

**TOWN OF BERRYVILLE, VIRGINIA**



**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019**



**TOWN OF BERRYVILLE, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**



## **TOWN OF BERRYVILLE, VIRGINIA**

---

Keith R. Dalton, Town Manager

Desiree Moreland, Assistant Town  
Manager/Treasurer

Christina Dunkle, Assistant Town  
Manager for Community Development  
and Operations/Planner

Neal White, Chief of Police

David Tyrrell, Director of Utilities

Rick Boor, Director of Public Works

Deborah Boggs, Utility Clerk

Mia Jackson, Town Clerk



---

## TOWN OF BERRYVILLE, VIRGINIA

Financial Report  
Year Ended June 30, 2019

---

### Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<b><u>Basic Financial Statements:</u></b>	
<i><u>Government-wide Financial Statements</u></i>	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12-13
<i><u>Fund Financial Statements</u></i>	
Exhibit 3 Balance Sheet—Governmental Fund	14
Exhibit 4 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	15
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balance—Governmental Fund	16
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	17
Exhibit 7 Statement of Net Position—Proprietary Fund	18
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Fund	19
Exhibit 9 Statement of Cash Flows—Proprietary Fund	20
Notes to Financial Statements	21-55

---

---

## TOWN OF BERRYVILLE, VIRGINIA

Financial Report  
Year Ended June 30, 2019

---

### Table of Contents (Continued)

	<u>Page</u>
<b><u>Required Supplementary Information:</u></b>	
Exhibit 10 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund	56
Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios	57
Exhibit 12 Schedule of Employer Contributions—Pension Plan	58
Exhibit 13 Notes to Required Supplementary Information—Pension Plan	59
Exhibit 14 Schedule of Town's Share of Net OPEB Liability-Group Life Insurance Program	60
Exhibit 15 Schedule of Employer Contributions-Group Life Insurance Program	61
Exhibit 13 Notes to Required Supplementary Information-Group Life Insurance Program	62
<b><u>Other Supplementary Information:</u></b>	
<b><u>Supporting Schedules</u></b>	
Schedule 1 Schedule of Revenues—Budget and Actual—General Fund	63-64
Schedule 2 Schedule of Expenditures—Budget and Actual—General Fund	65-70
Schedule 3 Schedule of Operating Expenses—Enterprise Funds	71-72
<b><u>Statistical Information</u></b>	
Table 1 Governmental Revenues by Source—Last Ten Fiscal Years	73
Table 2 Governmental Expenditures by Function—Last Ten Fiscal Years	74
<b><u>Compliance:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76



---

**Independent Auditors' Report**

---

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 12 to the financial statements, in 2019, the Town adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Borrowing Direct Placements*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 56, and 57-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berryville, Virginia's basic financial statements. The supporting schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

### ***Supplementary and Other Information***

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

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019, on our consideration of the Town of Berryville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Berryville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Berryville, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox, Associates*

Charlottesville, Virginia

November 21, 2019

This page intentionally left blank

## TOWN OF BERRYVILLE, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Berryville (the "Town") we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's basic financial statements, which follow this section.

### Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,845,454 (net position). Of this amount, \$11,714,631 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$37,660, of which the governmental activities accounted for a \$598,753 increase and business-type activities accounted for a \$561,093 decrease.

At the end of the current fiscal year, unrestricted net position for governmental activities was \$3,385,686 or 89.22% of the governmental activities expenditures less any capital outlay projects.

The unassigned ending fund balance for the Town's general fund was \$3,737,770, an increase of \$362,849 over the prior year.

The Town's total debt decreased by \$534,748 (4.31%) during the current fiscal year. The key factor in this net decrease was the payment of General Obligation Bonds.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

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

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

## Overview of the Financial Statements: (Continued)

### Government-wide financial statements: (Continued)

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

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

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

### Fund financial statements

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

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

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

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

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

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

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

### Notes to the financial statements

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

The notes to the financial statements can be found on pages 21 through 70 of this report.

## Overview of the Financial Statements: (Continued)

### Other information

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

Required supplementary information can be found on pages 71 through 78 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35.8 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$23.3 million, 65.09% of total) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e. the Town's investment in capital assets are of a permanent nature as assets acquired are not generally sold or otherwise disposed of during their useful life).

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

Town of Berryville, Virginia Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,804,029	\$ 4,220,418	\$ 9,412,254	\$ 9,438,450	\$ 14,216,283	\$ 13,658,868
Capital assets	4,312,524	4,281,289	29,716,958	30,748,098	34,029,482	35,029,387
Total assets	\$ 9,116,553	\$ 8,501,707	\$ 39,129,212	\$ 40,186,548	\$ 48,245,765	\$ 48,688,255
Deferred outflows of resources	\$ 211,619	\$ 255,727	\$ 100,877	\$ 133,759	\$ 312,496	\$ 389,486
Long-term liabilities outstanding	\$ 2,807,225	\$ 2,835,949	\$ 9,051,468	\$ 9,557,493	\$ 11,858,693	\$ 12,393,442
Other liabilities	132,821	125,756	111,607	114,203	244,428	239,959
Total liabilities	\$ 2,940,046	\$ 2,961,705	\$ 9,163,075	\$ 9,671,696	\$ 12,103,121	\$ 12,633,401
Deferred inflows of resources	\$ 576,834	\$ 583,190	\$ 32,852	\$ 53,356	\$ 609,686	\$ 636,546
Net investment in capital assets	\$ 2,303,292	\$ 2,234,309	\$ 21,021,958	\$ 21,583,098	\$ 23,325,250	\$ 23,817,407
Restricted	335,573	98,718	470,000	470,000	805,573	568,718
Unrestricted	3,172,427	2,879,512	8,542,204	8,542,157	11,714,631	11,421,669
Total net position	\$ 5,811,292	\$ 5,212,539	\$ 30,034,162	\$ 30,595,255	\$ 35,845,454	\$ 35,807,794

A portion of the Town's net position is restricted for debt service (\$580,573, 1.62% of total) may be used to meet the Town's ongoing obligations to Virginia Resources Authority.

## Government-wide Financial Analysis: (Continued)

The remaining balance of unrestricted net position (\$11.7 million, 32.68% of total) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

As noted previously, the Town's net position increased by \$37,660 during the current fiscal year, attributable to the \$598,753 increase in governmental activities net position, and \$561,093 decrease in business-type activities.

Town of Berryville, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 139,585	\$ 103,915	\$ 2,577,362	\$ 2,957,007	\$ 2,716,947	\$ 3,060,922
Operating grants & contributions	715,858	636,514	-	-	715,858	636,514
Capital grants & contributions	-	-	-	1,898	-	1,898
General real property taxes	1,459,123	1,431,037	-	-	1,459,123	1,431,037
Other taxes	1,075,292	1,041,772	-	-	1,075,292	1,041,772
Unrestricted revenues from the use of money & property	196,677	157,448	79,414	42,918	276,091	200,366
Grants & contributions not restricted to specific programs	292,050	297,929	-	-	292,050	297,929
Miscellaneous	208,494	62,168	-	-	208,494	62,168
Total Revenues	\$ 4,087,079	\$ 3,730,783	\$ 2,656,776	\$ 3,001,823	\$ 6,743,855	\$ 6,732,606
Expenses:						
General government administration	\$ 1,099,294	\$ 1,001,985	\$ -	\$ -	\$ 1,099,294	\$ 1,001,985
Public safety	771,365	756,340	-	-	771,365	756,340
Public works	1,367,418	985,114	-	-	1,367,418	985,114
Parks, recreation & cultural	48,808	49,116	-	-	48,808	49,116
Community development	117,778	139,217	-	-	117,778	139,217
Interest on long-term debt	83,663	85,189	-	-	83,663	85,189
Water fund	-	-	1,137,130	946,540	1,137,130	946,540
Sewer fund	-	-	2,080,739	1,970,431	2,080,739	1,970,431
Total Expenses	\$ 3,488,326	\$ 3,016,961	\$ 3,217,869	\$ 2,916,971	\$ 6,706,195	\$ 5,933,932
Change in net position	\$ 598,753	\$ 713,822	\$ (561,093)	\$ 84,852	\$ 37,660	\$ 798,674
Net position, beginning of year	5,212,539	4,498,717	30,595,255	30,510,403	35,807,794	35,009,120
Net position, end of year	\$ 5,811,292	\$ 5,212,539	\$ 30,034,162	\$ 30,595,255	\$ 35,845,454	\$ 35,807,794

**Business-type activities** decreased the Town's net position by \$561,093. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

## Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's general fund reported a fund balance of \$4,073,343, an increase of \$524,704 in comparison to the prior year, due to cash flow involved in the VDOT street maintenance project and capital projects carried over from the prior fiscal year. Of this total amount, \$3,737,770 or 91.76% constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town is required to restrict \$110,573 of fund balance for debt service obligations related to the Joint Government Center. The remaining balance of \$225,000 is restricted for proffers revenue, which was not spent as of June 30, 2019.

