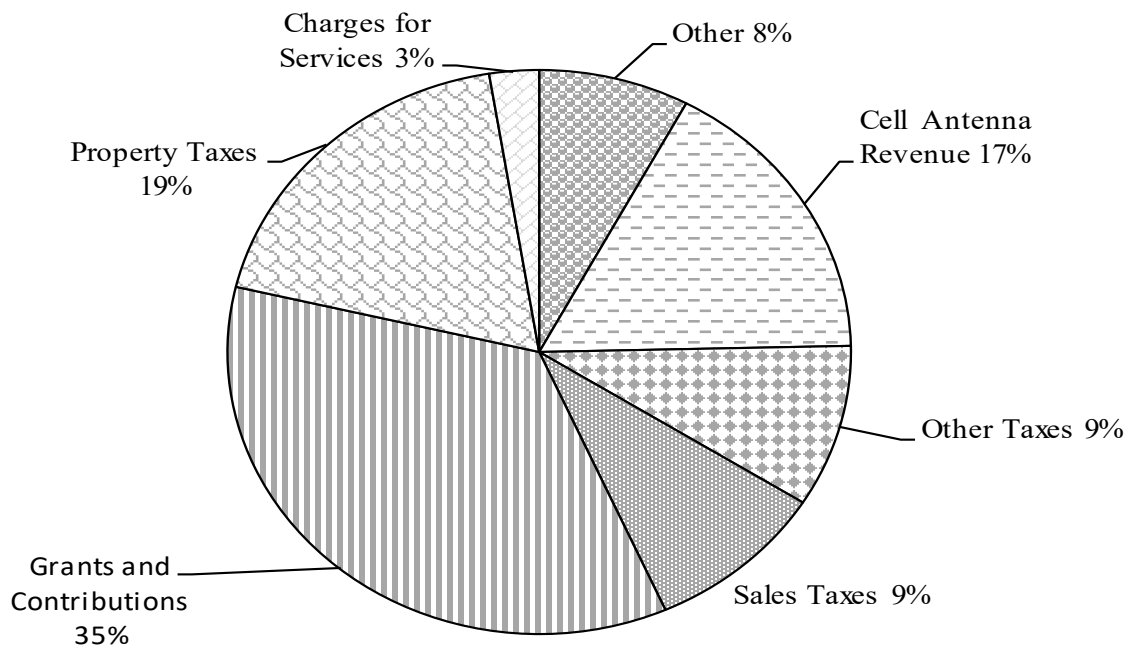
**Governmental activities.** Governmental activities increased the Town's net position by \$354,150. These changes are presented in column one of the following table:

<b>TOWN OF ROUND HILL - CHANGES IN NET POSITION</b>			
	Governmental Activities	Business-type Activities	Total
Program Revenues			
Charges for services	\$ 25,964	\$ 2,514,048	\$ 2,540,012
Operating grants and contributions	19,745	-	19,745
Capital grants and contributions	340,305	92,368	432,673
General Revenues			
Property taxes	188,935	-	188,935
Other taxes and licenses	188,871	-	188,871
Cell antenna revenue	170,265	-	170,265
Other	78,556	115,865	194,421
Total Revenues	1,012,641	2,722,281	3,734,922
Expenses			
General government	764,612	-	764,612
Public safety	22,000	-	22,000
Public works	120,257	-	120,257
Capital projects	113,832	-	113,832
Water and sewer	-	2,972,724	2,972,724
Total Expenses	1,020,701	2,972,724	3,993,425
Transfers	365,361	(365,361)	-
Increase in Net Position	357,301	(615,804)	(258,503)
Net Position - 07/01/22	5,273,729	20,969,509	26,243,238
Net Position - 06/30/23	\$ 5,631,030	\$ 20,353,705	\$ 25,984,735

The following chart presents a graphic representation of the Town's governmental activities and the related revenue structure for fiscal year 2023.

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#### Revenues by Source – Governmental Activities



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**Business-type activities.** Business-type activities increased the Town's net position by \$615,800. Key elements of this change are as follows.

Available fees collected in FYE 06/30/23 - \$92,368

#### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Round Hill's governmental funds reported ending fund balances of \$1,269,075, a decrease of \$60,896 in comparison with the prior year. Of this fund balance amount, \$1,269,075 is unassigned fund balance, which is available for spending at the government's discretion.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,146,891. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance of \$2,146,891 is about 231% of the total general fund expenditures of \$929,988.

The fund balance of the Town of Round Hill, Virginia's general fund increased by \$427,340 during the current fiscal year. The key factors in this increase was the transfer from water and sewer fund, \$365,361.

**Proprietary funds.** The Town of Round Hill's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the water and sewer fund at the end of the year amounted to \$20,353,709. The total increase in net position for proprietary funds was \$615,800. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Round Hill, Virginia's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$24,214,727 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and roads.

Major capital asset events during the current fiscal year include donation of park and improvements, purchase of park improvements and purchase equipment, water/sewer system improvements, and sidewalk improvements during the year.

The table below summarizes the capital assets of the Town at June 30, 2023.

TOWN OF ROUND HILL - CAPITAL ASSETS			
(Net of accumulated depreciation)			
	Governmental Activities	Business-type Activities	Total
Land	\$ 1,445,067	\$ 541,464	\$ 1,986,531
Buildings and improvements	322,959	2,640,703	2,963,662
Parks and improvements	880,325	-	880,325
Utility distribution systems	-	16,232,963	16,232,963
Furniture and fixtures	-	-	-
Machinery and equipment	(2,071)	553,004	550,933
Sidewalk improvements	1,600,313	-	1,600,313
Total	\$ 4,246,593	\$ 19,968,134	\$ 24,214,727

Additional information on the Town of Round Hill capital assets can be found in note III. C on pages 29-30 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Round Hill, Virginia had total bonded debt outstanding of \$3,265,000 2020 VRS Bond. This entire amount comprises debt backed by the full faith and credit of the government even though all of it will be repaid from proprietary fund revenue.

