



ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR JULY 1, 2022 - JUNE 30, 2023



Home of the council-manager form of government

CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2023

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2023**

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INTRODUCTORY SECTION

CITY OF STAUNTON, VIRGINIA
COUNCIL, OFFICIALS, AND SCHOOL BOARD

As of June 30, 2023

COUNCIL

Stephen W. Claffey, Mayor

Amy G. Darby, Vice-Mayor
Mark A. Robertson
Alice L. Woods

R. Terry Holmes
Brad D. Arrowood
Michele D. Edwards

OFFICIALS

Leslie Beauregard
John Blair
Jessie Moyers
Jonathan Venn
Richard Johnson
Maggie Ragon
Anita Harris
Dr. Garrett Smith
Bradley Wegner

City Manager
City Attorney
Chief Finance Officer
Chief Human Resources Officer
Treasurer
Commissioner of Revenue
Director of Social Services
Superintendent of Schools
School Budget Director

SCHOOL BOARD

Natasha McCurdy, Chair
Robert Boyle, Vice-Chair

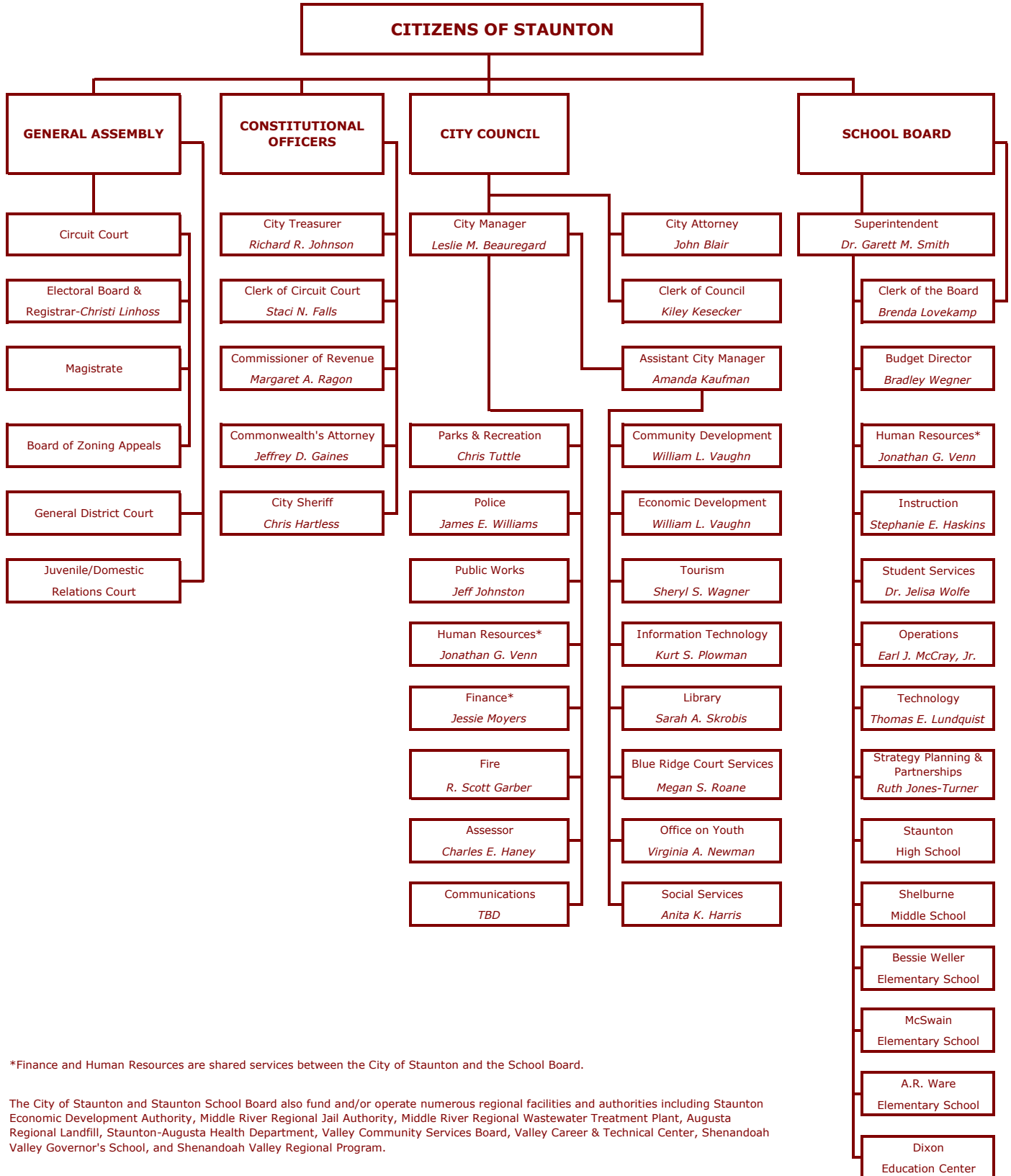
Fontella Brown-Bundy
Ronald Ramsey

Stephanie Mason
Kristin Siegel



City of Staunton, Virginia

Organization Chart: FY 2023



*Finance and Human Resources are shared services between the City of Staunton and the School Board.

The City of Staunton and Staunton School Board also fund and/or operate numerous regional facilities and authorities including Staunton Economic Development Authority, Middle River Regional Jail Authority, Middle River Regional Wastewater Treatment Plant, Augusta Regional Landfill, Staunton-Augusta Health Department, Valley Community Services Board, Valley Career & Technical Center, Shenandoah Valley Governor's School, and Shenandoah Valley Regional Program.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Staunton
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



December 7, 2023

To the Honorable Mayor, Members of City Council, and the Citizens of the City of Stanton, Virginia:

We are pleased to submit the City of Stanton's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This report has been prepared by the City's Finance Department. The report provides full disclosure of all financial information necessary to enable the reader to gain an understanding of the government's financial activities.

Management assumes full responsibility for the completeness and reliability of the information contained in their report, based upon a comprehensive framework of internal control that it has established for their purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The government is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget *Uniform Guidance*. The Code of Virginia requires the City to have an annual audit conducted by an independent certified public accountant.

Brown Edwards & Company, LLP, Certified Public Accountants, has issued an unmodified opinion for the City of Stanton for fiscal year ending June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The City's management discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides for a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Stanton was founded in 1747 and later chartered as a town by the Virginia General Assembly in 1761. The City was named for Lady Rebecca Stanton, wife of colonial Governor Sir William Gooch. Stanton was incorporated as a city in 1871. Stanton is the birthplace of the city manager form of government. Stanton appointed its first city manager, and the nation's first city manager, Charles E. Ashburner, in April 1908.

The City is governed by seven members of City Council for policymaking and legislative issues. Council members are elected at large for four-year terms. Council members elect the mayor. The city manager is appointed by City Council and is responsible for the general operations of the City and administering the policies and ordinances enacted by City Council. The city manager appoints all department directors for the various operating departments.

The Stanton City School Board is comprised of six members elected at large for four-year terms with the responsibility of the operation of the City school system. The School Board appoints a superintendent to administer the operations, policies, and procedures of the School Board. The local share of funding for the school system is appropriated through the budget process by City Council and provided through a transfer from the General Fund to the Education Fund.

Stanton is an independent city with local government taxing power providing the full range of municipal services. These services include public safety, recreation, parks and culture, education, health and social services, public works and utilities, sanitation, planning and zoning, community development, judicial administration, and general and financial administration services.

Staunton is located at the intersection of I-81 and I-64 in the Shenandoah Valley of Virginia. The City is 90 miles west of Richmond, 85 miles north of Roanoke, and just 150 miles southwest of Washington D.C. The City encompasses an area of 19.98 square miles with a population of approximately 25,750.

The City is located within 35 minutes of eleven colleges and universities: University of Virginia, James Madison University, Washington & Lee University, Virginia Military Institute, Mary Baldwin University, Bridgewater College, Eastern Mennonite University, Blue Ridge Community College, Piedmont Virginia Community College, Old Dominion University at the Blue Ridge Community College campus, and American National University at the Charlottesville and Harrisonburg campuses. The area also has several other specialized education centers: Shenandoah Valley Governor's School, four private high schools, and Valley Career and Technical Center for occupational trades/industrial education and training.

BUDGET PROCESS AND CONTROLS

Per City Code, the Chief Finance Officer (CFO) serves as the budgetary control officer and shall assist the City Manager in developing and assembling the necessary information and planning and prioritizing financial commitments for the preparation of the annual budget. The City adopts a balanced budget for all funds. The *Code of Virginia* requires the City to adopt a balanced budget by May 15 for the School's Education Fund budget and June 30 for all other City funds. Budget control is maintained at the fund level. The City Manager, or designee, is authorized to transfer appropriations from any line item within each fund as needed to sufficiently fund any expenditure. All departments have on-line, real-time access to all line items within their operating budgets. Purchase orders for materials, supplies, and services are not released until adequate appropriations are available. Open encumbrances are reported as assigned or committed fund balances at the end of each fiscal year. City Council adopts an ordinance to approve budget amendments that require increased or decreased appropriations to the total adopted budget.

The City's budget team consists of the City Manager, Assistant City Manager, and CFO. The City Manager and the CFO review the current status of the economy and develop budget guidelines based on City Council's long-term financial and strategic plan, City Council's Strategic Plan, known as the Staunton Plan, and other factors for the upcoming fiscal year. City Council's Staunton Plan Strategic Goals are summarized below;

- Infrastructure -The foundational and physical framework, utility systems, and transportation network that supports the City.
- Economic Development - Enhance the economic well-being and quality of life for the City through attracting new industries in target areas and supporting the expansion and retention of existing businesses. This area also addresses housing and quality of life needs required to attract and retain a qualified workforce.
- West End - A commitment to providing resources to Staunton's West End — to promote this community as a vibrant area that has diverse business opportunities, cultural offerings, and great potential for economic growth and stability.
- Built Environment - Focus on facilities owned and maintained by the City, with an eye on not only what is needed in the current environment, but in future years as city space needs evolve and change.
- Responsive, Efficient Government - Focus on the ways in which the City provides services, attracts and grows its employees, and fulfills the City Council's goals.