**Proprietary Funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the water and sewer funds was \$30,034,162. Unrestricted net position at the end of the year was \$8,542,204, an increase of \$47 from last year's unrestricted net position.

### General Fund Budgetary Highlights

During the fiscal year the Town's general fund revenue exceeded budget by \$502,715. Of this amount \$78,671 can be attributed to general property taxes.

### Capital Asset and Debt Administration

**Capital Assets:** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$34,029,482 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress.

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

Town of Berryville, Virginia  
Capital Assets (net of accumulated depreciation)  
As of June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 93,209	\$ 93,209	\$ 76,000	\$ 76,000	\$ 169,209	\$ 169,209
Buildings & improvements	3,951,432	3,874,283	27,149,887	27,955,072	31,101,319	31,829,355
Infrastructure	37,433	42,033	1,913,408	2,093,526	1,950,841	2,135,559
Equipment	230,450	271,764	577,663	623,500	808,113	895,264
Total	<u>\$ 4,312,524</u>	<u>\$ 4,281,289</u>	<u>\$ 29,716,958</u>	<u>\$ 30,748,098</u>	<u>\$ 34,029,482</u>	<u>\$ 35,029,387</u>

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

## Capital Asset and Debt Administration: (Continued)

**Long-term obligations:** At the end of the current fiscal year, the Town had total outstanding obligations of \$11,858,693 and details are summarized in the following table:

**Town of Berryville, Virginia  
Outstanding Obligations  
For the Year Ended June 30, 2019**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Long-term obligations:						
Lease revenue bond	\$ 2,009,232	\$ 2,046,980	\$ -	\$ -	\$ 2,009,232	\$ 2,046,980
General obligation bonds	-	-	8,695,000	9,165,000	8,695,000	9,165,000
Net pension liability	489,219	480,110	240,196	254,003	729,415	734,113
Net OPEB liability	78,048	76,737	40,952	40,263	119,000	117,000
Compensated absences	230,726	232,122	75,320	98,227	306,046	330,349
<b>Total</b>	<b>\$ 2,807,225</b>	<b>\$ 2,835,949</b>	<b>\$ 9,051,468</b>	<b>\$ 9,557,493</b>	<b>\$ 11,858,693</b>	<b>\$ 12,393,442</b>

Obligations associated with governmental activities decreased by \$28,724 in 2019. The governmental activities obligations decrease was due to the lease revenue bond decrease of \$37,748.

The obligations associated with business-type activities decreased by \$506,025 in 2019 due to VRA loan payments.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total value of taxed real property. The Town was in compliance with debt limitations as of June 30, 2019.

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

### Economic Factors and Next Year's Budgets and Rates:

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

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

The Town experienced a slight increase in real property assessments in 2019 with an overall 4.96% increase. Preliminary forecasts for 2020 assessments indicate moderate but positive growth.

For tax year 2019, the Town Council adopted a .19/\$100 real estate tax rate, this did not increase from tax year 2018. The personal property rate remained the same as the prior year at \$1.25/\$100. The machinery and tools tax rate remained the same as the prior year at \$1.30/\$100.

Effective July 1, 2014, the local meals tax rate increased from 2% to 4%.

Effective March 1, 2015 the Town approved a \$.10 per pack cigarette tax.

## **Economic Factors and Next Year's Budgets and Rates: (Continued)**

Effective July 1, 2015 the Town implemented a Transient Occupancy Tax in the amount of 2% of the total amount paid for room or space rental to any hotel or travel campground.

The Town's water rate was remained the same at \$8.40 per thousand gallons. This rate became effective June 24, 2015.

The Town's sewer rate was adjusted in fiscal year 2014 based on the Business Plan submitted to VRA in March of 2010. An increase of 13.63% (\$11.00 to \$12.50 TG) was effective July 1, 2010. An increase of 12% (\$12.50 to \$14.00 TG) was effective July 1, 2011. An increase of 10.71% (\$14.00 to \$15.50 TG) was effective July 1, 2012. The Town increased the rate 9.68% (\$15.50 to \$17.00 TG) effective July 1, 2013.

## **Requests for Information**

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

This page intentionally left blank

## **Basic Financial Statements**



*Government-wide Financial Statements*



Statement of Net Position  
As of June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,081,058	\$ 8,583,740	\$ 12,664,798
Restricted cash and cash equivalents	110,573	470,000	580,573
Receivables, net of allowance for uncollectibles	627,591	213,378	840,969
Due from other governments	39,943	-	39,943
Prepaid items	-	90,000	90,000
Internal balances	(55,136)	55,136	-
Capital assets:			
Land	93,209	76,000	169,209
Other capital assets, net of accumulated depreciation	4,219,315	29,640,958	33,860,273
Capital assets, net	\$ 4,312,524	\$ 29,716,958	\$ 34,029,482
Total assets	\$ 9,116,553	\$ 39,129,212	\$ 48,245,765
<b>Deferred Outflows of Resources:</b>			
OPEB related items	\$ 9,378	\$ 4,738	\$ 14,116
Pension related items	202,241	96,139	298,380
Total deferred outflows of resources	\$ 211,619	\$ 100,877	\$ 312,496
<b>Liabilities:</b>			
Accounts payable	\$ 33,799	\$ 40,676	\$ 74,475
Accrued liabilities	4,589	13,621	18,210
Unearned revenue	3,504	-	3,504
Accrued interest	3,453	-	3,453
Customer deposits	87,476	57,310	144,786
Long-term liabilities:			
Due within one year:			
Bonds payable	39,335	470,000	509,335
Due in more than one year:			
Compensated absences	230,726	75,320	306,046
Net OPEB liability	78,048	40,952	119,000
Net pension liability	489,219	240,196	729,415
Bonds payable	1,969,897	8,225,000	10,194,897
Total liabilities	\$ 2,940,046	\$ 9,163,075	\$ 12,103,121
<b>Deferred Inflows of Resources:</b>			
OPEB related items	\$ 7,215	\$ 3,785	\$ 11,000
Pension related items	38,478	29,067	67,545
Deferred revenue-property taxes	531,141	-	531,141
Total deferred inflows of resources	\$ 576,834	\$ 32,852	\$ 609,686
<b>Net Position:</b>			
Net investment in capital assets	\$ 2,303,292	\$ 21,021,958	\$ 23,325,250
Restricted for proffers	225,000	-	225,000
Restricted for debt reserve	110,573	470,000	580,573
Unrestricted	3,172,427	8,542,204	11,714,631
Total net position	\$ 5,811,292	\$ 30,034,162	\$ 35,845,454

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

TOWN OF BERRYVILLE, VIRGINIA

Statement of Activities  
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government administration	\$ 1,099,294	\$ -	\$ -	\$ -
Public safety	771,365	45,295	123,396	-
Public works	1,367,418	94,290	587,962	-
Parks, recreation and cultural	48,808	-	-	-
Community development	117,778	-	4,500	-
Interest on long-term debt	83,663	-	-	-
Total governmental activities	\$ 3,488,326	\$ 139,585	\$ 715,858	\$ -
Business-type activities:				
Water	\$ 1,137,130	\$ 871,169	\$ -	\$ -
Sewer	2,080,739	1,706,193	-	-
Total business-type activities	\$ 3,217,869	\$ 2,577,362	\$ -	\$ -
Total	\$ 6,706,195	\$ 2,716,947	\$ 715,858	\$ -