Additional information on the Town of Round Hill's long-term debt can be found in note III. E on pages 31-32 of this report.

### **Requests for Information**

This report is designed to provide a general overview of the Town of Round Hill's finances for all those with an interest in the government's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Town of Round Hill, 23 Main Street, P.O. Box 36, Round Hill, Virginia 20142.

**TOWN OF ROUND HILL, VIRGINIA**  
**GOVERNMENT WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 981,136	\$ 1,435,922	\$ 2,417,058
Virginia Investment Pool	1,234,086	3,025,074	4,259,160
Receivables (net, where applicable, of allowance for uncollectible)			
Property taxes, including penalties	35,618	-	35,618
Utility taxes	1,100	-	1,100
Accounts	-	459,632	459,632
Tower rental	2,998	-	2,998
Tower lease	126,416	-	126,416
Due from other governments	8,475	-	8,475
Restricted assets, cash on deposit			
Customer deposits	-	12,773	12,773
Overfunded pension asset	280,270	34,345	314,615
Capital assets (net of accumulated depreciation)			
Land	1,445,067	541,464	1,986,531
Buildings and improvements	322,959	2,640,703	2,963,662
Parks and improvements	880,325	-	880,325
Utility distribution systems	-	16,232,963	16,232,963
Furniture and fixtures	-	-	-
Machinery and equipment	(2,071)	553,004	550,933
Streets, sidewalk and improvements	1,600,313	-	1,600,313
<b>Total assets</b>	<b>6,916,692</b>	<b>24,935,880</b>	<b>31,852,572</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunded debt	-	-	-
Deferred pension obligation	28,216	133,353	161,569
<b>Total deferred outflows</b>	<b>28,216</b>	<b>133,353</b>	<b>161,569</b>
<b>Liabilities</b>			
Accounts payable and other liabilities	36,397	49,210	85,607
Accrued interest payable	-	42,059	42,059
Public Improvement Escrow	36,664	-	36,664
Liabilities payable from restricted assets	-	12,773	12,773
Reserve for proffers	859,602	-	859,602
Noncurrent liabilities:			
Due within one year	51,865	245,000	296,865
Due in more than one year	9,809	4,317,495	4,327,304
<b>Total liabilities</b>	<b>994,337</b>	<b>4,666,537</b>	<b>5,660,874</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflow	193,125	48,991	242,116
Deferred lease inflow	126,416	-	126,416
<b>Total deferred outflows</b>	<b>319,541</b>	<b>48,991</b>	<b>368,532</b>
<b>Net Position</b>			
Net investment in capital assets	4,246,593	16,441,634	20,688,227
Restricted	-	-	-
Unrestricted	1,384,437	3,912,071	5,296,508
<b>Total net position</b>	<b>\$ 5,631,030</b>	<b>\$ 20,353,705</b>	<b>\$ 25,984,735</b>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 764,612	\$ 25,964	\$ 3,150	\$ -	\$ (735,498)	\$ -	\$ (735,498)
Public safety	22,000	-	15,000	-	(7,000)	-	(7,000)
Public works	120,257	-	1,595	340,305	221,643	-	221,643
Capital projects	113,832	-	-	-	(113,832)	-	(113,832)
Total governmental activities	1,020,701	25,964	19,745	340,305	(634,687)	-	(634,687)
Business-type activities							
Water & Sewer	2,972,724	2,514,048	-	92,368	-	(366,308)	(366,308)
Total business-type activities	2,972,724	2,514,048	-	92,368	-	(366,308)	(366,308)
Total primary government	\$ 3,993,425	\$ 2,540,012	\$ 19,745	\$ 432,673	(634,687)	(366,308)	(1,000,995)
General revenues							
Property taxes					188,935	-	188,935
Sales taxes					95,233	-	95,233
Motor vehicle licenses					24,751	-	24,751
Business licenses					21,163	-	21,163
Communication taxes					15,166	-	15,166
Cell antenna revenue					170,265	-	170,265
Consumer taxes					12,155	-	12,155
Cigarette taxes					20,403	-	20,403
Virginia personal property tax reduction					18,613	-	18,613
Rental income					12,660	-	12,660
Investment earnings					47,283	115,865	163,148
Sale of equipment					-	-	-
Transfers					365,361	(365,361)	-
Total general revenues and transfers					991,988	(249,496)	742,492
Change in net position					357,301	(615,804)	(258,503)
Net position - beginning					5,273,729	20,969,509	26,243,238
Net position - ending					\$ 5,631,030	\$ 20,353,705	\$ 25,984,735