The CFO prepares the guidelines, instructions, and the forms for departments to submit their expenditure budget requests. The CFO is responsible for preparing all governmental and proprietary revenue estimates for tax revenues, state and federal revenues, proprietary fund revenues, and other revenues. After meeting with all departments and prioritizing all budget requests for new personnel, new operating expenditures, and capital requests, the CFO prepares the revenue and expenditure budget and submits the preliminary budget to the City Manager for review. The City Manager is responsible for submitting the proposed budget to City Council for review and discussion.

By a resolution adopted by City Council on May 24, 2012, the City Finance Department provides comprehensive financial management and support services to the School Board, and is responsible for all financial processes, budget, and the annual audit for the City and Staunton City Schools. The CFO works directly with the City Manager, the Superintendent of Schools and School Budget Director to prepare the annual budget. The Chief Finance Officer is appointed by the City Manager.

The City of Staunton and Staunton City Schools also share the City's Human Resources Department for recruitment and all personnel related processes and activities. The Chief Human Resources Officer serves as the department head of the human resources department for the Schools and the City. The Chief Human Resources Officer assists the budget team for the City and Schools with personnel budget requests relating to changes in staff requirements and employee pay increases. The Chief Human Resources Officer is appointed by the City Manager.

The City's ACFR includes all funds, and component unit agencies, boards and commissions for which the City is financially accountable. Financial accountability is defined as appointment of a voting majority of such an entity's Board, and either (a) the ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. Based on the foregoing criteria, the financial activities of the Staunton City School Board and the Staunton Economic Development Authority are included in the financial statements for the reason indicated:

The Staunton City School Board was created as a separate legal entity by the City to oversee the operation and management of its publicly funded primary and secondary schools. The School Board creates a financial burden on the General Fund requiring approximately 23% of its funding for school operations and the issuance of all general obligation bonds. All members of the Board are elected by the City voters.

The Staunton Economic Development Authority was created as a separate legal entity by the City to promote economic development within the City. All members of the Board are appointed by City Council. The Economic Development Authority imposes a financial burden on the City.

LOCAL ECONOMY

The City's overall financial health is determined by several economic factors based on retail sales volume, consumer-based taxes, new residential and commercial construction permits, and property values and transactions. Other financial factors include state revenues, population trends, the unemployment rate, and the local tourism industry. The 2023 total taxable real estate assessed values increased significantly, averaging 26.1% overall. As a result, the real estate tax rate was lowered to \$.89/100 of assessed value, a 3 cent decrease from the 2022 real estate tax rate. Other local consumer-based tax revenue sources performed well compared to both the prior year and the 2023 budget. Meals tax on prepared foods increased 7.6% from 2022, lodging taxes increased 7% from 2022 and sales tax increased by 8.7%. The local and state unemployment rate for June 2023 was 2.8%, which is below the national average of 3.8%. Unemployment rates in Staunton continue to look good as the country rebounds from the COVID 19 pandemic. The City relies on its diverse property tax base consisting of manufacturing facilities, distribution centers, a fairly stable retail base, a large government workforce within the area, and a successful tourism market for the economic stability of the City.

LONG-TERM FINANCIAL PLANNING

Staunton City Council's Staunton Plan, approved at the council meeting on May 11, 2023, includes **values** to guide *how* the City does the work; Integrity, Inclusion & Equity, Excellence, Engagement, and Environmentally Conscious, and a **vision of the future**, and five focus areas, called **strategic goal areas**, that guide *what* work should be prioritized; Infrastructure, Economic Development, West End, Built Environment, Responsive, and Efficient Government.

Economic Strategy – The City's long-range economic strategy is to attract new commercial, manufacturing, and retail businesses and expand existing businesses. This strategy will strengthen, diversify, provide employment growth, increase the median household income level, and sustain and increase the local tax revenue base to provide quality governmental services to the citizens of Staunton.

City Safety Net Reserve – The City’s fund balance fiscal policy, as revised by City Council in May 2022, requires a reservation of 16.5% of the City’s total general fund operating budget as a cash safety net reserve, reported as committed fund balance in the general fund. The primary government reserve is currently \$11,523,414. These funds can be used only for major catastrophic events that would affect the public safety or major infrastructure of the City, or imposition of mandates by Federal and State governments. The goal stated in May 2022 is to raise the safety net to 18% by 2027. The City also adopted a policy to establish and maintain a contingency reserve in the amount of \$250,000, reported as unassigned fund balance in the general fund, to provide for unexpected declines in budgeted revenues or unanticipated emergency expenditures.

Capital Improvement Plan – The City approves a multi-year capital improvement plan (CIP) and budget each year. The approved CIP and budget includes the City CIP and the School CIP. The City and School CIP budgets are appropriated each year by Council. The CIP funds are designated as multi-year funds in the accounting system and automatically carry forward the project balances to the next fiscal year for completion of the projects. Council is not required to re-appropriate funds each year for the balance of the same project appropriation.

The CIP is a five-year capital plan updated annually to account for project estimate updates, new and revised projects, and completed projects. The annual update to the CIP begins in October each year. The plan is presented to City Council and the Planning Commission in December each year. The plan is adopted in February during the budget process. The draft CIP is presented to City Council and the Planning Commission for review and suggestions. The Planning Commission will make recommendations and accept the CIP based on the City’s Comprehensive Plan. City Council approves the CIP after the Planning Commission’s recommendations, and any other changes. The CIP includes the funding sources for the proposed capital projects each year of the five-year plan. Funding sources are based on a five-year financial analysis of revenues and expenditures.

Once a project is completed, the balance of any remaining appropriated funds for the project is transferred to the CIP Undesignated Account to be held as contingency for other projects. Council approves the transfer of funds. Any transfer of appropriated funds from one project to another requires approval from City Council.

The City collaborates with the School Board to incorporate the School CIP and develop financing plans to pay for major improvements or renovations to school facilities.

The City prefers to finance capital projects with cash, or ‘pay-as-you-go’ funds, and federal and state grants. The City may use debt financing for projects by issuing general obligation or revenue bonds to finance projects. Any project requiring debt financing shall have a useful life equal to the term of the bond and adhere to the City’s Debt Policy ratios and guidelines.

City Council created three new reserves in the CIP fund during the FY2024 budget process and funded each reserve at the equivalent of one penny on the real estate tax rate, which equals \$287,261. The three reserves will be funded through a general fund transfer and are directly related to council’s vision stated above known as, the Staunton Plan. The three new reserves are West End Revitalization, Uniontown Improvements, and Library Improvements.

Debt Policy- Provides guidance and criteria for the issuance of debt so the City will not exceed affordable levels of indebtedness. This policy is intended to ensure debt is issued and managed prudently in order to maintain a sound fiscal position and protect the City’s credit quality:

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues except when approved justification is provided.
2. When the City finances capital improvements or other projects by issuing bonds, or entering into capital leases, it will repay the debt within a period not-to-exceed the expected useful life of the project.
3. When feasible, the City will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
4. The City will retire tax anticipation debt, if any, annually, and will retire bond anticipation debt within six months after completion of the project.

The following debt ratios will be measured annually and will be measured as part of the debt issuance process. If the issuance of new debt causes the City to be out of compliance with one or more of the policies, staff must request an exception from City Council stating the justification and expected duration of the policy exception:

1. Direct net debt as a percentage of estimated assessed value of taxable property should not exceed four percent (4.0%). “Direct net debt” is defined as any and all debt that is tax-supported.
2. The ratio of debt service expenditures as a percent of total governmental fund expenditures should not exceed fifteen percent (15%).
3. Payout of aggregate outstanding tax-supported debt principal shall be no less than fifty percent (50%) repaid in 10 years.

MAJOR INITIATIVES

FY2023 Budget

City Council’s commitment to prudent fiscal management has provided the framework for the City to prepare and adopt budgets in response to the economic conditions of the local, state, and national economies. The total fiscal year 2023 budget was adopted at \$142.2 million, an increase of 8.4% or \$11 million from the previous year. The January 1, 2023 taxable real estate assessment reflected a significant increase of 26.1% on average. The real estate tax was decreased from \$.92/100 of assessed value to \$.89/100 of assessed value. Real estate tax revenue exceeded budget by \$3.5 million. Personal property tax revenue was projected to decrease by \$.3 million. By the end of the fiscal year, actual property tax revenues exceeded budget by 20.4% or \$1.2 million due to a continued increase in used vehicle values post pandemic driven by supply chain issues. Other local taxes, including meal and sales tax were budgeted for a 13.4% or \$2.1 million increase and actual other local taxes exceeded budget by \$2.9 million.

Judicial

The City will be separating their Juvenile and Domestic Relation Court from the current combined court facility with Augusta County. The new facility will be located in the city’s west end section. Completion of the new court facilities is scheduled for fall 2025.

Economic Development

Staunton Crossing Development Park

Staunton Crossing, located at U.S. 250 and the interchange of Interstate Highways 81 and 64, is planned for a mix of corporate and professional offices, retail stores, restaurants, and lodging facilities. The project will be the largest business development property to support both office and retail development in the Shenandoah Valley region of the I-81 corridor through Virginia.