**General Revenues:**

General real property taxes  
Local sales and use taxes  
Business license tax  
Cigarette tax  
Bank franchise taxes  
Consumer utility tax  
Lodging tax  
Meals tax  
Motor vehicle licenses  
Unrestricted revenues from the use of money and property  
Grants and contributions not restricted to specific programs  
Miscellaneous  
Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,099,294)	\$ -	\$ (1,099,294)
(602,674)	-	(602,674)
(685,166)	-	(685,166)
(48,808)	-	(48,808)
(113,278)	-	(113,278)
(83,663)	-	(83,663)
<u>\$ (2,632,883)</u>	<u>\$ -</u>	<u>\$ (2,632,883)</u>
 \$ -	 \$ (265,961)	 \$ (265,961)
<u>-</u>	<u>(374,546)</u>	<u>(374,546)</u>
<u>\$ -</u>	<u>\$ (640,507)</u>	<u>\$ (640,507)</u>
<u>\$ (2,632,883)</u>	<u>\$ (640,507)</u>	<u>\$ (3,273,390)</u>
 \$ 1,459,123	 \$ -	 \$ 1,459,123
199,882	-	199,882
247,092	-	247,092
40,761	-	40,761
141,414	-	141,414
100,035	-	100,035
7,963	-	7,963
235,481	-	235,481
102,664	-	102,664
196,677	79,414	276,091
292,050	-	292,050
208,494	-	208,494
<u>\$ 3,231,636</u>	<u>\$ 79,414</u>	<u>\$ 3,311,050</u>
 \$ 598,753	 \$ (561,093)	 \$ 37,660
<u>5,212,539</u>	<u>30,595,255</u>	<u>35,807,794</u>
<u>\$ 5,811,292</u>	<u>\$ 30,034,162</u>	<u>\$ 35,845,454</u>

This page intentionally left blank

## *Fund Financial Statements*

Balance Sheet  
 Governmental Fund  
 As of June 30, 2019

	<u>General Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 4,081,058
Receivables (net of allowance for uncollectibles):	
Taxes including penalties	591,489
Accounts	36,102
Due from other governments	39,943
Restricted assets:	
Cash and cash equivalents	110,573
Total assets	\$ <u>4,859,165</u>
<b>Liabilities:</b>	
Accounts payable	\$ 33,799
Accrued liabilities	4,589
Unearned revenue	3,504
Deposits held	87,476
Due to other funds	55,136
Total liabilities	\$ <u>184,504</u>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue-property taxes	\$ <u>601,318</u>
<b>Fund Balance:</b>	
Restricted for proffers	\$ 225,000
Restricted for debt service	110,573
Unassigned	3,737,770
Total fund balance	\$ <u>4,073,343</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>4,859,165</u>

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
As of June 30, 2019

---

Total fund balance for governmental fund (Exhibit 3)		\$	4,073,343
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	\$	93,209	
Depreciable capital assets, net of accumulated depreciation		<u>4,219,315</u>	4,312,524
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(3,453)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Unavailable revenue-property taxes			70,177
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	202,241	
OPEB related items		<u>9,378</u>	211,619
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	\$	(230,726)	
Net OPEB liability		(78,048)	
Net pension liability		(489,219)	
Bonds payable		<u>(2,009,232)</u>	(2,807,225)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(38,478)	
OPEB related items		<u>(7,215)</u>	(45,693)
Total net position of governmental activities			<u>\$ 5,811,292</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Fund  
 Year Ended June 30, 2019

	<b>General Fund</b>
<b>Revenues:</b>	
General property taxes	\$ 1,452,521
Other local taxes	1,075,292
Permits, privilege fees and regulatory licenses	40,124
Fines and forfeitures	45,295
Revenue from use of money and property	196,677
Charges for services	54,166
Miscellaneous	208,494
Intergovernmental:	
Commonwealth	1,004,241
Federal	3,667
Total revenues	\$ 4,080,477
<b>Expenditures:</b>	
Current:	
General government administration	\$ 1,002,806
Public safety	693,981
Public works	1,296,136
Parks, recreation, and cultural	10,149
Community development	119,360
Capital outlay	307,314
Contingency	4,551
Debt service	121,476
Total expenditures	\$ 3,555,773
Excess (deficiency) of revenues over expenditures	\$ 524,704
Net change in fund balance	\$ 524,704
Fund balances at beginning of year	3,548,639
Fund balances at end of year	\$ 4,073,343

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of Governmental Fund to the Statement of Activities  
Year Ended June 30, 2019

---

Net change in fund balances - total governmental fund (Exhibit 5) \$ 524,704

Governmental activities report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current year.

Capital outlay	\$ 279,919	
Depreciation expense	<u>(248,684)</u>	31,235

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

Property taxes		6,602
----------------	--	-------

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

37,748

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ 1,396	
OPEB expense	4,296	
Pension expense	(7,293)	
Change in interest payable	<u>65</u>	<u>(1,536)</u>

Change in net position of governmental activities	\$	<u>598,753</u>
---	----	----------------

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

Statement of Net Position  
Proprietary Fund  
As of June 30, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,535,567	\$ 6,048,173	\$ 8,583,740
Restricted cash and cash equivalents	-	470,000	470,000
Prepaid expenses	-	90,000	90,000
Receivables (net of allowance for uncollectibles)	75,091	138,287	213,378
Due from other funds	-	65,187	65,187
Total current assets	\$ 2,610,658	\$ 6,811,647	\$ 9,422,305
Noncurrent assets:			
Land	\$ 5,000	\$ 71,000	\$ 76,000
Capital assets, net of accumulated depreciation	1,695,409	27,945,549	29,640,958
Total noncurrent assets	\$ 1,700,409	\$ 28,016,549	\$ 29,716,958
Total assets	\$ 4,311,067	\$ 34,828,196	\$ 39,139,263
<b>Deferred Outflows of Resources:</b>			
OPEB related items	\$ 1,791	\$ 2,947	\$ 4,738
Pension related items	36,259	59,880	96,139
Total deferred outflows of resources	\$ 38,050	\$ 62,827	\$ 100,877
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 13,056	\$ 27,620	\$ 40,676
Accrued payroll and related liabilities	7,600	6,021	13,621
Due to other funds	10,051	-	10,051
Customer deposits	12,488	44,822	57,310
Current portion of long-term debt	-	470,000	470,000
Total current liabilities	\$ 43,195	\$ 548,463	\$ 591,658
Noncurrent liabilities:			
Compensated absences	\$ 26,504	\$ 48,816	\$ 75,320
Net OPEB liability	16,010	24,942	40,952
Net pension liability	88,405	151,791	240,196
Long-term debt, net of current portion	-	8,225,000	8,225,000
Total noncurrent liabilities	\$ 130,919	\$ 8,450,549	\$ 8,581,468
Total liabilities	\$ 174,114	\$ 8,999,012	\$ 9,173,126
<b>Deferred Inflows of Resources:</b>			
OPEB related items	\$ 1,480	\$ 2,305	\$ 3,785
Pension related items	14,163	14,904	29,067
Total deferred inflows of resources	\$ 15,643	\$ 17,209	\$ 32,852
<b>Net Position:</b>			
Net investment in capital assets	\$ 1,700,409	\$ 19,321,549	\$ 21,021,958
Restricted for debt reserve	-	470,000	470,000
Unrestricted	2,458,951	6,083,253	8,542,204
Total net position	\$ 4,159,360	\$ 25,874,802	\$ 30,034,162

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Fund  
 Year Ended June 30, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>Operating revenues:</b>			
Charges for services	\$ 871,169	\$ 1,706,193	\$ 2,577,362
<b>Operating expenses:</b>			
General administration	\$ 65,427	\$ 74,706	\$ 140,133
Supply purification	321,478	-	321,478
Transmission and distribution	160,481	-	160,481
Wastewater treatment	-	831,713	831,713
Maintenance of sewer lines	-	107,903	107,903
Fringe benefits	70,802	116,938	187,740
Depreciation	195,001	859,479	1,054,480
Contingency	323,941	90,000	413,941
Total operating expenses	\$ 1,137,130	\$ 2,080,739	\$ 3,217,869
Operating income (loss)	\$ (265,961)	\$ (374,546)	\$ (640,507)
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	\$ 29,207	\$ 50,207	\$ 79,414
Total nonoperating revenues (expenses)	\$ 29,207	\$ 50,207	\$ 79,414
Change in net position	\$ (236,754)	\$ (324,339)	\$ (561,093)
Net position, beginning of year	4,396,114	26,199,141	30,595,255
Net position, end of year	\$ 4,159,360	\$ 25,874,802	\$ 30,034,162