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

**TOWN OF ROUND HILL, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General	Capital Projects	Total Governmental
<b>Assets</b>			
Cash and cash equivalents	\$ 1,763,220	\$ (782,084)	\$ 981,136
Virginia Investment Pool	431,208	802,878	1,234,086
Receivables			
Property taxes	35,618	-	35,618
Utility taxes	1,100	-	1,100
Tower rental	2,998	-	2,998
Due from other governments	8,475	-	8,475
<b>Total assets</b>	<b>\$ 2,242,619</b>	<b>\$ 20,794</b>	<b>\$ 2,263,413</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable and other liabilities	\$ 34,052	\$ 2,345	\$ 36,397
Public improvements escrow funds	-	36,664	36,664
Compensated absences	51,865		51,865
Post retirement benefits	9,809	-	9,809
Reserve for proffers	-	859,602	859,602
<b>Total liabilities</b>	<b>95,726</b>	<b>898,611</b>	<b>994,337</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	-	-
<b>Fund balances</b>			
Unassigned, reported in General Fund	2,146,892	(877,817)	1,269,075
Restricted	-	-	-
<b>Total fund balances</b>	<b>2,146,892</b>	<b>(877,817)</b>	<b>1,269,075</b>
<b>Total liabilities and fund balances</b>			
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,246,593	-	4,246,593
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	-	-	-
Pension obligation reporting.	115,361	-	115,361
<b>Net position of governmental activities</b>	<b>\$ 6,508,846</b>	<b>\$ (877,817)</b>	<b>\$ 5,631,029</b>

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



**TOWN OF ROUND HILL, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General Fund</b>	<b>Capital Project Funds</b>	<b>Total Governmental</b>
<b>Revenues</b>			
General property taxes	\$ 202,171	\$ -	\$ 202,171
Other local taxes	127,791	-	127,791
Permits, licenses, and fees	49,589	-	49,589
Revenues from use of money and property	199,449	30,759	230,208
Events/sales/other	22,289	-	22,289
Intergovernmental	390,679	3,150	393,829
Loudoun County transportation proffers	-	-	-
<b>Total revenues</b>	<b>991,968</b>	<b>33,909</b>	<b>1,025,877</b>
<b>Expenditures</b>			
General government	787,731	-	787,731
Public safety	22,000	-	22,000
Public works	120,257	-	120,257
Capital projects/improvements	-	522,146	522,146
<b>Total expenditures</b>	<b>929,988</b>	<b>522,146</b>	<b>1,452,134</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>61,980</b>	<b>(488,237)</b>	<b>(426,257)</b>
<b>Other Financing Sources</b>			
Transfers in	365,361	-	365,361
Capital contributions	-	-	-
<b>Total other financing sources</b>	<b>365,361</b>	<b>-</b>	<b>365,361</b>
<b>Net change in fund balances</b>	<b>427,341</b>	<b>(488,237)</b>	<b>(60,896)</b>
<b>Fund balance - beginning</b>	<b>1,719,551</b>	<b>(389,580)</b>	<b>1,329,971</b>
<b>Fund balance - ending</b>	<b>\$ 2,146,892</b>	<b>\$ (877,817)</b>	<b>\$ 1,269,075</b>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**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, 2023**

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

Net change in fund balances - total governmental funds	\$	(60,896)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		453,755
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.		(45,442)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(13,236)
Pension funding obligation changes are reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, the changes in the pension obligation requirements are not reported as a liability in the governmental funds.		<u>23,119</u>
Change in net position of governmental activities	\$	<u><u>357,300</u></u>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
General property taxes	\$ 166,684	\$ 202,171	\$ 35,487
Other local taxes	120,200	127,791	7,591
Permits, fees, and licenses	30,900	49,589	18,689
Revenues from use of money and property	183,200	199,449	16,249
Events/sales/other	14,500	22,289	7,789
Intergovernmental	48,613	390,679	342,066
<b>Total revenues</b>	<u>564,097</u>	<u>991,968</u>	<u>427,871</u>
<b>Expenditures</b>			
General government administration	784,391	787,731	(3,340)
Public safety	22,000	22,000	-
Public works	105,935	120,257	(14,322)
<b>Total expenditures</b>	<u>912,326</u>	<u>929,988</u>	<u>(17,662)</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(348,229)</u>	<u>61,980</u>	<u>410,209</u>
<b>Other Financing Sources</b>			
Transfers in	<u>335,680</u>	<u>365,361</u>	<u>29,681</u>
<b>Total other financing sources</b>	<u>335,680</u>	<u>365,361</u>	<u>29,681</u>
<b>Net change in fund balances</b>	<u>(12,549)</u>	<u>427,341</u>	<u>439,890</u>
<b>Fund balances - beginning</b>	<u>1,719,551</u>	<u>1,719,551</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,707,002</u>	<u>\$ 2,146,892</u>	<u>\$ 439,890</u>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-type Activities	
	Water And Sewer Current Year	Memorandum Only Water And Sewer Prior Year
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,435,922	\$ 2,477,911
Virginia Investment Pool	3,025,074	2,909,209
Accounts receivable	459,632	445,687
Total current assets	4,920,628	5,832,807
Noncurrent assets		
Restricted assets, cash on deposit		
Bond escrow funds	-	-
Customer deposits	12,773	13,663
Total restricted assets	12,773	13,663
Overfunded pension asset	34,345	257,839
Capital assets		
Land, buildings, and structures	6,351,387	6,351,387
Utility distribution systems	22,894,360	22,412,225
Equipment	2,067,494	1,977,136
Less accumulated depreciation	(11,345,107)	(10,669,306)
Total capital assets (net of accumulated depreciation)	19,968,134	20,071,442
Total noncurrent assets	20,015,252	20,342,944
<b>Total assets</b>	<b>24,935,880</b>	<b>26,175,751</b>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunded debt	-	-
Deferred pension obligation	133,353	90,903
<b>Total deferred outflows</b>	<b>133,353</b>	<b>90,903</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and other liabilities	49,210	196,330
Accrued interest payable	42,059	45,006
General obligation bonds - current	245,000	230,000
Total current liabilities	336,269	471,336
Current liabilities payable from restricted assets		
Customer deposits payable	12,773	13,663
Total current liabilities payable from restricted assets	12,773	13,663
Noncurrent liabilities		
Compensated absences	138,956	125,641
Post retirement benefits	32,651	33,250
Premium on bonds	864,388	936,424
Notes payable	16,500	16,500
General obligation bonds payable	3,265,000	3,510,000
Total noncurrent liabilities	4,317,495	4,621,815
<b>Total liabilities</b>	<b>4,666,537</b>	<b>5,106,814</b>
<b>Deferred Inflows of Resources</b>		
Deferred pension inflow	48,991	190,331
<b>Net Position</b>		
Net investment in capital assets	16,441,634	16,314,942
Unrestricted	3,912,071	4,654,567
<b>Total net position</b>	<b>\$ 20,353,705</b>	<b>\$ 20,969,509</b>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities	
	Water And Sewer Current Year	Memorandum Only Water And Sewer Prior Year
<b>Operating revenues:</b>		
Charges for services	\$ 2,465,448	\$ 2,307,458
Connection fees	38,876	68,950
Meter fees and miscellaneous revenue	9,724	10,202
<b>Total operating revenues</b>	<b>2,514,048</b>	<b>2,386,610</b>
<b>Operating expenses:</b>		
Personal services	841,053	745,984
Fringe benefits	329,600	237,180
Depreciation	675,801	664,201
Office expense	68,390	58,432
Truck expense	32,581	39,273
Engineering support	59,169	57,092
Supplies	181,150	180,947
Repairs and maintenance	361,792	340,390
Insurance	33,619	32,971
Utilities	174,071	139,322
Telephone	12,478	8,553
Licenses and permits	7,659	8,134
Miscellaneous	21,131	4,422
Sludge removal	30,735	9,772
Safety	2,439	7,860
Professional fees	41,908	31,302
<b>Total operating expenses</b>	<b>2,873,576</b>	<b>2,565,835</b>
<b>Operating Income</b>	<b>(359,528)</b>	<b>(179,225)</b>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	115,865	7,722
Bond interest (net amortization)	(99,148)	(126,217)
Sale of equipment	-	7,245
<b>Total nonoperating (expenses)</b>	<b>16,717</b>	<b>(111,250)</b>
<b>Surplus (loss) before contributions and transfers</b>	<b>(342,811)</b>	<b>(290,475)</b>
<b>Transfers and capital contributions</b>		
Availability fees	92,368	1,038,124
Capital contributions	-	-
Transfers (out)	(365,361)	(323,791)
<b>Total transfers and capital contributions</b>	<b>(272,993)</b>	<b>714,333</b>
<b>Change in net position</b>	<b>(615,804)</b>	<b>423,858</b>
<b>Total net position - beginning of year</b>	<b>20,969,509</b>	<b>20,545,651</b>
<b>Total net position - end of year</b>	<b>\$ 20,353,705</b>	<b>\$ 20,969,509</b>