In September, 2016 the EDA sold approximately 25 acres of the Staunton Crossing development property for \$1.25 million. Construction began on the first phase of the development site in November, 2016. The development includes a Marriott Fairfield Inn and Suites and a Tru by Hilton hotel. Both hotels were open in November 2018. A 7-11 convenience store with Liberty gas station opened during fiscal year 2021. Construction concluded in fiscal year 2022 on a 5,745 square foot retail structure with three tenant spaces which included Jersey Mike’s and Chipotle Mexican Grill.

Construction was completed during fiscal year 2023 on the second phase of a shopping center in the development that houses a Wendy’s and Waffle House restaurants. The City has gained additional jobs and approximately \$1.1 million annually from property, meals, sales, and lodging tax revenues.

The City completed the demolition and asbestos abatement at the Staunton Crossing site at the beginning of the 2023 fiscal year. Total cost of the demolition and asbestos abatement was \$2.4 million. The City was awarded a Virginia Business Ready Sites Program grant in the amount of \$851,000 for a land survey, a traffic impact study, floodplain studies, environmental services and design work relating to water and sewer infrastructure. The improvements to

Staunton Crossing will allow the property to compete nationally as a Tier 4 site for major industrial development for jobs and an increase the City's tax base. The city was also awarded \$4.56 million in 2023 through the Virginia Business Ready Site Program for sewer infrastructure improvements on the Staunton Crossing site.

The City was awarded \$8.7 million from the Virginia Department of Highways in November 2018 to complete the road extension from the entrance to provide access to the entire 275 acres at Staunton Crossing. The contract was awarded in fiscal year 2023 and the project is currently under way. Completion of the road extension is expected for May 2024.

Frontier Center

Frontier Center is near the intersection of Interstates 81 and 64 and the first phase of the development, including construction for the road and infrastructure improvements, was completed in June 2018. Aldi, Bojangles, Chick-fil-A, and McDonalds opened during the summer of 2018 which has contributed to our year-on-year increase in meals and sales tax. The last parcel in this phase was sold and construction of a Cook Out Restaurant began during fiscal year 2023 and opened November 2023. The City has an agreement with the developer to start the second phase of development for a 200,000 square foot retail space.

Community Development

The City was officially designated by the U.S. Department of Housing and Urban Development (HUD) as an entitlement community starting in federal fiscal year 2019. Under this program designation, the City was awarded \$317,340 during fiscal year 2023 and is eligible to receive more than \$319,410 in fiscal year 2024. The city can expect to receive grant funds in this approximate amount every year if funded by Congress.

Through this program, the City can promote integrated approaches to provide decent housing and suitable living environments, while expanding economic opportunities for low and moderate income and special needs populations. The funds will help the City carry out a variety of community development activities, economic development, and improvement of community facilities and services.

The City deployed a new flood awareness site in June 2023 that will provide citizens and stakeholders with real time data using data collected from rainfall sensors strategically placed in waterways. The new site provides users the ability to sign up to receive notifications via email and/or text message regarding possible flooding alerts.

Parks and Recreation

In July 2022, the Parks and Recreation department suffered severe damage from a storm that resulted in the loss of over 160 trees. The department worked throughout fiscal year 2023 to recover from the storm and have replaced many of the lost trees.

The Parks and Recreation department has also been working on several capital improvement projects, funded in part with American Rescue Plan Act (ARPA) funds. Improvements in the parks area include improvements to bathrooms and bathhouses at both park locations and repaving and lighting at the Montgomery Hall Park. In addition, Staunton City schools used leftover capital improvement funds from their high school remodel project to fund two new tennis courts at Montgomery Hall Park.

Public Safety

The City commissioned a study in fiscal year 2022 to ensure adequate facilities are provided for its public safety personnel. The space study wrapped up in fiscal year 2023. Addressing these space issues will assist the police department in serving the citizens of Staunton.

Public Works

The City began construction on a new pump station at Gardner Spring. Gardner Spring is one of two water sources for the City and provides over half of the city's water. The Gardner Spring Pump Station project will build a new pump station out of the flood zone and includes multiple generators that will ensure operations can continue in the event of a power failure at Gardner Spring Pump Station.

The City also relocated the Recycling Center to its permanent home at the Public Works Complex. The new location allows public works staff to provide better and more convenient recycling services.

AWARDS AND ACKNOWLEDGEMENTS

Tourism

Winning high praise for decades of urban revitalization, Staunton continues to garner rankings and acclaim:

- 7 Adorable Small Towns in the Mid-Atlantic – World Atlas
- 40 of the Best Main Streets in America You Need to Visit ASAP – Country Living
- These are America's Most Historic and Beautiful Streets – MSN
- 4 Great Train Trips from DC – Washingtonian
- Shenandoah Beerwerks Trail: Best Beer/Wine/Spirits Trail 2023 – Blue Ridge Outdoors
- The Best Small Towns to Retire in Virginia – World Atlas
- The South's Most Adorable Small Towns, From Texas to Tennessee – MSN
- The Small Town in Virginia That Comes Alive During the Winter Season – Only in Your State
- Take a Stroll Down American's Most Historic Streets – MSN
- 15 Most Charming Small Towns to Visit in Virginia – MSN
- A Charming and Historic Small Town in Virginia, Staunton is Seemingly Frozen in Time – Only in Your State
- 8 Coolest Small Towns in Virginia for a Summer Vacation – World Atlas
- Striking the Right Notes: Music, arts, theater, and hospitality shine in Staunton – Virginia Living

Parks and Recreation

The Horticulture Division of the Department of Parks and Recreation received a Tree City USA award from the National Arbor Day Foundation. Thanks to the City's efforts to make the care and planning of trees a priority, this is the 26th year the City has achieved this award recognizing municipalities with active tree care and replacement programs.

Public Safety

Police Department- The Staunton Police Department is accredited by the Commission on Law Enforcement Accreditation, Inc. The department received its first accreditation award in 1985 as one of the first ten law enforcement agencies in the world accredited by CALEA. Accreditation ensures that police departments operate under a set of nationally accepted standards that are designed to provide citizens with professional law enforcement services. Citizens of the City of Staunton benefit from the accreditation process with the assurance that the police department maintains procedures to encourage, listen and respond to citizen requests, needs, complaints and inquiries. The Department goes through the accreditation process every four years.

Public Works

The City's drinking water consistently meets all water quality standards and regulations. Staunton's Water Treatment Plant has been commended by the VDH Office of Drinking Water Virginia Optimization Program for 19 consecutive years, most recently with the Gold Award for Performance Excellence, the highest level of recognition. This program recognizes those who operate water systems in an exemplary manner, providing quality drinking water that exceeds minimum regulatory standards.

Finance Department

Risk Management

The Risk Management Division of the Finance Department continued its successful completion of 100% of the Virginia Municipal League's Insurance Program risk management guidelines for the City and Staunton City Schools. These guidelines ensure the City and School's commitment to safety for its citizens and employees. As a result of completing the guidelines, the City and Staunton City Schools received a 5% discount on the liability and workers compensation insurance premiums for the fiscal year.

Distinguished Budget Presentation Award

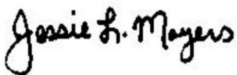
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City of Staunton, Virginia, for its fiscal year 2023 budget. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. This was the seventh year that the City applied for and received the award.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Staunton, Virginia, for its Annual Comprehensive Financial Report for the fiscal years ended June 30, 1985 through 2022. A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was accomplished with efficient and dedicated services of the Finance Department. I would also like to thank the City Manager and the City Council for their interest and support in applying for both the Certificate of Achievement for Excellence in Financial Reporting as well as the Distinguished Budget Presentation Award.

Respectfully submitted,



Jessie L. Moyers
Chief Finance Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of City Council
City of Staunton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents 45%, 30%, and 13%, respectively, of the assets, net position, and revenues of the Environmental Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2023 the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Agreements*. Our opinion is not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Staunton's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2023. The MD&A is in addition to the transmittal letter, located on pages iv-xi of this report. Readers are encouraged to review the information presented in the MD&A and the letter of transmittal to provide the user a more comprehensive view of the City's financial condition. The MD&A presents information for the government-wide financial statements and the fund financial statements. The MD&A provides the user with a narrative introduction, overview, and analysis of the basic financial statements for the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

- The assets and deferred outflows of resources of the City of Staunton VA (City) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$154.8 million (*net position*). Of this amount, \$61.6 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's deferred inflows decreased \$6.5 million from the previous fiscal year due to decrease in the deferred inflows related to pensions and OPEB.
- The City's total net position increased \$9.2 million due to a combination of factors including increases in tax revenues and grants.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$46.5 million, an increase of \$4.9 million in comparison with the prior year. Approximately 20.6% of the combined fund balances (\$9.6 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$24.0 million, or approximately 39.9% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$4.0 million due to a combination of factors, including normal scheduled debt reduction, as well as, a new debt issuance of \$8.5 million in the water fund for the Gardner Spring Pump Station Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the City of Staunton's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents financial information on all of the City of Staunton's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Staunton is improving or deteriorating.

The *statement of activities* presents information showing how the City of Staunton's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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 City of Staunton that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Staunton include general government, judicial, public safety, public works, education, health and welfare, parks and recreation, and community development. The business-type activities of the City of Staunton include water, sewer, storm water, environmental and parking operations.

The government-wide financial statements include not only the City of Staunton itself (known as the *primary government*), but also a legally separate school board and a legally separate economic development authority for which the City of Staunton is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 6-8 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Staunton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Staunton maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its water, sewer, storm water, environmental and parking operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of inventory supplies and for its self-insured health plans for employer and employee health care costs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm water, environmental, which are considered to be major funds of the City. Conversely, the parking fund and both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two types of fiduciary funds. The *OPEB trust fund* is used to report resources held in trust for other post-employment benefits and the *VASAP fund* is a custodial fund used to account for fund of the Valley Alcohol Safety Action Program.

The fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 19-85 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's general fund budget to actual comparison and progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 86-102 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 103-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The following table reflects condensed information for the City's net position.

City of Staunton Summary Statements of Net Position June 30, 2023 and 2022						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	*2022	2023	2022	2023	*2022
Assets:						
Current and other assets	\$ 87,667,691	\$ 87,075,031	\$ 40,336,963	\$ 26,508,680	\$ 128,004,654	\$ 113,583,711
Capital assets	91,883,884	94,268,728	68,178,538	68,368,611	160,062,422	162,637,339
Total assets	179,551,575	181,343,759	108,515,501	94,877,291	288,067,076	276,221,050
Total deferred outflows of resources	<u>5,051,986</u>	<u>6,042,476</u>	<u>773,481</u>	<u>913,866</u>	<u>5,825,467</u>	<u>6,956,342</u>
Liabilities:						
Long-term liabilities	85,313,522	84,553,741	24,748,254	16,573,793	110,061,776	101,127,534
Other liabilities	12,991,055	17,197,286	4,429,495	1,158,914	17,420,550	18,356,200
Total liabilities	98,304,577	101,751,027	29,177,749	17,732,707	127,482,326	119,483,734
Total deferred inflows of resources	<u>10,738,247</u>	<u>16,274,525</u>	<u>823,476</u>	<u>1,813,381</u>	<u>11,561,723</u>	<u>18,087,906</u>
Net Position:						
Invested in capital assets	35,867,733	36,392,037	56,402,246	57,000,996	92,269,979	93,393,033
Restricted	967,138	265,442	-	15,407	967,138	280,849
Unrestricted	38,725,866	32,703,204	22,885,511	19,228,666	61,611,377	51,931,870
Total net position	<u>\$ 75,560,737</u>	<u>\$ 69,360,683</u>	<u>\$ 79,287,757</u>	<u>\$ 76,245,069</u>	<u>\$ 154,848,494</u>	<u>\$ 145,605,752</u>

*Prior year amounts have been restated to include items related to the implementation of GASB 96, *Subscription Based Information Technology Arrangements (SBITA)*. Government-wide capital assets and long-term liabilities increased \$333,526 and \$344,905 respectively, to recognize right to use another party's information technology software, which resulted in a net decrease of \$11,379 to net position invested in capital assets. There was no effect on Business-type capital assets and long-term liabilities. See Notes 18 and 22 in the notes to the financial statements for more information.

At the close of fiscal year 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$154.8 million.

By far, the largest portion of the City's net position (\$92.3 million or 59.6%) is the investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens; therefore, these assets are not available for future spending. Although the City'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 from other sources, since the capital assets themselves cannot be used to liquidated to pay for these liabilities.

An additional portion of the City's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$61.6 million or 39.8% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The following tables summarize the City's change in net position for the current and previous year.

City of Staunton
Changes in Net Position
For the Years Ended June 30, 2023 and 2022

The City's overall net position increased \$9.2 million from the prior fiscal year. The reasons for the overall increase for fiscal year 2023 are discussed in the following sections for governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	*2022	2023	2022	2023	*2022
Revenues:						
Program Revenues						
Charges for services	\$ 8,464,936	\$ 7,689,155	\$ 13,228,525	\$ 13,019,306	\$ 21,693,461	\$ 20,708,461
Operating grants and contributions	14,625,615	12,704,274	81,112	97,732	14,706,727	12,802,006
Capital grants and contributions	852,215	732,190	1,050,522	126,800	1,902,737	858,990
General revenues						
Property taxes	33,705,419	29,245,433	-	-	33,705,419	29,245,433
Other taxes	20,149,504	18,939,371	-	-	20,149,504	18,939,371
Unrestricted intergovernmental	3,188,120	2,946,726	-	-	3,188,120	2,946,726
Interest and investment earnings	316,678	(73,084)	510,920	(188,556)	827,598	(261,640)
Other	90,702	21,553	-	-	90,702	21,553
Total revenues	<u>81,393,189</u>	<u>72,205,618</u>	<u>14,871,079</u>	<u>13,055,282</u>	<u>96,264,268</u>	<u>85,260,900</u>
Expenses:						
General government	12,315,584	12,730,220	-	-	12,315,584	12,730,220
Judicial administration	2,691,915	2,547,762	-	-	2,691,915	2,547,762
Public safety	16,576,207	14,080,043	-	-	16,576,207	14,080,043
Public works	9,408,922	8,438,127	-	-	9,408,922	8,438,127
Health and welfare	5,923,016	6,088,157	-	-	5,923,016	6,088,157
Education (includes payment to Schools)	17,013,452	18,182,718	-	-	17,013,452	18,182,718
Parks, recreation and culture	4,918,117	3,846,110	-	-	4,918,117	3,846,110
Community Development (includes payment to EDA)	3,101,197	3,184,844	-	-	3,101,197	3,184,844
Interest on long-term debt	2,016,831	2,567,257	-	-	2,016,831	2,567,257
Water	-	-	4,207,645	3,492,651	4,207,645	3,492,651
Sewer	-	-	4,031,895	3,690,751	4,031,895	3,690,751
Storm Water	-	-	864,660	1,015,056	864,660	1,015,056
Environmental	-	-	3,381,421	3,383,158	3,381,421	3,383,158
Parking	-	-	570,664	690,247	570,664	690,247
Total expenses	<u>73,965,241</u>	<u>71,665,238</u>	<u>13,056,285</u>	<u>12,271,863</u>	<u>87,021,526</u>	<u>83,937,101</u>
Increase (Decrease) in net position before transfers	7,427,948	540,380	1,814,794	783,419	9,242,742	1,323,799
Transfers	<u>(1,227,894)</u>	<u>(81,657)</u>	<u>1,227,894</u>	<u>81,657</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	6,200,054	458,723	3,042,688	865,076	9,242,742	1,323,799
Net position - Beginning of year	69,360,683	68,901,960	76,245,069	75,379,993	145,605,752	144,281,953
Net position - end of year	<u>\$ 75,560,737</u>	<u>\$ 69,360,683</u>	<u>\$ 79,287,757</u>	<u>\$ 76,245,069</u>	<u>\$ 154,848,494</u>	<u>\$ 145,605,752</u>

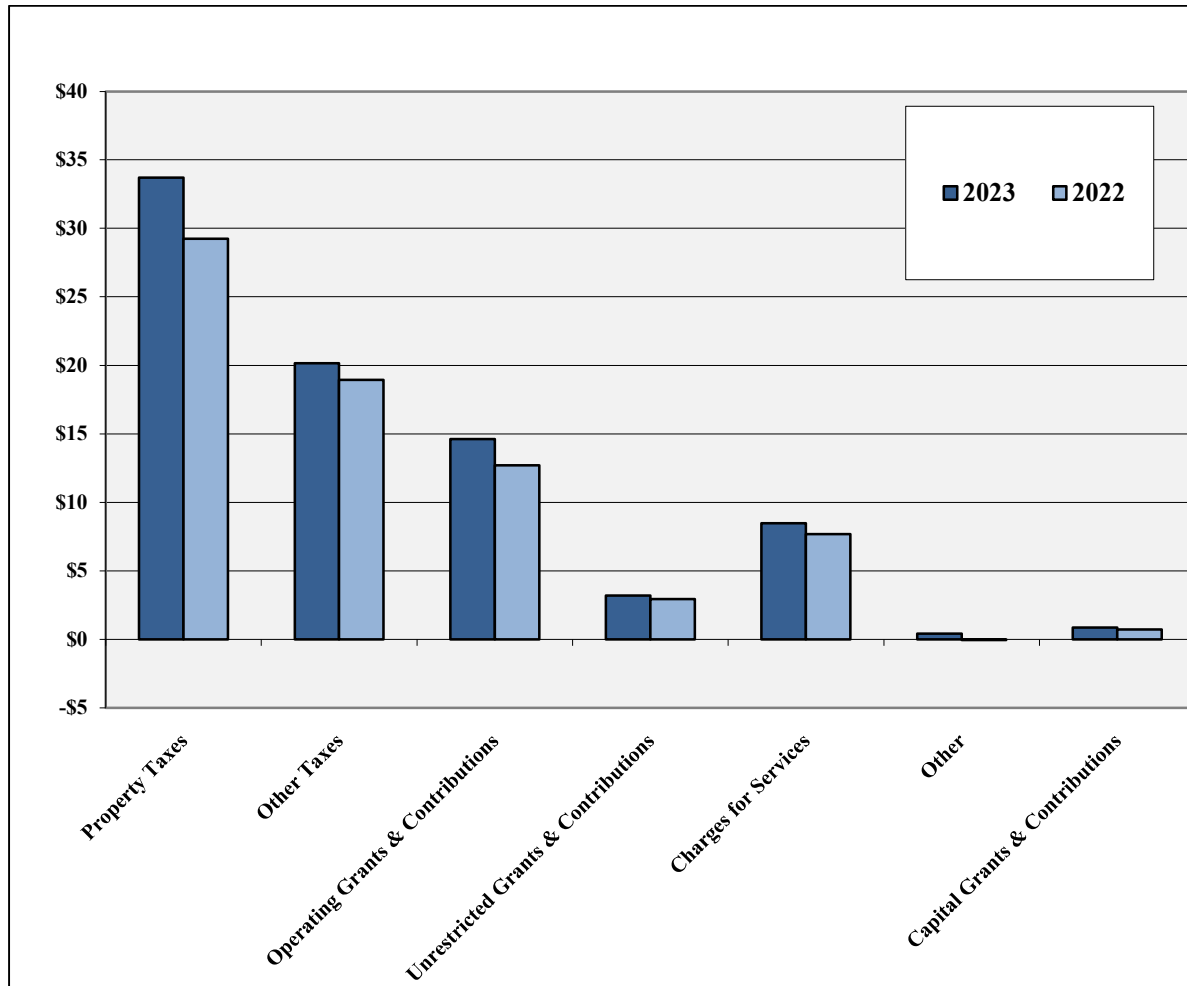
* Amounts reported for 2022 have been restated to include items related to the implementation of GASB 96, *SBITA*.