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

Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 885,495	\$ 1,749,420	\$ 2,634,915
Payments to and for employees	(339,088)	(509,114)	(848,202)
Payments to suppliers	(620,498)	(725,311)	(1,345,809)
Net cash provided by (used for) operating activities	\$ (74,091)	\$ 514,995	\$ 440,904
<b>Cash flows from investing activities:</b>			
Investment income	\$ 29,207	\$ 50,207	\$ 79,414
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	\$ (11,669)	\$ (11,670)	\$ (23,339)
Principal payments on long-term debt	-	(470,000)	(470,000)
Net cash provided by (used for) capital and related financing activities	\$ (11,669)	\$ (481,670)	\$ (493,339)
<b>Cash flows from noncapital financing activities:</b>			
Net transfers from (to) other funds	\$ 10,420	\$ 667	\$ 11,087
Net increase (decrease) in cash and cash equivalents	\$ (46,133)	\$ 84,199	\$ 38,066
Cash and cash equivalents at beginning of year - including restricted	2,581,700	6,433,974	9,015,674
Cash and cash equivalents at end of year - including restricted	\$ 2,535,567	\$ 6,518,173	\$ 9,053,740
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (265,961)	\$ (374,546)	\$ (640,507)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	195,001	859,479	1,054,480
Changes in operating accounts:			
Accounts receivable	15,681	37,497	53,178
Deferred outflows - GLI OPEB	(749)	(1,323)	(2,072)
Deferred outflows - pension	14,018	20,936	34,954
Accounts payable and accrued liabilities	(6,126)	(849)	(6,975)
Compensated absences	(10,237)	(12,670)	(22,907)
Net OPEB liability	270	419	689
Net pension liability	(9,232)	(4,575)	(13,807)
Deferred inflows - GLI OPEB	(269)	(420)	(689)
Deferred inflows - pension	(5,132)	(14,683)	(19,815)
Customer deposits	(1,355)	5,730	4,375
Net cash provided by (used for) operating activities	\$ (74,091)	\$ 514,995	\$ 440,904

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019

---

### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

---

#### Narrative Profile:

Town of Berryville, located in central Clarke County, Virginia, approximately 60 miles west of Washington, D.C., was chartered in 1798. The town has a population of 4,297 and a land area of approximately 1.8 square miles.

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

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

#### **A. Financial Reporting Entity**

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

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

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

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

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

---

**A. Financial Reporting Entity (Continued)**

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

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

**B. Government-wide and Fund Financial Statements**

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

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

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

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

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

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

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

The following is a brief description of the specific funds used by the Town in 2019.

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

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

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

---

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

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

**C. Basis of Accounting**

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

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

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

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

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### **D. Budgets and Budgetary Accounting**

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

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

#### **E. Cash and Cash Equivalents**

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

#### **F. Receivables and Payables**

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

#### **G. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$18,932 at June 30, 2019 and is comprised of solely of property taxes.

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

---

H. Prepaid Items

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. The Town did not have any capitalized interest as of June 30, 2019.

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

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

J. Use of Estimates

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

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

---

**L. Net Position Flow Assumption**

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

**M. Compensated Absences**

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

**N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**O. Fund Equity**

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

- *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory and prepaids) 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;

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

---

**O. Fund Equity (Continued)**

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

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

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

**P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the pension and OPEB plan and contributions to the pension and OPEB plan made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

---

**P. Deferred Outflows/Inflows of Resources (Continued)**

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

**Q. 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.

**R. Other Postemployment Benefits (OPEB)**

***Group Life Insurance***

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 2—PROPERTY TAXES RECEIVABLE:

---

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

### NOTE 3—DEPOSITS AND INVESTMENTS:

---

#### Deposits:

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

#### Investments:

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The Town had no investments at June 30, 2019.

### NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

---

At June 30, 2019, the amount due from other governmental units was as follows:

	<u>Primary Government</u>
Commonwealth of Virginia:	
Sales tax	\$ <u>39,943</u>
Total	\$ <u><u>39,943</u></u>

**TOWN OF BERRYVILLE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**NOTE 5—CAPITAL ASSETS:**

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

**Governmental Activities:**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 93,209	\$ -	\$ -	\$ 93,209
Total capital assets not being depreciated	\$ 93,209	\$ -	\$ -	\$ 93,209
Other capital assets:				
Buildings and improvements	\$ 5,333,703	\$ 209,309	\$ -	\$ 5,543,012
Infrastructure	259,940	-	-	259,940
Equipment	1,363,325	70,610	-	1,433,935
Total other capital assets	\$ 6,956,968	\$ 279,919	\$ -	\$ 7,236,887
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 1,459,420	\$ 132,160	\$ -	\$ 1,591,580
Infrastructure	217,907	4,600	-	222,507
Equipment	1,091,561	111,924	-	1,203,485
Total accumulated depreciation	\$ 2,768,888	\$ 248,684	\$ -	\$ 3,017,572
Other capital assets, net	\$ 4,188,080	\$ 31,235	\$ -	\$ 4,219,315
Net capital assets	\$ 4,281,289	\$ 31,235	\$ -	\$ 4,312,524

Depreciation expense has been allocated as follows:

General government administration	\$ 88,384
Public safety	31,469
Public works	91,722
Parks, recreation, and cultural	37,109
Total depreciation expense	\$ 248,684

**TOWN OF BERRYVILLE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**NOTE 5—CAPITAL ASSETS: (Continued)**

**Business-type Activities:**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Water Fund				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets not being depreciated	\$ 5,000	\$ -	\$ -	\$ 5,000
Other capital assets:				
Buildings and improvements	\$ 3,416,605	\$ -	\$ -	\$ 3,416,605
Infrastructure	1,574,855	-	-	1,574,855
Equipment	1,469,728	11,670	-	1,481,398
Total other capital assets	\$ 6,461,188	\$ 11,670	\$ -	\$ 6,472,858
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 2,790,515	\$ 76,445	\$ -	\$ 2,866,960
Infrastructure	851,826	73,190	-	925,016
Equipment	940,107	45,366	-	985,473
Total accumulated depreciation	\$ 4,582,448	\$ 195,001	\$ -	\$ 4,777,449
Other capital assets, net	\$ 1,878,740	\$ (183,331)	\$ -	\$ 1,695,409
Net capital assets	\$ 1,883,740	\$ (183,331)	\$ -	\$ 1,700,409
Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Total capital assets not being depreciated	\$ 71,000	\$ -	\$ -	\$ 71,000
Other capital assets:				
Buildings and improvements	\$ 29,676,554	\$ -	\$ -	\$ 29,676,554
Infrastructure	4,323,494	-	-	4,323,494
Equipment	444,510	11,670	-	456,180
Total other capital assets	\$ 34,444,558	\$ 11,670	\$ -	\$ 34,456,228
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 2,347,572	\$ 728,740	\$ -	\$ 3,076,312
Infrastructure	2,952,997	106,928	-	3,059,925
Equipment	350,631	23,811	-	374,442
Total accumulated depreciation	\$ 5,651,200	\$ 859,479	\$ -	\$ 6,510,679
Other capital assets, net	\$ 28,793,358	\$ (847,809)	\$ -	\$ 27,945,549
Net capital assets	\$ 28,864,358	\$ (847,809)	\$ -	\$ 28,016,549

**TOWN OF BERRYVILLE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**NOTE 6—LONG-TERM OBLIGATIONS:**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities Obligations:</b>					
<b>Direct Borrowing or Placement</b>					
Lease revenue bond	\$ 2,046,980	\$ -	\$ 37,748	\$ 2,009,232	\$ 39,335
Net pension liability	480,110	375,063	365,954	489,219	-
Net OPEB liability	76,737	13,773	12,462	78,048	-
Compensated absences	232,122	-	1,396	230,726	-
Total Governmental Activities Obligations	<u>\$ 2,835,949</u>	<u>\$ 388,836</u>	<u>\$ 417,560</u>	<u>\$ 2,807,225</u>	<u>\$ 39,335</u>
<b>Business-type Activities Obligations:</b>					
<b>Direct Borrowing or Placement</b>					
General obligation bonds	\$ 9,165,000	\$ -	\$ 470,000	\$ 8,695,000	\$ 470,000
Net pension liability	254,003	25,523	39,330	240,196	-
Net OPEB liability	40,263	7,226	6,537	40,952	-
Compensated absences	98,227	-	22,907	75,320	-
Total Business-type Activities Obligations	<u>\$ 9,557,493</u>	<u>\$ 32,749</u>	<u>\$ 538,774</u>	<u>\$ 9,051,468</u>	<u>\$ 470,000</u>
Total Long-term Obligations	<u>\$ 12,393,442</u>	<u>\$ 421,585</u>	<u>\$ 956,334</u>	<u>\$ 11,858,693</u>	<u>\$ 509,335</u>

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

Year Ending June 30,	Governmental Activities Obligations		Business-type Activities Obligations	
	Direct Borrowings and Placements		Direct Borrowings and Placements	
	Lease Revenue Bond		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 39,335	\$ 82,141	\$ 470,000	-
2021	40,988	80,488	470,000	-
2022	42,711	78,765	470,000	-
2023	44,507	76,969	470,000	-
2024	46,378	75,098	470,000	-
2025-2029	262,826	344,554	2,350,000	-
2030-2034	322,915	284,465	2,350,000	-
2035-2039	396,742	210,638	1,645,000	-
2040-2044	487,447	119,933	-	-
2045-2047	325,383	20,011	-	-
Total	<u>\$ 2,009,232</u>	<u>\$ 1,373,062</u>	<u>\$ 8,695,000</u>	<u>\$ -</u>