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

**TOWN OF ROUND HILL, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water and Sewer</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 2,500,103
Payments to suppliers	(1,175,132)
Payments to employees	(1,118,233)
Net cash provided by operating activities	<u>206,738</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers to other funds	(365,361)
Net cash (used in) noncapital and related financing activities	<u>(365,361)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Availability fees	92,368
Acquisition and construction of capital assets	(572,493)
Principal paid on capital debt	(230,000)
Sale of assets	-
Interest paid on capital debt	(174,131)
Net cash used in capital and related financing activities	<u>(884,256)</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of investments	(115,865)
Interest and dividends received	115,865
Net cash provided by investing activities	<u>-</u>
Net increase in cash and cash equivalents	(1,042,879)
Cash and cash equivalents July 1, 2022	<u>2,491,574</u>
Cash and cash equivalents June 30, 2023	<u>\$ 1,448,695</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>	
Operating income	\$ (359,528)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	675,801
Postretirement benefit	(599)
(Increase) in accounts receivable	(13,945)
(Increase) in pension asset	181,044
(Decrease) in accounts payable	(147,120)
(Decrease) in customer deposits	(890)
Increase in compensated absences	13,315
(Decrease) in deferred pension	(141,340)
Total adjustments	566,266
Net cash provided by operating activities	<u>\$ 206,738</u>

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

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### I. 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 government 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 at 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.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### I. 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 County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County. 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 measureable 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 non-major 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.

The government reports the following major proprietary funds:

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



## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

---

#### I. 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 authority 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.

When assigned, restricted and unassigned resources are available for use, it is the government's policy to use restricted resources first, then assigned and then unassigned resources as they are needed.

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

###### 1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value, which approximates cost due to the short-term nature of the investment maturities.

###### 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve 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.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### D. Assets, Liabilities and Net Position or Fund Balance (Continued)

##### 2. Receivables and Payables (Continued)

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 will be 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 their estimated fair value at the date of donation.

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has adopted GASB Statement No. 51, *Accounting for Financial Reporting for Intangible Assets*. This statement requires all identifiable assets not excluded by its scope provisions be classified as capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the utility fund during the current fiscal year was \$99,149.

No interest expense was included as part of the cost of capital assets under construction in connection with water and sewer construction projects for FY23.

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

Types of Assets	Years
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 general and capital projects funds report a liability for proffers of \$859,602. 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.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### D. Assets, Liabilities and Net Position or Fund Balance (Continued)

##### 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.

##### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town of Round Hill has two items that qualify for reporting in this category: (1) Deferred charge on refunding debt reported in the proprietary funds financial statement of net position and government wide financial statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; and, (2) Deferred pension obligation reporting 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. A deferred charge pension obligation results from advance payments on the pension funding prior to the actuarial report establishing the funding requirement.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(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. The deferred pension inflow results from the net difference between projected and actual earnings on plan investments.