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$81.4 million for the fiscal year ended June 30, 2023, an increase of \$9.2 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$33.7 million or 41.4% of revenue in 2023. Assessed values of real estate increased 26.1% on average over 2022. The real estate tax rate was reduced to \$.89 per \$100 of assessed value between 2022 and 2023.
- Other tax revenue increased \$1.2 million over 2023 due to increases in sales, meals and BPOL taxes.
- Operating grants and contributions increased \$1.9 million due to an increase in highway maintenance of \$.7 million and recovered costs of \$.6 million.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2023 and 2022
(\$ In Millions)



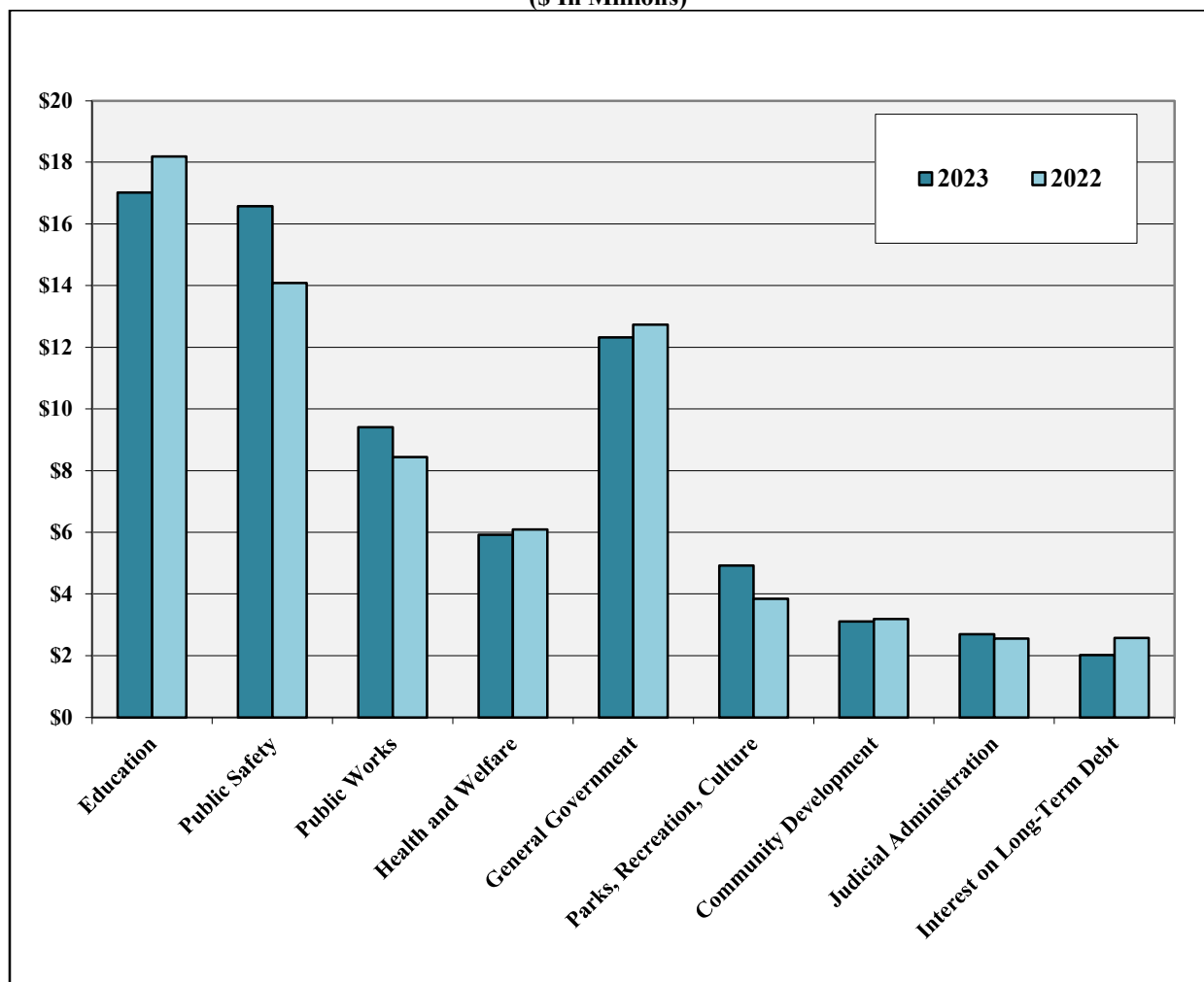
Governmental Activities - Expenses

- The total expenses from governmental activities were \$74 million for the year, an increase of \$2.3 million over the prior fiscal year.
- Education is the largest expense for the city at \$17 million or 23% of total governmental activities. Education expense decreased from 2022 by \$1.2 million. The decrease consists of several items: the transfer back of assets with a net book value of \$2.2 million because the debt was fully paid on the assets and the transfer of \$.4 million to assist in the tennis court project in fiscal year 2022 offset by an increase in the school contribution in fiscal year 2023 of \$1.4 million.
- Public Works increased \$.9 million from the prior fiscal year mainly due to an increase in streets spending as a result of an increase in VDOT reimbursable paving expenses.
- Public Safety increased \$2.5 million from the prior fiscal year mainly due to an increase of \$1.5 million in salary and benefits for public safety personnel and an approximate increase of \$.4 million for the regional jail and detention center.

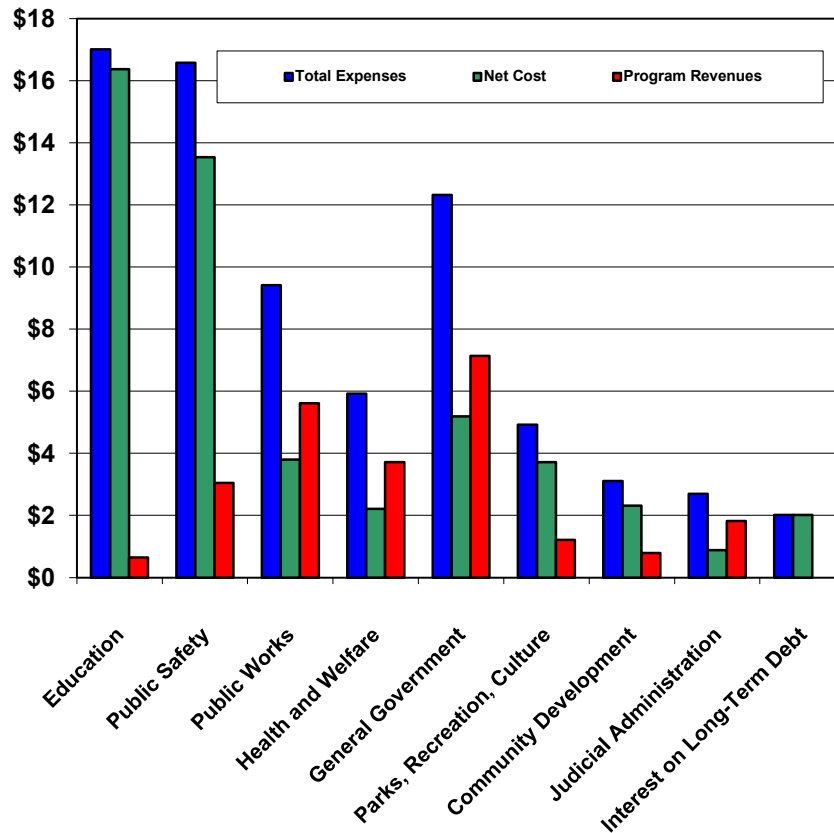
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2023 and 2022

(\$ In Millions)



Governmental Activities - Expenses, Net Costs, and Program Revenues
(\$ In Millions)



Program revenues are those revenues directly related to the individual expense functions such as user fees and charges, restricted grants, and contributions. Program revenues for the current fiscal year totaled \$23.9 million and general revenues totaled \$57.5 million.

The net cost of services represents the amount of tax or other revenue required to support these functions. The Education function requires the largest amount of general revenue support at 32.7%, a decrease of \$1.5 million over the previous year. The decrease in net cost was due to the transferring of a school building and related assets back to education in fiscal year 2022 offset by an increase in the school contribution of \$1.4 million. Public works net cost of service increased \$.7 million primarily due to increases in salaries and benefits due to adjustments in base salaries and the ability to fill positions. Community Development net costs of service decreased \$.5 million over 2022 due to a decrease in economic development cost. Interest costs decreased \$.5 million over the prior year due to debt issuance costs for the refunding bond issue and only a partial year of the bond premium amortization in 2022.

Net Cost of the City of Staunton's Governmental Activities				
	2023		2022(adjusted for GASB 96)	
	Total Cost	Net Cost	Total Cost	Net Cost
Education	\$ 17,013,452	\$ 16,375,502	\$ 18,182,718	\$ 17,834,000
Public Safety	16,576,207	13,533,811	14,080,043	12,331,282
Public Works	9,408,922	3,797,012	8,438,127	3,098,752
Health and Welfare	5,923,016	2,207,099	6,088,157	2,283,418
General Government	12,315,584	5,184,696	12,730,220	5,935,842
Parks, Recreation, Culture	4,918,117	3,715,141	3,846,110	2,967,355
Community Development	3,101,197	2,314,025	3,184,844	2,798,678
Judicial Administration	2,691,915	878,358	2,547,762	824,647
Interest on Long-Term Debt	2,016,831	2,016,831	2,567,257	2,567,257
	\$ 73,965,241	\$ 50,022,475	\$ 71,665,238	\$ 50,641,231

Business-Type Activities

For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$79.3 million. During fiscal year 2023, revenues exceed expenditures by \$3 million.