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 6—LONG-TERM OBLIGATIONS: (Continued)

---

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

#### Governmental Activities Obligations:

##### Lease Revenue Bond:

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

\$ 2,009,232

Net pension liability

489,219

Net OPEB liability

78,048

Compensated absences

230,726

Total governmental activities obligations

\$ 2,807,225

#### Business-type Activities Obligations:

##### General Obligation Bonds:

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

\$ 8,695,000

Net pension liability

240,196

Net OPEB liability

40,952

Compensated absences

75,320

Total business-type activities obligations

\$ 9,051,468

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

### NOTE 7—COMPENSATED ABSENCES:

---

The Town has accrued the liability arising from outstanding claims and judgments and compensated absences. Town employees earn vacation based upon length of service. The Town has outstanding accrued vacation pay totaling \$230,726 in the General Fund and \$75,320 in Enterprise Fund.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN:

---

#### *Plan Description:*

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

#### *Benefit Structures*

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

#### *Average Final Compensation and Service Retirement Multiplier*

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

#### *Employees Covered by Benefit Terms*

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	27
Inactive members:	
Vested inactive members	8
Non-vested inactive members	7
Inactive members active elsewhere in VRS	21
Total inactive members	36
Active members	29
Total covered employees	<u>92</u>

NOTE 8—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 political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town’s contractually required employer contribution rate for the year ended June 30, 2019 was 12.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$184,701 and \$164,626 for the years ended June 30, 2019 and June 30, 2018, respectively.

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The Town’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

*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, 2017, 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, 2018.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

#### *Actuarial Assumptions - General Employees: (Continued)*

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

#### *Actuarial Assumptions - General Employees: (Continued)*

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

##### Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

NOTE 8—PENSION PLAN: (CONTINUED)

---

*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

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

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

**Largest 10 - Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

# TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## NOTE 8—PENSION PLAN: (CONTINUED)

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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

### *Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**TOWN OF BERRYVILLE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**NOTE 8—PENSION PLAN: (CONTINUED)**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 6,370,674	\$ 5,636,561	\$ 734,113
Changes for the year:			
Service cost	\$ 179,120	\$ -	\$ 179,120
Interest	437,474	-	437,474
Differences between expected and actual experience	26,084	-	26,084
Contributions - employer	-	161,440	(161,440)
Contributions - employee	-	72,554	(72,554)
Net investment income	-	417,291	(417,291)
Benefit payments, including refunds of employee contributions	(242,093)	(242,093)	-
Administrative expenses	-	(3,534)	3,534
Other changes	-	(375)	375
Net changes	\$ 400,585	\$ 405,283	\$ (4,698)
Balances at June 30, 2018	\$ 6,771,259	\$ 6,041,844	\$ 729,415

**TOWN OF BERRYVILLE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**NOTE 8—PENSION PLAN: (CONTINUED)**

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town of Berryville, Virginia			
Net Pension Liability	\$ 1,590,058	\$ 729,415	\$ 10,721

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

For the year ended June 30, 2019, the Town recognized pension expense of \$189,142. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,751	\$ 1,134
Change in assumptions	-	5,029
Net difference between projected and actual earnings on pension plan investments	-	52,455
Changes in proportion	7,928	8,927
Employer contributions subsequent to the measurement date	184,701	-
Total	\$ 298,380	\$ 67,545

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

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

\$184,701 was reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2020	\$ 108,798
2021	328
2022	(57,361)
2023	(4,632)
2024	-
Thereafter	-

#### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

---

#### *Plan Description*

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

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

---

***Eligible Employees***

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$8,116 and \$7,747 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$119,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .00783% as compared to .00779% at June 30, 2017.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$2,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,000	\$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,000
Change in assumptions	-	5,000
Employer contributions subsequent to the measurement date	<u>8,116</u>	<u>-</u>
Total	<u>\$ 14,116</u>	<u>\$ 11,000</u>

\$8,116 was reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (2,000)
2021	(2,000)
2022	(1,000)
2023	-
2024	-
Thereafter	-

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 OPEB liabilities.

#### **Mortality Rates - Largest Ten Locality Employers - General Employees**

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

#### **Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### *Actuarial Assumptions: (Continued)*

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

#### **Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees**

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

#### **Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

##### **Pre-Retirement:**

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

##### **Post-Retirement:**

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

##### **Post-Disablement:**

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

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

#### **NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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

# TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

### *Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

### *Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Town's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 155,000	\$ 119,000	\$ 89,000

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 10—DEFERRED/UNAVAILABLE REVENUE:**

Deferred/Unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue totaling \$549,541 is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Fund
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 70,177
2nd half assessment - property tax	515,833	515,833
Prepaid property taxes due after June 30 but paid in advance by taxpayers	15,308	15,308
Total unavailable/deferred revenue	\$ 531,141	\$ 601,318

## TOWN OF BERRYVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### NOTE 11—UPCOMING PRONOUNCEMENTS:

---

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

### NOTE 12—ADOPTION OF ACCOUNTING PRINCIPLES:

---

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

This page intentionally left blank

## **Required Supplementary Information**

### **Note to Required Supplementary Information:**

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 1,373,850	\$ 1,373,850	\$ 1,452,521	\$ 78,671
Other local taxes	1,032,500	1,032,500	1,075,292	42,792
Permits, privilege fees and regulatory licenses	32,750	32,750	40,124	7,374
Fines and forfeitures	29,000	29,000	45,295	16,295
Revenue from use of money and property	136,500	136,500	196,677	60,177
Charges for services	24,000	24,000	54,166	30,166
Miscellaneous	6,000	6,000	208,494	202,494
Intergovernmental:				
Commonwealth	943,162	943,162	1,004,241	61,079
Federal	-	-	3,667	3,667
Total revenues	<u>\$ 3,577,762</u>	<u>\$ 3,577,762</u>	<u>\$ 4,080,477</u>	<u>\$ 502,715</u>
<b>Expenditures:</b>				
Current:				
General government administration	\$ 1,029,095	\$ 1,029,095	\$ 1,002,806	\$ 26,289
Public safety	746,445	746,445	693,981	52,464
Public works	1,271,830	1,271,830	1,296,136	(24,306)
Parks, recreation, and cultural	12,500	12,500	10,149	2,351
Community development	151,375	151,375	119,360	32,015
Capital outlay	330,750	365,750	307,314	58,436
Contingency	97,041	97,041	4,551	92,490
Debt service	121,476	121,476	121,476	-
Total expenditures	<u>\$ 3,760,512</u>	<u>\$ 3,795,512</u>	<u>\$ 3,555,773</u>	<u>\$ 239,739</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (182,750)</u>	<u>\$ (217,750)</u>	<u>\$ 524,704</u>	<u>\$ 742,454</u>
Net change in fund balances	\$ (182,750)	\$ (217,750)	\$ 524,704	\$ 742,454
Fund balances at beginning of year	<u>182,750</u>	<u>217,750</u>	<u>3,548,639</u>	<u>3,330,889</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,073,343</u></u>	<u><u>\$ 4,073,343</u></u>