##### 10. Net Position

Net position is the difference between assets and liabilities. Net position invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### D. Assets, Liabilities and Net Position or Fund Balance (Continued)

###### 11. Fund Balance

The Town has adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **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 is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

##### E. Pensions

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

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### II. 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 department 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.

##### B. Excess of Expenditures over Appropriations

For the year ended June 30, 2023, the general fund appropriations exceeded expenditures by \$17,662.

#### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### A. Deposits and Investments

###### Deposits

At year-end the carrying amount of the Town's deposits with banks and savings institutions was \$2,429,831 and the bank balance was \$2,585,794.

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.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

#### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

##### A. Deposits and Investments (Continued)

###### 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, 2023, the Town's investments were held in the VML/VACO Investment Pool and summarized as follows:

Type	Carrying Amount	Fair Value
VML/VACO Investment Pool (VIP)	\$ 4,259,160	\$ 4,259,160

###### *Virginia Municipal League and Virginia Association of Counties (VML/VACo) – Investment Pool*

VML/VACo's pooled investment program is used by local governments to invest assets they expect to hold longer than one year. Participants are invested in high-quality corporate and government securities with an average duration of one to two years. The pool has been rated AAAM by Standard & Poor's as of June 30, 2023.

##### 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	\$ 35,618	\$ -	\$ 35,618
Accounts	-	459,632	459,632
Intergovernmental	8,475	-	8,475
Utility taxes	1,100	-	1,100
Tower rental	2,998	-	2,998
Net total receivables	\$ 48,191	\$ 459,632	\$ 507,823

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was no deferred revenue reported in the governmental funds.

# TOWN OF ROUND HILL, VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

#### B. Receivables

At June 30, 2023 amounts due from other governments were as follows:

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

#### C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

##### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
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	446,337	148,258	-	594,595
Parks and improvements	859,248	143,138	-	1,002,386
Furniture and fixtures	22,938	-	-	22,938
Equipment	99,009	-	-	99,009
Streets, sidewalks and improvements	1,544,667	162,359	-	1,707,026
Total capital assets being depreciated	<u>2,972,199</u>	<u>453,755</u>	<u>-</u>	<u>3,425,954</u>
Less accumulated depreciation for:				
Buildings and improvements	(259,923)	(11,713)	-	(271,636)
Parks and improvements	(101,202)	(20,859)	-	(122,061)
Furniture and fixtures	(22,938)	-	-	(22,938)
Equipment	(96,092)	(4,988)	-	(101,080)
Sidewalk improvements	(98,831)	(7,882)	-	(106,713)
Total accumulated depreciation	<u>(578,986)</u>	<u>(45,442)</u>	<u>-</u>	<u>(624,428)</u>
Net capital assets being depreciated	<u>2,393,213</u>	<u>408,313</u>	<u>-</u>	<u>2,801,526</u>
Governmental activities capital assets, net	<u>\$ 3,838,280</u>	<u>\$ 408,313</u>	<u>\$ -</u>	<u>\$ 4,246,593</u>



**TOWN OF ROUND HILL, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**C. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 541,464	\$ -	\$ -	\$ 541,464
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	541,464	-	-	541,464
Capital assets, being depreciated:				
Buildings and improvements	5,809,923	-	-	5,809,923
Utility distribution systems	22,412,225	482,135	-	22,894,360
Equipment	1,977,136	90,358	-	2,067,494
Total capital assets being depreciated	30,199,284	572,493	-	30,771,777
Less accumulated depreciation for:				
Buildings and improvements	(3,010,881)	(158,339)	-	(3,169,220)
Utility distribution systems	(6,225,795)	(435,602)	-	(6,661,397)
Equipment	(1,432,630)	(81,860)	-	(1,514,490)
Total accumulated depreciation	(10,669,306)	(675,801)	-	(11,345,107)
Net capital assets being depreciated	19,529,978	(103,308)	-	19,426,670
Business-type activities capital assets, net	\$ 20,071,442	\$ (103,308)	\$ -	\$ 19,968,134

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

Activity	Depreciation
Governmental activities:	
General government administration	\$ 16,701
Public works	28,741
Total depreciation expense - governmental activities	<u>\$ 45,442</u>
Business-type activities:	
Water and sewer	<u>\$ 675,801</u>

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

#### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

##### D. Long-Term Debt

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. A general obligation bond has been issued for proprietary activities. This bond is reported in the proprietary funds as it is expected to be repaid from proprietary fund revenues. General obligation bond is direct obligation and pledge the full faith and credit of the Town. These bond generally is issued as serial bond with amount of principal maturing each year. General obligation bond and note outstanding at June 30, 2023 are as follows:

Description	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	<u>\$ 3,510,000</u>

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

Year ending June 30,	Business-type Activities	
	Principal	Interest
2024	245,000	161,959
2025	260,000	149,019
2026	275,000	135,309
2027	285,000	120,959
2028	305,000	105,841
2029 - 2033	1,745,000	278,553
2034	395,000	6,747
Total	<u>\$ 3,510,000</u>	<u>\$ 958,387</u>

*Note Payable.* The Town had the following note outstanding at June 30, 2023:

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

**TOWN OF ROUND HILL, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**D. Long-Term Debt (Continued)**

Long-term liability activity for the year ended June 30, 2023 was as follows:

	June 30, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 49,024	\$ 2,841	\$ -	\$ 51,865	\$ 51,865
Post retirement benefits	9,809	-	-	9,809	-
Governmental long-term liabilities	<u>\$ 58,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,674</u>	<u>\$ 51,865</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 3,740,000	\$ -	\$ (230,000)	\$ 3,510,000	\$ 245,000
Note payable	16,500	-	-	16,500	-
Compensated absences	125,641	-	13,315	138,956	-
Premiums on bonds	936,424	-	(72,035)	864,389	-
Post retirement benefits	33,250	(599)	-	32,651	-
Business-type long-term liabilities	<u>\$ 4,851,815</u>	<u>\$ (599)</u>	<u>\$ (288,720)</u>	<u>\$ 4,562,496</u>	<u>\$ 245,000</u>

The legal debt limit mandated by the Commonwealth of Virginia is \$10,395,434. The 2020 bond debt of \$3,965,000 issued for use in the Utility Fund is supported by Utility Fund revenue and is not counted against the debt limit.