During fiscal year 2023, the service rates for all services remained flat except for a 15% increase in refuse rates. Revenues increased \$.2 million from 2022 mainly due to refuse rate increase. Total expenses were \$.8 million more than the prior fiscal year due to an increase in operating costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$46.5 million, an increase of \$4.9 million in comparison with the prior year. The increase is due mainly to the increase in general property taxes due to a 26.1% increase on average in real estate assessments and a significant increase in used car values following the global pandemic. Approximately 20.6% of the total combined ending fund balance amount (\$9.6 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder was *nonspendable* (\$.1 million); *restricted* for particular purposes (\$1 million); *committed* for particular purposes (\$11.5 million); or *assigned* for particular purposes (\$24.4 million).

General Fund

The General Fund is the chief operating fund of the City of Staunton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 15.8% of total general fund expenditures, while total fund balance represents approximately 41.7% of that same amount.

The fund balance of the City's general fund increased \$4.1 million during the current fiscal year. Personal property tax revenues increased \$1.2 million due to increased assessed value on personal property and real estate tax revenue increased \$3.3 million due to an average increase of 26.1% in assessed value, offset partially by a decrease in the real estate tax rate by 3 cents per \$100 of assessed value. Other local taxes increased \$1.2 million due to increases in sales, meals and BPOL taxes.

General Fund actual expenditures were \$60.3 million versus the revised budget totaling \$65.5 million. The contribution to the Component Unit School Board was the largest budgeted expenditure at \$15.1 million. Expenditure savings of \$5.2 million was spread through each governmental function. \$.8 million in expenditure savings in public safety was due to grant funds budgeted but not spent as well as personnel and fringe benefit vacancy savings; \$.3 million expenditure savings in public works was due to personnel and benefits vacancy savings and state street maintenance funds that were budgeted and not spent; expenditure savings of \$2.0 million in health and welfare was due to reductions in costs of the children's services act program and other social services program costs; \$.2 million in expenditure savings in parks and recreation was due to personnel and benefit vacancy savings; the remaining expenditure savings of \$2.0 million in general government, judicial and community development was due mainly to open position savings.

Capital Improvements Fund

The City's Capital Improvements Fund, which includes the Bond construction fund, is used to report transactions related to the financing resources and expenditures for the acquisition or construction of capital facilities for the General Fund. Proprietary capital projects are reported in the appropriate proprietary fund. The City uses annual operating revenues of the General Fund, fund balance transfers from the General Fund, bond proceeds, or grants as resources to fund capital projects. With the exception of grant resources, the General Fund transfers funds to the Capital Improvements Fund when appropriated by the governing body. The General Fund transferred \$2.4 million in fiscal year 2023 to the City Capital Improvement Fund for projects still in progress. The city updates the capital improvements plan on an annual basis.

The fund balance of the Capital Improvements Fund increased \$1.4 million during the current fiscal year due to funds transferred from the General fund that had not been spent.

Capital projects in progress at June 30, 2023 are as follows:

PROJECT NAME	REVISED BUDGET - PROJECT TO DATE	FY2023 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
FINANCIAL SOFTWARE	\$ 1,332,482	\$ 52,684	1,326,113	\$ 6,369
COMPUTER NETWORK EQUIPMENT	195,137	-	192,404	2,733
TELEPHONE REPLACEMENT	809,798	176,015	536,009	273,789
AUTO EQUIPMENT	86,012	-	-	86,012
REPLACE-BUILDING RENOVATIONS	-	42,099	42,099	(42,099)
POLICE AUTO EQUIPMENT	331,000	62,285	246,445	84,555
E911 TELEPHONE EQUIPMENT	4,912,272	21,057	905,072	4,007,200
FIRE TRUCK RESERVE	2,704,384	-	2,439,294	265,090
FIRE TRUCK RESERVE-ARPA FUNDED	2,000,000	-	-	2,000,000
SELF CONTAINED BREATHING APPARATUS	60,000	-	-	60,000
CARDIAC MONITORS	20,000	-	-	20,000
REGIONAL JAIL RESERVE	6,076,286	-	5,057,286	1,019,000
REGIONAL ANIMAL SHELTER	125,000	-	82,192	42,808
STREET IMPROVEMENT PROJECTS	1,655,250	360,982	1,630,683	24,567
STREET IMPROVEMENT PROJECTS-ARPA FUNDED	480,000	-	-	480,000
URBAN STREET CONSTRUCTION 2% MATCH	994,478	-	465,395	529,083
CENTRAL AVE STREETScape	2,647,015	-	2,364,053	282,962
STATE ROUTE 1426	1,789,303	-	1,789,303	-
NEW SIDEWALKS	900,000	13,900	13,900	886,100
BESSIE WELLER SAFE ROUTE TO SCHOOL	523,838	247,695	527,251	(3,413)
RICHMOND RD/COCHRAN PARKWAY	2,860,887	-	2,860,887	-
BRICK SIDEWALK PROJECTS	285,167	-	85,162	200,005
MLK MEMORIAL SIGN	40,940	-	40,940	-
PUBLIC WORKS EQUIPMENT RESERVE	700,000	-	282,975	417,025
ADAPTIVE TRAFFIC CONTROL	440,000	-	-	440,000
ADA SIDEWALKS FOR VDOT PAVING	379,066	25,000	25,000	354,066
RETAINING WALLS	42,000	29,458	29,458	12,542
PW MAINTENANCE AUTO EQUIPMENT	175,000	117,943	117,943	57,057
CITY HALL HVAC SYSTEM	583,139	-	148,519	434,620
FIRE STATION ROOF	845,000	-	207,715	637,285
VDOT PRIMARY EXT PAVING	1,549,475	-	1,549,475	-
PUBLIC SAFETY BUILDING	40,000	-	39,339	661
COCHRAN JUDICIAL CENTER	606,682	-	256,682	350,000
PUBLIC WORKS BUILDING MAINTENANCE RESERVE	500,000	-	156,366	343,634
PUBLIC WORKS BUILDING MAINTENANCE RESERVE-ARPA	300,000	-	-	300,000
LIBRARY ROOF REPLACEMENT	375,000	-	-	375,000
BLDG SECURITY ENHANCEMENTS	400,000	-	-	400,000
JDR COURT RELOC/WEST END COMPLEX	646,150	-	-	646,150
JDR COURT RELOCATION	3,053,326	24,440	24,440	3,028,886
INFRASTRUCTURE ACQUISITION	185,000	-	-	185,000
BLUE RIDGE COMMUNITY COLLEGE	632,836	41,048	632,832	4
SCHOOL OPS/TRANSPORTATION PROJECT	2,500,000	-	-	2,500,000
SCHOOL CIP RESERVE	358,962	-	-	358,962
HIGH SCHOOL PROJECT	400,000	-	-	400,000
TRANSFER TO SCHOOL CIP	836,700	-	836,700	-
BOOKER T BUILDING	266,818	-	262,603	4,215
MONTGOMERY HALL SOCCER FIELDS	166,272	-	165,878	394
GOLF NON CAPITAL EQUIPMENT	198,200	-	198,200	-
GHP POOL RENOVATIONS	500,000	-	492,565	7,435
GHP BANDSTAND PROJECT	30,000	-	30,000	-

	REVISED BUDGET - PROJECT TO DATE	FY2023 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
Capital Projects in progress at June 30, 2023:				
MHP BATHROOM/WATER PARK	\$ 275,000	\$ -	\$ 274,317	\$ 683
MHP BATHROOM ARPA FUNDED	300,000	-	-	300,000
GHP FENCE	111,115	-	71,115	40,000
GREENWAYS PROJECT	700,000	-	-	700,000
FOOTBALL STADIUM ADA IMPROVEMENTS	100,000	-	87,682	12,318
GHP RESTROOM REPLACEMENT	350,000	-	41,869	308,131
GHP TOT PLAYGROUND	75,000	-	40,000	35,000
GHP PUMP HOUSE RENOVATIONS	225,000	-	-	225,000
DOG PARK LIGHTS	100,000	-	-	100,000
MOXIE FIELD RENOVATIONS	200,000	-	-	200,000
GHP BATHHOUSE UPGRADES	200,000	-	-	200,000
MHP BATHHOUSE UPGRADES	200,000	-	-	200,000
CORRIDOR OVERLAY INCENTIVES	25,000	-	1,350	23,650
BIKE & PEDESTIRAN PATH	500,000	7,925	19,675	480,325
COUNTY COURTS PROJECT	72,504	9,500	108,560	(36,056)
PLANNING AND INSPECTION SOFTWARE	150,000	-	-	150,000
ECONOMIC DEVELOPMENT RESERVE	1,243,811	6,614	1,229,079	14,732
ENTERPRISE ZONE PROGRAM	360,521	-	262,834	97,687
STAUNTON CROSSING DEVELOPMENT	3,806,200	37,739	3,571,820	234,380
STAUNTON CROSSING DEVELOPMENT-VDEP	85,000	85,000	85,000	-
STAUNTON CROSSING DEVELOPMENT	107,500	47,750	47,750	59,750
FRONTIER CULTURE PROJECT	100,000	-	88,051	11,949
CIP UNDESIGNATED	200,448	-	-	200,448
HIGH SCHOOL RENOVATION PROJECT	48,547,773	7,632	48,542,920	4,853
COMPLETED PROJECTS	10,853,294	-	10,853,291	3
TOTALS	\$ 116,427,041	\$ 1,416,766	\$ 91,386,491	\$ 25,040,550