Schedule of Changes in Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 179,120	\$ 174,368	\$ 152,759	\$ 166,211	\$ 157,906
Interest	437,474	380,892	366,252	343,686	320,296
Changes in benefit terms	-	161,064	-	-	-
Changes in assumptions	-	(19,399)	-	-	-
Differences between expected and actual experience	26,084	344,826	(114,675)	(31,092)	-
Benefit payments, including refunds of employee contributions	(242,093)	(224,784)	(165,609)	(147,241)	(140,878)
<b>Net change in total pension liability</b>	<b>\$ 400,585</b>	<b>\$ 816,967</b>	<b>\$ 238,727</b>	<b>\$ 331,564</b>	<b>\$ 337,324</b>
<b>Total pension liability - beginning</b>	<b>6,370,674</b>	<b>5,553,707</b>	<b>5,314,980</b>	<b>4,983,416</b>	<b>4,646,092</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 6,771,259</b>	<b>\$ 6,370,674</b>	<b>\$ 5,553,707</b>	<b>\$ 5,314,980</b>	<b>\$ 4,983,416</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 161,440	\$ 157,093	\$ 154,359	\$ 119,961	\$ 136,088
Contributions - employee	72,554	75,379	67,595	69,866	73,323
Net investment income	417,291	615,033	87,873	214,380	625,028
Benefit payments, including refunds of employee contributions	(242,093)	(224,784)	(165,609)	(147,241)	(140,878)
Administrative expense	(3,534)	(3,473)	(2,962)	(2,842)	(3,286)
Other	(375)	(551)	(37)	(45)	32
<b>Net change in plan fiduciary net position</b>	<b>\$ 405,283</b>	<b>\$ 618,697</b>	<b>\$ 141,219</b>	<b>\$ 254,079</b>	<b>\$ 690,307</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,636,561</b>	<b>5,017,864</b>	<b>4,876,645</b>	<b>4,622,566</b>	<b>3,932,259</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 6,041,844</b>	<b>\$ 5,636,561</b>	<b>\$ 5,017,864</b>	<b>\$ 4,876,645</b>	<b>\$ 4,622,566</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 729,415</b>	<b>\$ 734,113</b>	<b>\$ 535,843</b>	<b>\$ 438,335</b>	<b>\$ 360,850</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.23%</b>	<b>88.48%</b>	<b>90.35%</b>	<b>91.75%</b>	<b>92.76%</b>
<b>Covered payroll</b>	<b>\$ 1,489,831</b>	<b>\$ 1,436,612</b>	<b>\$ 1,376,791</b>	<b>\$ 1,407,165</b>	<b>\$ 1,476,761</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>48.96%</b>	<b>51.10%</b>	<b>38.92%</b>	<b>31.15%</b>	<b>24.44%</b>

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

## Schedule of Employer Contributions

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
2019	\$ 184,701	\$ 184,701	\$ -	\$ 1,560,787	11.83%
2018	164,626	164,626	-	1,489,831	11.05%
2017	158,746	158,746	-	1,436,612	11.05%
2016	168,382	168,382	-	1,376,791	12.23%
2015	120,453	120,453	-	1,407,165	8.56%
2014	137,043	137,043	-	1,476,761	9.28%
2013	135,666	135,666	-	1,461,916	9.28%
2012	100,632	100,632	-	1,347,150	7.47%
2011	101,160	101,160	-	1,354,220	7.47%
2010	54,243	54,243	-	1,307,066	4.15%

Notes to Required Supplementary Information  
For the Year Ended June 30, 2019

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

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Town's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2017 and 2018

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				(3)/(4)	
2018	0.00783%	\$ 119,000	\$ 1,489,831	7.99%	51.22%
2017	0.00779%	117,000	1,436,612	8.14%	48.86%

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

## Schedule of Employer Contributions

## Group Life Insurance Program

For the Years Ended June 30, 2017 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2019	\$ 8,116	\$ 8,116	\$ -	\$ 1,560,787	0.52%
2018	7,747	7,747	-	1,489,831	0.52%
2017	7,470	7,470	-	1,436,612	0.52%

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

Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

---

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

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

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

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

## *Supporting Schedules*

This page intentionally left blank

Schedule of Revenues - Budget and Actual  
General Fund  
Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 938,650	\$ 938,650	\$ 997,997	\$ 59,347
Personal property taxes	263,500	263,500	295,406	31,906
Machinery and tools taxes	161,700	161,700	148,581	(13,119)
Penalties	6,000	6,000	7,044	1,044
Interest	4,000	4,000	3,493	(507)
Total general property taxes	\$ 1,373,850	\$ 1,373,850	\$ 1,452,521	\$ 78,671
Other local taxes:				
Local sales and use taxes	\$ 200,000	\$ 200,000	\$ 199,882	\$ (118)
Lodging tax	7,500	7,500	7,963	463
Business license tax	200,000	200,000	247,092	47,092
Cigarette tax	45,000	45,000	40,761	(4,239)
Bank franchise taxes	125,000	125,000	141,414	16,414
Consumer utility tax	100,000	100,000	100,035	35
Meals tax	265,000	265,000	235,481	(29,519)
Motor vehicle licenses	90,000	90,000	102,664	12,664
Total other local taxes	\$ 1,032,500	\$ 1,032,500	\$ 1,075,292	\$ 42,792
Permits, privilege fees and regulatory licenses:				
Licenses, zoning and subdivision permits	\$ 32,750	\$ 32,750	\$ 40,124	\$ 7,374
Fines and forfeitures:				
Court fines and forfeitures	\$ 26,500	\$ 26,500	\$ 40,631	\$ 14,131
Parking fines	2,500	2,500	4,664	2,164
Total fines and forfeitures	\$ 29,000	\$ 29,000	\$ 45,295	\$ 16,295
Revenue from use of money and property:				
Revenue from use of money	\$ 50,500	\$ 50,500	\$ 110,934	\$ 60,434
Revenue from use of property	86,000	86,000	85,743	(257)
Total revenue from use of money and property	\$ 136,500	\$ 136,500	\$ 196,677	\$ 60,177
Charges for services:				
Charges for services - meters	\$ 14,000	\$ 14,000	\$ 16,221	\$ 2,221
Zoning and subdivision fees	10,000	10,000	37,945	27,945
Total charges for services	\$ 24,000	\$ 24,000	\$ 54,166	\$ 30,166

Schedule of Revenues - Budget and Actual  
General Fund  
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous income	\$ 6,000	\$ 6,000	\$ 208,494	\$ 202,494
Total revenue from local sources	\$ 2,634,600	\$ 2,634,600	\$ 3,072,569	\$ 437,969
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communication taxes	\$ 90,000	\$ 90,000	\$ 80,283	\$ (9,717)
Personal property tax relief act funds	209,917	209,917	209,917	-
Rolling stock tax	1,850	1,850	1,850	-
Total noncategorical aid	\$ 301,767	\$ 301,767	\$ 292,050	\$ (9,717)
Categorical aid:				
Aid to localities with police departments	\$ 84,265	\$ 84,265	\$ 83,378	\$ (887)
Litter control grant	2,000	2,000	2,513	513
Street and highway maintenance	536,600	536,600	581,782	45,182
Commission of the arts	4,500	4,500	4,500	-
Fire funds	14,030	14,030	40,018	25,988
Total categorical aid	\$ 641,395	\$ 641,395	\$ 712,191	\$ 70,796
Total revenue from the Commonwealth	\$ 943,162	\$ 943,162	\$ 1,004,241	\$ 61,079
Revenue from the Federal government:				
Categorical aid:				
Transportation funds	\$ -	\$ -	\$ 3,667	\$ 3,667
Total revenue from the Federal government	\$ -	\$ -	\$ 3,667	\$ 3,667
Total General Fund	\$ 3,577,762	\$ 3,577,762	\$ 4,080,477	\$ 502,715

## Schedule of Expenditures - Budget and Actual

## General Fund

Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Town Council:				
Compensation	\$ 20,350	\$ 20,350	\$ 20,346	\$ 4
Training	2,400	2,400	2,883	(483)
Miscellaneous	1,000	1,000	2,532	(1,532)
Dues	3,000	3,000	5,660	(2,660)
Town code supplements	3,000	3,000	-	3,000
Total town council	\$ 29,750	\$ 29,750	\$ 31,421	\$ (1,671)
Town Clerk:				
Compensation	\$ 46,300	\$ 46,300	\$ 24,585	\$ 21,715
Education/Training	3,500	3,500	159	3,341
Dues	100	100	34	66
Total town clerk	\$ 49,900	\$ 49,900	\$ 24,778	\$ 25,122
Town Manager:				
Compensation	\$ 143,200	\$ 143,200	\$ 153,507	\$ (10,307)
Mileage	150	150	-	150
Training	1,500	1,500	235	1,265
Dues	17,950	17,950	1,152	16,798
Total town manager	\$ 162,800	\$ 162,800	\$ 154,894	\$ 7,906
Legal and Professional:				
Professional services	\$ 35,000	\$ 35,000	\$ 45,060	\$ (10,060)
Contractual services	15,450	15,450	15,450	-
Engineering services	5,000	5,000	-	5,000
Total legal and professional	\$ 55,450	\$ 55,450	\$ 60,510	\$ (5,060)
Personnel:				
Retirement	\$ 129,500	\$ 129,500	\$ 126,095	\$ 3,405
Health insurance	193,890	193,890	212,824	(18,934)
Life insurance	13,950	13,950	13,622	328
Unemployment insurance	180	180	293	(113)
Workers' compensation insurance	18,500	18,500	17,434	1,066
Line of Duty act	4,775	4,775	6,131	(1,356)
Employment screening	750	750	836	(86)
Total personnel	\$ 361,545	\$ 361,545	\$ 377,235	\$ (15,690)