**E. Restricted Net Position**

The balances of the restricted asset accounts are as follows:

Description	Amount
Utility fund customer deposits	<u>\$ 12,773</u>

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

##### F. Interfund Transactions and Balances

Operating Transfers	Transfers	
	In	Out
General Fund	\$ 365,361	\$ -
Utility Fund	-	365,361
	<u>\$ 365,361</u>	<u>\$ 365,361</u>

#### IV. OTHER INFORMATION

##### A. Office Lease Agreement

The Town entered into an agreement with Apple House Contracting to lease office space in the Town Hall office building. For 2023 rental income was \$12,660.

##### B. 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:

VMGSIA: The Town has workers' compensation coverage with the Virginia Municipal Group Self Insurance Association (VMGSIA). During the fiscal year 2023 the Town paid premiums of approximately \$9,287 to VMGSIA.

VMLP: 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 Municipal Liability Pool (VMLP). During the fiscal year 2023, the Town paid contributions of approximately \$39,382 to the VMLP.

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.

##### C. Surety Bonds

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

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### IV. OTHER INFORMATION (CONTINUED)

##### D. Defined Benefit Pension Plan

###### Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (VRS)

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at the VRS web site - [varetirement.org](http://varetirement.org).

###### Employees Covered by Benefit Terms

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

	June 30, 2021 Number
Inactive members or their beneficiaries currently receiving benefits	11
Inactive members:	
Vested inactive members	4
Non-vested inactive members	3
Inactive members active elsewhere in VRS	6
Total inactive members	13
Active members	13
Total covered employees	37

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### IV. OTHER INFORMATION (CONTINUED)

##### D. Defined Benefit Pension Plan (Continued)

###### 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 towns by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2023 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the Town were \$140,481 and \$45,908 for the years ended June 30, 2023 and June 30, 2022, respectively.

###### Net Pension Liability

The Town's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent - 5.35%
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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. Through the fiscal year ending June 30, 2021, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, participating employers are assumed 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.

**TOWN OF ROUND HILL, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**IV. OTHER INFORMATION (CONTINUED)**

**D. Defined Benefit Pension Plan (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2021 (surplus)	\$ 2,382,134	\$ 2,790,107	\$ (407,973)
Changes for the year:			
Service cost	105,686		105,686
Interest	164,734		164,734
Changes of assumptions	-		-
Differences between expected and actual experience	154,909		154,909
Contributions - employer		31,533	(31,533)
Contributions - employee		45,297	(45,297)
Net investment income		(3,476)	3,476
Benefit payments, including refunds of employee contributions	(94,621)	(94,621)	-
Administrative expenses	-	(1,720)	1,720
Other changes	-	65	(65)
Net changes	330,708	(22,922)	353,630
Balances at June 30, 2022 (surplus)	\$ 2,712,842	\$ 2,767,185	\$ (54,343)

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

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

	<b>(5.75%)</b>	<b>Rate (6.75%)</b>	<b>(7.75%)</b>
Town's Net Pension Liability (surplus)	\$ 353,821	\$ (54,343)	\$ (385,346)



## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

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#### IV. OTHER INFORMATION (CONTINUED)

##### D. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$140,481. At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,759	\$ -
Change in assumptions	26,588	-
Net difference between projected and actual earnings on pension plan investments	-	77,518
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 133,347</u>	<u>\$ 77,518</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amortization
2024	62,198
2025	8,098
2026	(52,699)
2027	38,232

# TOWN OF ROUND HILL, VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

### IV. OTHER INFORMATION (CONTINUED)

#### D. Defined Benefit Pension Plan (Continued)

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

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

**TOWN OF ROUND HILL, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**IV. OTHER INFORMATION (CONTINUED)**

**D. Defined Benefit Pension Plan (Continued)**

**Schedule of Employer Contributions**

FYE June 30,	Contractual Required Contribution	Amount Contributed	Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll
2023	\$ 73,619	\$ 73,619	\$ -	\$ 1,041,292	7.07%
2022	35,249	35,249	-	979,649	3.60%
2021	33,855	33,855	-	933,789	3.63%
2020	31,767	31,767	-	797,695	3.98%
2019	38,776	38,776	-	694,317	5.58%

**Schedule of Funding Progress**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2022	\$ 2,686,831	\$ 2,658,237	\$ (28,594)	101.08%	\$ 1,041,292	-2.75%
2021	2,488,443	2,594,320	105,877	95.92%	979,649	10.81%
2020	2,244,780	2,104,809	(139,971)	106.65%	933,789	-14.99%
2019	2,108,770	1,927,366	(181,404)	109.41%	797,695	-22.74%
2018	1,975,339	1,667,899	(307,440)	118.43%	694,317	-44.28%

TOWN OF ROUND HILL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plan (Continued)

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on liabilities as of the measurement date of June 30, 2022 are not material.

**Changes of assumptions** – The actuarial assumptions were update effective June 30, 2020 based on the most recent experience study of the System for the four-year period ending June 30, 2020 through June 30, 2023, except the change in discount rate, which was based on VRS board action effective as of July 1, 2022.