General Fund Budgetary Highlights

City Council revised the fiscal year 2023 budget six times during the year which included five amendments to the General Fund budget. These budget amendments included:

- Budget Amendment Number 1 - \$100,000. This amendment appropriated \$100,000 for ARPA revenue.
- Budget Amendment Number 3 - \$677,135. This amendment appropriated \$677,135 from prior year reserves for a onetime bonus for city personnel for \$367,676 and to restore a negative budget contingency of \$309,459.
- Budget Amendment Number 4 - \$5,784,357. This amendment appropriated \$4,585,179 from prior year reserves for the following: \$500,000 for storm damage to the parks, \$1,000,000 transfer to the water fund, \$400,000 for additional debt funding, \$2,421,050 for the city CIP, and \$264,129 for various other restricted uses. This amendment also appropriated \$737,489 for Highway maintenance, \$108,325 for the opioid settlement, \$60,000 for a tourism grant, \$186,907 for insurance recoveries, and \$106,457 for various other small grants and department transfers.
- Budget Amendment Number 5 – \$113,099. This amendment appropriated \$125,000 for ARPA revenue and reduced the local health department contribution by (11,901) to match their requested budget.
- Budget Amendment Number 6 - \$1,065,880. This amendment appropriated \$576,802 for insurance proceeds and recovered costs, \$389,170 for additional highway maintenance funds allocated by the state, \$18,228 for the opioid settlement, and \$81,680 for various grants and donations.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2023 amounts to \$160 million (net of depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges as well as utility line infrastructure. Total net capital assets are \$91.9 million for the governmental activities, and \$68.2 million for the business-type activities. The total decrease in capital assets for the current fiscal year was \$2.2 million or 1.4%.

Major capital asset events (other than normal depreciation costs) during the current fiscal year included the following for governmental activities:

- Addition of \$.5 million for the Bessie Weller Safe Route to School improvements, \$.4 million telephone addition, and \$.2 tennis court addition.

Major capital asset events (other than normal depreciation costs) during the current fiscal year included the following for business-type activities:

- Addition of \$.4 million of developer installed water and sewer lines, \$.3 million of city installed water lines and \$.2 for a new refuse truck. In addition, construction in progress increased \$1.4 million due to the Gardener Springs project.
- Additional information regarding capital assets can be found in Note 5 in the notes to the financial statements.

City of Staunton Capital Assets Net of Depreciation

	2023			2022*		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760
Landfill	-	646,541	646,541	-	833,888	833,888
Buildings	54,823,705	22,918,872	77,742,577	56,488,893	23,860,462	80,349,355
Lease assets-Buildings	152,876	-	152,876	192,479	-	192,479
Improvements	4,892,842	3,145,014	8,037,856	4,844,915	3,328,699	8,173,614
Lease assets-Improvements	-	74,236	74,236	-	83,516	83,516
Equipment	8,219,561	4,075,059	12,294,620	8,212,988	4,428,457	12,641,445
Lease assets-Equipment	31,763	2,285	34,048	34,217	4,108	38,325
Subscription Assets	263,215	-	263,215	333,526	-	333,526
Infrastructure	18,466,277	31,420,377	49,886,654	18,760,176	32,282,944	51,043,120
Construction in Progress	271,464	3,743,575	4,015,039	639,353	1,393,958	2,033,311
Total	\$ 91,883,884	\$ 68,178,538	\$ 160,062,422	\$ 94,268,728	\$ 68,368,611	\$ 162,637,339

* Amounts reported for 2022 have been restated to include items related to the implementation of GASB 96, *SBITA*.

DEBT ADMINISTRATION

- The City of Staunton currently has no public debt, with all outstanding debt being either bank qualified debt or Virginia Revolving Loan funds debt. Therefore, there are no official credit ratings from Moody's or Standard and Poor.
- The *Code of Virginia* limits the amount of general obligation debt the City may issue to ten percent of its total assessed taxable value of real estate which is \$287.1 million for the City. The City currently has net bonded debt payable of \$75.6 million (bonded debt of \$80.4 million less accumulated reserves of \$4.8 million). The current legal margin for creating additional debt for the City of Staunton is \$211.6 million.
- Additional information regarding outstanding debt can be found in Note 6 in the notes to the financial statements.

City of Staunton Outstanding Debt (net of premium)

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 43,518,045	\$ -	\$ 43,518,045	\$ 44,400,707	\$ -	\$ 44,400,707
Virginia Revolving Loan	18,149,071	18,724,696	36,873,767	20,608,506	11,362,373	31,970,879
Total	\$ 61,667,116	\$ 18,724,696	\$ 80,391,812	\$ 65,009,213	\$ 11,362,373	\$ 76,371,586

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The fiscal year 2024 general fund budget was adopted at \$69.8 million, an increase of \$4.6 million from the \$65.2 million budget for fiscal year 2023. The majority of the expected increases are in tax revenues.
- The real estate tax rate is \$.89/\$100 of assessed value and the personal property tax rate is \$2.90/\$100 of assessed value. The January 1, 2023 taxable real estate assessment reflected an increase of 26.1% on average due to the increase in the real estate assessment. The real estate tax rate was decreased from \$.92/\$100 to \$.89/\$100 of assessed value. Real estate revenues are still expected to rise \$4.4 million. The next real estate assessment will take place in 2025.
- Meals and sales tax are projected to increase 9.2% compared to fiscal year 2023 and lodging tax is projected to increase by 39.5%. The result of these adjustments equals an overall expected increase of \$1.4 million.
- Intergovernmental revenue constitutes 20.4% of the total general fund budget and is projected to decrease just \$.6 million over 2023, from \$14.8 million to \$14.2 million. The largest categories of state funding are personal property tax relief, health and welfare and, children's services act.
- The fiscal year 2024 adopted budget supports employees and continuity of quality city programs and services and recognizes and values the retention of existing staff and protection of city programs and increased debt funding to cover all current debt service. It includes a 5% pay increase effective July 1, 2023 to help the City remain market competitive as an employer in the Shenandoah Valley. In addition, the City conducted a job and compensation study. The fiscal year 2024 budget increased \$172 thousand for phase one of increases to bring salaries in align with the market.
- City Council approved the Capital Improvement Plan for fiscal years 2024-2028 on April 27, 2023. The City will transfer \$861,783 to the City Capital Improvement Fund for FY24 from the general fund and the remaining will be funded with potential fiscal year 2023 reserves.
- The General Fund transfer to the Education Fund totals \$16 million, or 22.9% of the total general fund budget. This is an increase of \$.9 million over the prior fiscal year.
- As of September 2023, the unemployment rate for the City of Staunton was 2.7%. Staunton's rate is slightly higher than the state's average unemployment rate of 2.5% and well below the national average of 3.8%.

All these factors were considered in preparing the fiscal year 2024 budget to finance the cost of programs and services provided to citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Staunton, 116 W. Beverley Street, Staunton, Virginia 24401, 540-332-3948, or at moyersjl@ci.staunton.va.us.

BASIC FINANCIAL STATEMENTS

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 57,617,450	\$ 18,505,568	\$ 76,123,018	\$ 10,724,591	\$ 93,597
Investments (Note 2)	4,364,199	7,393,560	11,757,759	-	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	6,428,121	-	6,428,121	-	-
Accounts	1,859,374	2,256,589	4,115,963	9,031	523,848
Interest	14,143	24,728	38,871	-	-
Lease receivable (Note 18)	343,983	195,073	539,056	-	489,360
Due from other governments (Note 3 and 14)	3,811,396	597,270	4,408,666	4,328,870	-
Due from component unit (Note 17)	12,750,000	-	12,750,000	-	-
Inventory (Notes 1, 17)	325,842	-	325,842	-	12,970,053
Prepaid items	146,183	3,728	149,911	2,194	-
Security deposit	-	-	-	7,500	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	7,000	10,040,422	10,047,422	27,456	-
Due from other governments (Note 3)	-	1,320,025	1,320,025	-	-
Capital assets: (Note 5)					
Nondepreciable	5,033,645	5,896,154	10,929,799	525,362	793,946
Depreciable, net	86,850,239	62,282,384	149,132,623	12,476,168	5,458,116
Total assets	179,551,575	108,515,501	288,067,076	28,101,172	20,328,920
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	3,621,295	542,242	4,163,537	6,304,323	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,430,691	202,804	1,633,495	1,538,431	-
Deferred charges on refunding	-	28,435	28,435	-	-
Total deferred outflows of resources	5,051,986	773,481	5,825,467	7,842,754	-
LIABILITIES					
Accounts payable	1,977,546	686,617	2,664,163	547,693	534,944
Retainage payable	-	67,571	67,571	-	-
Accrued liabilities	1,252,553	259,287	1,511,840	1,958,742	-
Due to primary government (Note 17)	-	-	-	-	12,750,000
Unearned revenue (Note 1)	9,731,406	3,018,128	12,749,534	-	-
Amounts held for others	22,550	-	22,550	5,923	-
Deposits payable	7,000	397,892	404,892	-	-
Noncurrent liabilities:					
Due within one year (Note 6)	5,379,198	1,721,268	7,100,466	401,963	-
Due in more than one year:					
Net pension liability (Notes 7, 8, and 11)	15,587,721	2,102,112	17,689,833	20,296,440	-
Net OPEB liability (Notes 9, 10, and 11)	4,835,079	698,561	5,533,640	5,382,912	-
Other debt (Note 6)	59,511,524	20,226,313	79,737,837	712,055	-
Total liabilities	98,304,577	29,177,749	127,482,326	29,305,728	13,284,944
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	2,762,702	437,450	3,200,152	4,681,096	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	1,311,706	190,953	1,502,659	1,291,987	-
Lease related (Note 18)	343,983	195,073	539,056	-	489,360
Property taxes (Note 13)	6,319,856	-	6,319,856	-	-
Total deferred inflows of resources	10,738,247	823,476	11,561,723	5,973,083	489,360
NET POSITION					
Net investment in capital assets	35,867,733	56,402,212	92,269,945	12,814,116	6,252,062
Restricted for:					
Programs	935,326	-	935,326	35,794	-
Donor purposes	31,812	-	31,812	120,835	-
Unrestricted (deficit)	38,725,866	22,885,545	61,611,411	(12,305,630)	302,554
Total net position	\$ 75,560,737	\$ 79,287,757	\$ 154,848,494	\$ 665,115	\$ 6,554,616