Schedule of Expenditures - Budget and Actual  
 General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
General government administration: (continued)				
Town Treasurer:				
Compensation	\$ 99,630	\$ 99,630	\$ 96,920	\$ 2,710
Surety bonds	250	250	378	(128)
Cigarette stamps	6,000	6,000	6,588	(588)
Training	2,500	2,500	1,760	740
Dues	300	300	-	300
Miscellaneous	5,000	5,000	1,375	3,625
Total town treasurer	\$ 113,680	\$ 113,680	\$ 107,021	\$ 6,659
Finance/Accounting:				
Compensation	\$ 130,020	\$ 130,020	\$ 130,601	\$ (581)
Training	2,500	2,500	2,092	408
Total finance/accounting	\$ 132,520	\$ 132,520	\$ 132,693	\$ (173)
Central Administration/Purchasing:				
Maintenance contracts	\$ 30,000	\$ 30,000	\$ 35,582	\$ (5,582)
Advertising	10,000	10,000	5,064	4,936
Postage	8,000	8,000	8,028	(28)
Telecommunications	3,700	3,700	1,293	2,407
Office supplies and equipment	15,000	15,000	17,177	(2,177)
Newsletter	250	250	-	250
Training	1,500	1,500	1,541	(41)
Dues	500	500	70	430
Total central administration/purchasing	\$ 68,950	\$ 68,950	\$ 68,755	\$ 195
Risk Management:				
Blanket excess liability	\$ 10,000	\$ 10,000	\$ 8,381	\$ 1,619
Automobile insurance	8,850	8,850	8,622	228
Semi-multi peril insurance	29,900	29,900	28,496	1,404
Insurance deductibles	3,000	3,000	-	3,000
Total risk management	\$ 51,750	\$ 51,750	\$ 45,499	\$ 6,251
Elections:				
Election officials	\$ 650	\$ 650	\$ -	\$ 650
Office supplies	2,100	2,100	-	2,100
Total elections	\$ 2,750	\$ 2,750	\$ -	\$ 2,750
Total general government administration	\$ 1,029,095	\$ 1,029,095	\$ 1,002,806	\$ 26,289

Schedule of Expenditures - Budget and Actual  
General Fund  
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
Public safety:				
Police department:				
Compensation	\$ 589,145	\$ 589,145	\$ 562,274	\$ 26,871
Maintenance contracts	13,525	13,525	15,036	(1,511)
Communication equipment and services	4,625	4,625	4,574	51
Community relations	1,200	1,200	1,698	(498)
Office supplies	2,600	2,600	896	1,704
Gasoline oil	14,000	14,000	14,328	(328)
Repair and maintenance	14,000	14,000	6,900	7,100
Police supplies	14,500	14,500	10,804	3,696
Uniforms	4,000	4,000	1,392	2,608
Medical examinations	500	500	-	500
Training	9,500	9,500	9,554	(54)
Professional services	400	400	-	400
Employment screening	500	500	-	500
Dues	700	700	690	10
Total police department	\$ 669,195	\$ 669,195	\$ 628,146	\$ 41,049
Traffic control:				
Contribution - crossing guard	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Emergency services:				
Contribution - alarm	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Fire and rescue:				
Professional services - emergency medical tech.	\$ 16,500	\$ 16,500	\$ 16,500	\$ -
Contribution - JHEVFD	30,000	30,000	30,000	-
Fire fund program	14,000	14,000	14,486	(486)
Fire capital	10,000	10,000	-	10,000
Total fire and rescue	\$ 70,500	\$ 70,500	\$ 60,986	\$ 9,514
Correction and detention:				
Confinement and prisoners	\$ 250	\$ 250	\$ -	\$ 250
Public defenders fees	2,000	2,000	349	1,651
Total correction and detention	\$ 2,250	\$ 2,250	\$ 349	\$ 1,901
Total public safety	\$ 746,445	\$ 746,445	\$ 693,981	\$ 52,464
Public works:				
Maintenance of streets, bridges and sidewalks:				
General administration:				
Compensation	\$ 44,515	\$ 44,515	\$ 45,563	\$ (1,048)
Fuel oil/heat	1,500	1,500	3,658	(2,158)
Telecommunications	4,400	4,400	5,431	(1,031)
Office supplies	3,000	3,000	2,730	270
Vehicle repairs and maintenance	7,000	7,000	2,255	4,745
Medical exams	800	800	584	216
Training	500	500	298	202
Total general administration	\$ 61,715	\$ 61,715	\$ 60,519	\$ 1,196

Schedule of Expenditures - Budget and Actual  
 General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
Public works: (continued)				
Maintenance of streets, bridges and sidewalks: (continued)				
Highways, streets, bridges and sidewalks:				
Compensation	\$ 138,115	\$ 138,115	\$ 143,465	\$ (5,350)
Gasoline and oil	20,000	20,000	22,347	(2,347)
Uniforms	4,000	4,000	3,169	831
Materials and supplies	4,000	4,000	5,172	(1,172)
Equipment maintenance	12,000	12,000	7,550	4,450
Sidewalk maintenance	15,000	15,000	-	15,000
Street maintenance	521,600	521,600	607,647	(86,047)
Street sign maintenance	700	700	-	700
Norfolk/Southern ROW	1,050	1,050	1,073	(23)
Total highways, streets, bridges, and sidewalks	\$ 716,465	\$ 716,465	\$ 790,423	\$ (73,958)
Street lights:				
Electricity - street lights	\$ 75,000	\$ 75,000	\$ 55,956	\$ 19,044
Snow and ice removal:				
Material and supplies	\$ 18,000	\$ 18,000	\$ -	\$ 18,000
Parking meters:				
Material and supplies	\$ 1,500	\$ 1,500	\$ 94	\$ 1,406
Street and road cleaning:				
Street cleaning	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total maintenance of streets, bridges and sidewalks	\$ 873,680	\$ 873,680	\$ 906,992	\$ (33,312)
Sanitation and waste removal:				
Contractual services	\$ 189,200	\$ 189,200	\$ 190,073	\$ (873)
Recycling services	56,000	56,000	56,244	(244)
Landfill charges	35,000	35,000	35,588	(588)
Total sanitation and waste removal	\$ 280,200	\$ 280,200	\$ 281,905	\$ (1,705)
Maintenance of buildings and grounds:				
General properties:				
Repair and maintenance	\$ 19,100	\$ 19,100	\$ 20,943	\$ (1,843)
Materials and supplies	500	500	667	(167)
Christmas lights	500	500	-	500
Total general properties	\$ 20,100	\$ 20,100	\$ 21,610	\$ (1,510)

## Schedule of Expenditures - Budget and Actual

## General Fund

Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
Public works: (continued)				
Maintenance of buildings and grounds: (continued)				
Building services:				
Compensation	\$ 10,000	\$ 10,000	\$ 13,076	\$ (3,076)
Contractual services	22,000	22,000	19,777	2,223
Electricity	22,200	22,200	18,892	3,308
Natural gas/heat	3,000	3,000	2,550	450
Materials and supplies	11,200	11,200	6,804	4,396
Water/sewer	3,000	3,000	2,728	272
Shared expenses - Clarke County	22,000	22,000	14,156	7,844
Telecommunications	4,450	4,450	7,646	(3,196)
Total building services	\$ 97,850	\$ 97,850	\$ 85,629	\$ 12,221
Total maintenance of buildings and grounds	\$ 117,950	\$ 117,950	\$ 107,239	\$ 10,711
Total public works	\$ 1,271,830	\$ 1,271,830	\$ 1,296,136	\$ (24,306)
Parks, recreation and cultural:				
Christmas lights	\$ 1,500	\$ 1,500	\$ 670	\$ 830
Rose Hill improvements	5,000	5,000	3,383	1,617
Contributions	6,000	6,000	6,096	(96)
Total parks, recreation and cultural	\$ 12,500	\$ 12,500	\$ 10,149	\$ 2,351
Community development:				
Planning:				
Compensation	\$ 87,950	\$ 87,950	\$ 86,160	\$ 1,790
Professional services	10,000	10,000	635	9,365
Office supplies	100	100	185	(85)
Printing	100	100	47	53
Mileage	500	500	163	337
Training	500	500	-	500
Dues	500	500	-	500
Total planning	\$ 99,750	\$ 99,750	\$ 87,190	\$ 12,560
Board of zoning appeals:				
Compensation	\$ 500	\$ 500	\$ 160	\$ 340
Training	500	500	-	500
Total board of zoning appeals	\$ 1,000	\$ 1,000	\$ 160	\$ 840
Economic development:				
DBI/economic development professional services	\$ 41,000	\$ 41,000	\$ 29,000	\$ 12,000