E. Post-Employment Benefits Other Than Pensions

Retirees who retire from the Town and are eligible to continue to participate in the Town’s health insurance plan. The health insurance benefit support from the Town for a retiree is as follows:

Years of Service	Hire Date	
	Prior to July 1, 2015	On or After July 1, 2015
Less than 15	None	None
15 to 20	50% Premium Cost	\$250/month
21 to 25	75% Premium Cost	\$400/month
More than 25	75% Premium Cost	\$500/month

The Town is self-funding this post retirement benefit and has set aside \$42,460 for this obligation. The Town paid \$1,027 in 2023 for retiree health insurance benefits.

F. Group Life Insurance

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Group Life Insurance Program upon employment. The plan is administered by the Virginia Retirement System for public employer groups in the Commonwealth of Virginia. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit to employees. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. During the year ended June 30, 2023, the Town contributed \$11,820 towards life insurance. The VRS system’s actuary determined the total net OPEB liability, valued at June 30, 2021, and this amount was allocated to each employer of the plan. The Town’s portion of the net OPEB liability was \$52,017.

## TOWN OF ROUND HILL, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

#### IV. OTHER INFORMATION (CONTINUED)

##### G. Group Disability Insurance

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Group Disability Insurance Program upon employment. The plan is administered by the Virginia Retirement System for public employer groups in the Commonwealth of Virginia. The Group Disability Insurance Program is a defined benefit plan that provides a basic group disability insurance benefit to employees. The total rate for the Group Disability Insurance Program was based on covered employee compensation. The rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. During the year ended June 30, 2023, the Town contributed \$859 towards disability insurance. The VRS system's actuary determined the total net OPEB liability, valued at June 30, 2021, and this amount was allocated to each employer of the plan. The Town's portion of the net OPEB liability was over funded by \$487.

##### H. Water Tower Lease Revenue

The Town has entered into agreements with three telecommunications companies allowing the companies to lease space on the Town's water tower. See below for a summary of lease terms:

Company	Lease commencement	Lease Term	Renewal Option	Renewed	Monthly base rent	Annual Escalation
AT&T	11/1/2018	4 years, 11 months	Yes	Yes	3551	3%
T-Mobile	4/28/2016	4 years, 11 months	Yes	Yes	4157	4%
Verizon	9/1/2018	4 years, 11 months	Yes	Yes	6451	3%

For the year ended June 30, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Town's June 30, 2023 financial statements and had an effect on the government wide governmental activities:

	Governmental Activities
Net position adjustment	
Adjustments:	
Lease Receivable	\$ 126,416
Deferred inflows	(126,416)
Net Position adjustment at June 30, 2022	\$ -

##### I. Subsequent Events

The Town of Round Hill has evaluated events and transactions subsequent to June 30, 2023 through February 21, 2024 the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to June 30, 2023 that require adjustment to, or disclosure in, the financial statements for the year ended June 30, 2023.

## TOWN OF ROUND HILL, VIRGINIA

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Sources of Revenues</b>			
<b>General Property Taxes</b>			
Real and personal property taxes	\$ 166,684	\$ 198,463	\$ 31,779
Penalties and interest	-	3,708	3,708
Total General Property Taxes	166,684	202,171	35,487
<b>Other Local Taxes</b>			
Sales taxes	80,000	95,233	15,233
Consumer utility tax	11,200	12,155	955
Cigarette tax	29,000	20,403	(8,597)
Total Other Local Taxes	120,200	127,791	7,591
<b>Permits, Fees and Licenses</b>			
Zoning permits	750	3,675	2,925
Business licenses	14,150	21,163	7,013
Motor vehicle licenses	16,000	24,751	8,751
Total Permits, Fees, and Licenses	30,900	49,589	18,689
<b>Revenues from Use of Money and Property</b>			
Office rental income	13,200	12,660	(540)
Cell antenna revenue	170,000	170,265	265
Interest on bank deposits	-	16,524	16,524
Total Revenues from Use of Money and Property	183,200	199,449	16,249
<b>Events/Sales/Other</b>			
Town events	12,000	18,811	6,811
Other	2,500	3,478	978
Total Other Revenue	14,500	22,289	7,789
<b>Intergovernmental</b>			
Communication Tax	14,500	15,166	666
State grants	5,500	1,595	(3,905)
State aid - fire department	10,000	15,000	5,000
State aid - personal property	18,613	18,613	-
Loudoun County grant	-	340,305	340,305
Total Intergovernmental	48,613	390,679	342,066
Total General Fund Revenues	564,097	991,968	427,871
<b>Other Financing Sources</b>			
Transfers in	335,680	365,361	29,681
Capital contributions	-	-	-
Total Other Financing Sources	335,680	365,361	29,681
<b>Total General Fund Revenues and Other Financing Sources</b>	<b>\$ 899,777</b>	<b>\$ 1,357,329</b>	<b>\$ 457,552</b>

**TOWN OF ROUND HILL, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Original & Final Budget	Actual	Variance Positive (Negative)
<b>General Government</b>			
Administration			
Full time staff	\$ 332,050	\$ 342,569	\$ (10,519)
Part time staff	144,148	146,554	(2,406)
Advertising	2,400	2,288	112
Auditing and accounting	7,000	8,165	(1,165)
Subcontractors	12,840	14,257	(1,417)
Legal fees	33,000	33,295	(295)
Communication	5,608	6,338	(730)
Postage and box rental	1,000	1,209	(209)
Office supplies	4,125	4,422	(297)
Payroll taxes	36,376	37,256	(880)
Zoning	1,000	-	1,000
Worker's benefits	37,818	49,382	(11,564)
Printing	1,000	404	596
Retirement benefits	18,002	28,732	(10,730)
Office equipment and maintenance	13,078	13,986	(908)
Training - staff and officials	15,350	6,292	9,058
General office	3,662	6,521	(2,859)
Building and grounds			
Utilities	4,485	3,782	703
Security	2,472	2,323	149
Cleaning	4,635	4,679	(44)
Maintenance	4,800	2,887	1,913
Other expenses			
Town events	32,200	30,575	1,625
Grant funding	9,000	9,000	-
Liability and other insurance	15,189	15,050	139
Newsletter	1,500	1,683	(183)
Elections	-	1,260	(1,260)
Loudoun County collection fee	1,917	5,137	(3,220)
Miscellaneous	20,101	7,203	12,898
Contingency	19,635	2,482	17,153
Total General Government	<u>784,391</u>	<u>787,731</u>	<u>(3,340)</u>
<b>Public Safety - Fire Department</b>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
<b>Public Works</b>			
Trash removal/recycling	62,865	60,357	2,508
Street lighting	7,800	8,696	(896)
Streets and sidewalks	6,500	8,222	(1,722)
Park maintenance and supplies	28,770	42,982	(14,212)
Total Public Works	<u>105,935</u>	<u>120,257</u>	<u>(14,322)</u>
<b>Total General Fund Expenditures</b>	<u>\$ 912,326</u>	<u>\$ 929,988</u>	<u>\$ (17,662)</u>

**TOWN OF ROUND HILL, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>Capital Projects</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>General</b>	<b>Street</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ (976,097)	\$ 194,013	\$ (782,084)
Virginia Investment Pool	402,878	400,000	802,878
<b>Total Assets</b>	<u>\$ (573,219)</u>	<u>\$ 594,013</u>	<u>\$ 20,794</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,345	\$ -	\$ 2,345
Reserve for proffers	265,589	594,013	859,602
Public improvement escrow	36,664	-	36,664
<b>Total Liabilities</b>	<u>304,598</u>	<u>594,013</u>	<u>898,611</u>
<b>Fund Balances</b>			
Unassigned	(877,817)	-	(877,817)
<b>Total Fund Balances</b>	<u>(877,817)</u>	<u>-</u>	<u>(877,817)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ (573,219)</u>	<u>\$ 594,013</u>	<u>\$ 20,794</u>



**TOWN OF ROUND HILL, VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>Capital Projects</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>General</b>	<b>Street</b>	
<b>Revenues</b>			
Interest earnings	\$ 30,759	\$ -	\$ 30,759
Loudoun County transportation proffers	-	-	-
Public improvement proffers	-	-	-
Grants	3,150	-	3,150
<b>Total revenues</b>	<b>33,909</b>	<b>-</b>	<b>33,909</b>
<b>Expenditures</b>			
Projects/improvements	522,145	-	522,145
<b>Surplus/(deficit)</b>	<b>(488,236)</b>	<b>-</b>	<b>(488,236)</b>
<b>Other Financing Sources</b>			
Transfers in/out	-	-	-
Capital contributions	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(488,236)</b>	<b>-</b>	<b>(488,236)</b>
<b>Fund balance - beginning</b>	<b>(389,580)</b>	<b>-</b>	<b>(389,580)</b>
<b>Fund balance - ending</b>	<b>\$ (877,816)</b>	<b>\$ -</b>	<b>\$ (877,816)</b>

**TOWN OF ROUND HILL, VIRGINIA**  
**GENERAL CAPITAL PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Prior Years Actual</b>	<b>Actual</b>	<b>Total Activity to date</b>	<b>Project Authorization</b>
<b>Revenues</b>				
Interest earnings/donations/other	\$ 3,437	\$ 30,759	\$ 34,196	\$ 98,000
Federal/state grants	-	3,150	3,150	-
Loudoun County grants	-	-	-	297,055
Fund balance reserves	-	-	-	204,000
Loudoun County transportation proffers	415,174	-	415,174	-
Public improvement proffers	271,511	-	271,511	-
<b>Total revenues</b>	<b>690,122</b>	<b>33,909</b>	<b>724,031</b>	<b>599,055</b>
<b>Expenditures</b>				
Projects:				
Main street	659,707	123,134	782,841	100,000
Sleeter lake park	63,738	63,473	127,211	250,000
Town office upgrades	32,969	119,852	152,821	62,000
Tunnel rehab	-	25,122	25,122	-
Financial software upgrades	3,480	7,295	10,775	-
Website	4,583	7,975	12,558	-
BLA project	10,174	22,877	33,051	-
Park & trail improvements	75,407	152,418	227,825	157,055
Public parking lot	-	-	-	30,000
<b>Total expenditures</b>	<b>850,058</b>	<b>522,146</b>	<b>1,372,204</b>	<b>599,055</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(159,936)</b>	<b>(488,237)</b>	<b>(648,173)</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>279,710</b>	<b>389,580</b>	<b>669,290</b>	
<b>Fund balances - ending</b>	<b>\$ 119,774</b>	<b>\$ (98,657)</b>	<b>\$ 21,117</b>	

**TOWN OF ROUND HILL, VIRGINIA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2023**

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Assessed value of taxable real property	<u>\$ 159,270,720</u>
Debt limit (10% of assessed value)	15,927,072
Amount of debt applicable to debt limitation	<u>-</u>
Legal debt margin	<u>\$ 15,927,072</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 bond obligations.

Taxable assessed value is as of January 1, 2023 and excludes real property owned by public service corporations, other supplements and reduced for abatements and elderly relief.