Schedule of Expenditures - Budget and Actual  
General Fund  
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>General Fund: (continued)</b>				
Community development: (continued)				
Planning commission:				
Compensation	\$ 5,000	\$ 5,000	\$ 1,180	\$ 3,820
Training	1,000	1,000	-	1,000
Dues	250	250	-	250
Total planning commission	<u>\$ 6,250</u>	<u>\$ 6,250</u>	<u>\$ 1,180</u>	<u>\$ 5,070</u>
Berryville Area Development Authority:				
Compensation	\$ 2,500	\$ 2,500	\$ 1,060	\$ 1,440
Training	250	250	500	(250)
Dues	125	125	-	125
Total Berryville Area Development Authority	<u>\$ 2,875</u>	<u>\$ 2,875</u>	<u>\$ 1,560</u>	<u>\$ 1,315</u>
Architectural Review Board:				
Training	\$ 500	\$ 500	\$ 270	\$ 230
Total community development	<u>\$ 151,375</u>	<u>\$ 151,375</u>	<u>\$ 119,360</u>	<u>\$ 32,015</u>
Capital outlay:				
Police cruiser	\$ 51,400	\$ 51,400	\$ 48,225	\$ 3,175
Main street	40,000	40,000	-	40,000
Other capital outlay	239,350	274,350	259,089	15,261
Total capital outlay	<u>\$ 330,750</u>	<u>\$ 365,750</u>	<u>\$ 307,314</u>	<u>\$ 58,436</u>
Contingency:				
Shared cost for operation of joint government center	\$ 97,041	\$ 97,041	\$ 4,551	\$ 92,490
Total contingency	<u>\$ 97,041</u>	<u>\$ 97,041</u>	<u>\$ 4,551</u>	<u>\$ 92,490</u>
Debt service:				
Principal	\$ 37,455	\$ 37,455	\$ 37,748	\$ (293)
Interest	84,021	84,021	83,728	293
Total debt service	<u>\$ 121,476</u>	<u>\$ 121,476</u>	<u>\$ 121,476</u>	<u>\$ -</u>
Total General Fund	<u>\$ 3,760,512</u>	<u>\$ 3,795,512</u>	<u>\$ 3,555,773</u>	<u>\$ 239,739</u>

## Schedule of Operating Expenses (With Comparative Amounts for 2018)

## Enterprise Funds

Year Ended June 30, 2019

<u>Fund, Function, Activity and Elements</u>	<u>2019</u>	<u>2018</u>
<b><u>Water Fund:</u></b>		
General administration:		
Salaries and wages	\$ 43,554	\$ 38,607
Miss Utility	693	1,445
Rate study	15,476	-
Repairs and maintenance	2,538	2,538
Postage	2,423	2,300
Office supplies	743	651
Total general administration	\$ 65,427	\$ 45,541
Supply purification:		
Salaries and wages	\$ 115,255	\$ 106,699
Repairs and maintenance	70,219	60,228
Electricity	53,789	55,952
Heating service	973	3,961
Equipment and supplies	13,200	10,792
Materials and supplies - chemicals	25,336	34,990
Sludge removal	16,150	17,560
Permits, fees and testing	11,656	10,514
Other operating expenses	14,900	15,227
Total supply purification	\$ 321,478	\$ 315,923
Transmission and distribution:		
Salaries and wages	\$ 98,878	\$ 107,393
Repairs and maintenance - water lines	44,090	59,221
Materials and supplies	17,513	29,633
Total transmission and distribution	\$ 160,481	\$ 196,247
Fringe benefits:		
Social security	\$ 3,473	\$ 2,794
Retirement	22,442	41,901
Health insurance	38,664	36,122
Group life insurance	1,751	1,925
Workers' compensation	4,407	4,204
Unemployment insurance	65	46
Total fringe benefits	\$ 70,802	\$ 86,992
Depreciation	\$ 195,001	\$ 201,744
Capital outlay	\$ 323,941	\$ 100,093
Total Water Fund	\$ 1,137,130	\$ 946,540

## Schedule of Operating Expenses (With Comparative Amounts for 2018)

## Enterprise Funds

Year Ended June 30, 2019 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>2019</u>	<u>2018</u>
<b><u>Sewer Fund:</u></b>		
General administration:		
Salaries and wages	\$ 48,173	\$ 46,027
Rate study	15,476	-
Repairs and maintenance	2,538	2,538
Postage	7,416	6,846
Office supplies	1,103	1,077
Total general administration	\$ 74,706	\$ 56,488
Wastewater treatment:		
Salaries and wages	\$ 238,268	\$ 263,679
Professional services	66,306	62,776
Repairs and maintenance	227,160	98,644
Electricity	164,550	140,999
Materials and supplies - chemicals	76,095	72,897
Equipment and supplies	21,091	11,594
Permits, fees and testing	31,023	27,981
Other operating expenses	7,220	6,029
Total wastewater treatment	\$ 831,713	\$ 684,599
Maintenance of sewer lines:		
Salaries and wages	\$ 93,164	\$ 100,110
Repairs and maintenance - sewer lines	13,752	16,515
Materials and supplies	987	524
Total maintenance of sewer lines	\$ 107,903	\$ 117,149
Fringe benefits:		
Social security	\$ 3,476	\$ 2,811
Retirement	40,801	74,374
Health insurance	63,766	64,779
Group life insurance	2,989	3,452
Workers' compensation	95	72
Unemployment insurance	5,811	5,568
Total fringe benefits	\$ 116,938	\$ 151,056
Depreciation	\$ 859,479	\$ 859,926
Capital outlay	\$ 90,000	\$ 101,213
Total Sewer Fund	\$ 2,080,739	\$ 1,970,431

## Statistical Information



**TOWN OF BERRYVILLE, VIRGINIA**

**Table 1**

**Governmental Revenues by Source  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Permits, Fees and Licenses</b>	<b>Fines and Forfeitures</b>	<b>Use of Money and Property</b>	<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter-governmental</b>	<b>Total</b>
2019	\$ 1,452,521	\$ 1,075,292	\$ 40,124	\$ 45,295	\$ 196,677	\$ 54,166	\$ 208,494	\$ -	\$ 1,007,908	\$ 4,080,477
2018	1,406,862	1,041,772	34,091	40,056	157,448	29,768	62,168	-	934,443	3,706,608
2017	1,356,375	1,066,288	29,599	33,319	114,433	66,337	155,666	-	943,911	3,765,928
2016	1,316,194	983,615	34,745	23,936	88,845	31,273	43,129	-	914,243	3,435,980
2015	1,165,459	934,720	30,965	35,352	98,699	34,918	34,702	-	901,393	3,236,208
2014	941,675	770,294	28,716	31,710	46,912	14,389	52,424	-	907,472	2,793,592
2013	882,457	726,993	29,433	44,245	54,830	29,326	40,884	-	845,141	2,653,309
2012	873,690	828,078	51,419	45,997	57,716	20,116	188,443	-	602,820	2,668,279
2011	874,629	726,493	90,822	40,330	66,570	17,811	195	916,399	442,654	3,175,903
2010	1,146,789	762,621	50,284	32,112	76,549	8,995	3,562	-	189,747	2,270,659

TOWN OF BERRYVILLE, VIRGINIA

Table 2

Governmental Expenditures by Function  
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks, Recreation, and Culture	Community Development	Capital		Debt Service	Total
						Outlay and Contingency			
2019	\$ 1,002,806	\$ 693,981	\$ 1,296,136	\$ 10,149	\$ 119,360	\$ 311,865	\$	121,476	\$ 3,555,773
2018	854,044	652,446	1,062,132	11,832	129,247	96,237		121,476	2,927,414
2017	809,484	672,520	1,159,153	13,757	133,847	64,962		121,476	2,975,199
2016	795,715	688,324	1,054,750	8,228	186,298	104,988		121,476	2,959,779
2015	819,437	675,521	1,245,952	10,222	149,509	102,203		121,476	3,124,320
2014	811,097	676,255	885,330	7,135	126,914	101,579		121,476	2,729,786
2013	815,620	626,573	1,111,714	7,375	111,478	157,314		121,476	2,951,550
2012	900,572	676,428	660,363	248,227	116,815	374,951		121,476	3,098,832
2011	796,362	552,020	664,892	1,100,238	128,752	183,620		121,476	3,547,360
2010	794,863	658,010	641,026	13,620	133,471	377,099		121,476	2,739,565

## **Compliance**



**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

---

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Berryville, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Berryville, Virginia's basic financial statements, and have issued our report thereon dated November 21, 2019.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox, Associates*

Charlottesville, Virginia

November 21, 2019