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 12,315,584	\$ 6,667,287	\$ 463,601	\$ -	
Judicial administration	2,691,915	260,130	1,528,987	24,440	
Public safety	16,576,207	802,235	1,898,051	342,110	
Public works	9,408,922	-	5,421,296	190,614	
Health and welfare	5,923,016	-	3,715,917	-	
Education	17,013,452	-	354,899	283,051	
Parks, recreation, and culture	4,918,117	710,959	480,017	12,000	
Community development	3,101,197	24,325	762,847	-	
Interest on long-term debt	2,016,831	-	-	-	
Total governmental activities	73,965,241	8,464,936	14,625,615	852,215	
Business-type activities:					
Water	4,207,645	4,653,366	1,515	464,964	
Sewer	4,031,895	3,865,902	50	488,686	
Storm Water	864,660	796,103	34,221	-	
Environmental	3,381,421	3,624,444	45,326	96,872	
Parking	570,664	288,710	-	-	
Total business-type activities	13,056,285	13,228,525	81,112	1,050,522	
Total primary government	\$ 87,021,526	\$ 21,693,461	\$ 14,706,727	\$ 1,902,737	
Component Units:					
School Board	\$ 42,858,669	\$ 474,412	\$ 18,645,386	\$ 2,036,963	
Economic Development Authority	909,640	19,515	655,420	-	
Total component units	\$ 43,768,309	\$ 493,927	\$ 19,300,806	\$ 2,036,963	

General revenues:

- Property taxes
- Sales tax
- Hotel and meals tax
- Business license
- Utility taxes
- Local communication tax
- Other taxes
- Unrestricted investment earnings (loss)
- Grants and contributions not restricted to a specific program
- Miscellaneous
- Net payment from City - unrestricted
- Transfers

Total general revenues

Change in net position

Net position - beginning of year as restated (Note 22)

Net position - end of year

The Notes to Financial Statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position			Component Units	
Primary Government			School Board	Economic Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ (5,184,696)		\$ (5,184,696)		
(878,358)		(878,358)		
(13,533,811)		(13,533,811)		
(3,797,012)		(3,797,012)		
(2,207,099)		(2,207,099)		
(16,375,502)		(16,375,502)		
(3,715,141)		(3,715,141)		
(2,314,025)		(2,314,025)		
(2,016,831)		(2,016,831)		
(50,022,475)		(50,022,475)		
-	\$ 912,200	912,200		
-	322,743	322,743		
-	(34,336)	(34,336)		
-	385,221	385,221		
-	(281,954)	(281,954)		
-	1,303,874	1,303,874		
(50,022,475)	1,303,874	(48,718,601)		
			\$ (21,701,908)	\$ -
			-	(234,705)
			(21,701,908)	(234,705)
33,705,419	-	33,705,419	-	-
5,962,604	-	5,962,604	-	-
7,546,243	-	7,546,243	-	-
3,038,126	-	3,038,126	-	-
1,188,262	-	1,188,262	-	-
970,142	-	970,142	-	-
1,444,127	-	1,444,127	-	-
316,678	510,920	827,598	34,970	17,559
3,188,120	-	3,188,120	13,116,112	-
90,702	-	90,702	-	-
-	-	-	14,782,186	-
(1,227,894)	1,227,894	-	-	-
56,222,529	1,738,814	57,961,343	27,933,268	17,559
6,200,054	3,042,688	9,242,742	6,231,360	(217,146)
69,360,683	76,245,069	145,605,752	(5,566,245)	6,771,762
\$ 75,560,737	\$ 79,287,757	\$ 154,848,494	\$ 665,115	\$ 6,554,616

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2023**

	General	Capital Projects Fund Capital Improvements	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 23,057,091	\$ 25,624,986	\$ 4,886,102	\$ 53,568,179
Investments	4,364,199	-	-	4,364,199
Receivables (net of allowances for uncollectibles):				
Taxes	6,428,121	-	-	6,428,121
Accounts	1,407,973	142,527	36,627	1,587,127
Interest	14,143	-	-	14,143
Lease receivable	343,983	-	-	343,983
Due from other governments	3,196,618	340,459	274,319	3,811,396
Due from other funds	193,256	-	-	193,256
Prepaid items	121,993	-	1,732	123,725
Restricted assets:				
Cash and cash equivalents	7,000	-	-	7,000
Total assets	\$ 39,134,377	\$ 26,107,972	\$ 5,198,780	\$ 70,441,129
Liabilities				
Accounts payable	\$ 1,767,613	\$ 32,408	\$ 162,389	\$ 1,962,410
Accrued liabilities	396,933	-	18,141	415,074
Accrued leave payable	14,688	-	1,532	16,220
Due to other funds	-	-	193,256	193,256
Unearned revenue	187,770	9,543,636	-	9,731,406
Amounts held for others	22,550	-	-	22,550
Deposits payable	7,000	-	-	7,000
Total liabilities	2,396,554	9,576,044	375,318	12,347,916
Deferred Inflows of Resources				
Lease related	343,983	-	-	343,983
Unavailable revenue-other	1,706,246	-	-	1,706,246
Unavailable revenue-property taxes	9,549,605	-	-	9,549,605
Total deferred inflows of resources	11,599,834	-	-	11,599,834
Fund Balances				
Nonspendable	121,993	-	1,732	123,725
Restricted	967,138	-	-	967,138
Committed	11,523,414	-	-	11,523,414
Assigned	2,970,571	16,531,928	4,821,730	24,324,229
Unassigned	9,554,873	-	-	9,554,873
Total fund balances	25,137,989	16,531,928	4,823,462	46,493,379
Total liabilities, deferred inflows of resources and fund balances	\$ 39,134,377	\$ 26,107,972	\$ 5,198,780	\$ 70,441,129

CITY OF STAUNTON, VIRGINIA

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

June 30, 2023

Total Fund Balances - Governmental Funds \$ 46,493,379

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

Capital assets used in governmental activities are not financial resources,
and, therefore, are not reported in the funds.

Governmental capital assets	\$ 175,044,060	
Less: accumulated depreciation	<u>(83,160,176)</u>	
		91,883,884

Premiums are reported as revenues in the governmental funds, but are
amortized over the life of the debt obligation in the statement of net position:

Bond premiums (to be amortized as interest expense)		(4,782,116)
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Internal service funds are used by management to charge the cost of
certain activities to individual funds. The assets and liabilities of the
internal service funds are included in governmental activities in the
statement of net position.

3,950,682

Receivables that are not available to pay for current-period
expenditures are deferred or not reported in the funds.

Due from EDA	\$ 12,750,000	
Hotel rent	16,667	
Interest	14,143	
Miscellaneous reimbursement	64,584	
Opioid settlement	406,767	
Jail buy in	1,299,479	
Real estate taxes	<u>3,134,355</u>	
		17,685,995

Financial statement elements related to pensions are applicable to future periods
and, therefore, are not reported in the funds.

Deferred outflows	\$ 3,621,295	
Deferred inflows	(2,762,702)	
Net pension liability	<u>(15,587,721)</u>	(14,729,128)

Financial statement elements related to other postemployment benefits (OPEB)
are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows	\$ 1,430,691	
Deferred inflows	(1,311,706)	
Net OPEB liability	<u>(4,835,079)</u>	(4,716,094)

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

General obligation bonds and VRA loans	\$ (56,885,000)	
Lease obligations	(187,936)	
Subscription obligations	(236,052)	
Accrued interest payable	(837,479)	
Claims payable (net of amount reported as claims payable in internal service fund \$704,000)	(25,392)	
Compensated absences (net of amount reported as accrued liability in funds \$16,220)	<u>(2,054,006)</u>	<u>(60,225,865)</u>

Total Net Position - Governmental Activities		<u><u>\$ 75,560,737</u></u>
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CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	General	Capital Projects	Nonmajor Governmental	Total Governmental
Revenues				
General property taxes	\$ 33,278,054	\$ -	\$ -	\$ 33,278,054
Other local taxes	20,149,504	-	-	20,149,504
Permits, privilege fees, and regulatory licenses	274,672	-	-	274,672
Fines and forfeitures	184,149	-	-	184,149
Revenues from use of money and property	263,003	75,136	19,611	357,750
Charges for services	1,802,955	-	134,254	1,937,209
Miscellaneous	406,292	-	140,780	547,072
Recovered costs	1,985,554	142,527	-	2,128,081
Intergovernmental:				
Federal	1,431,844	133,850	786,986	2,352,680
Commonwealth	12,825,315	85,000	954,341	13,864,656
Total revenues	72,601,342	436,513	2,035,972	75,073,827
Expenditures				
Current:				
General government administration	6,094,050	52,684	-	6,146,734
Judicial administration	2,767,988	-	-	2,767,988
Public safety	15,253,258	104,384	1,492,313	16,849,955
Public works	7,763,500	512,975	-	8,276,475
Health and welfare	5,905,625	-	-	5,905,625
Education	15,074,237	48,680	-	15,122,917
Parks, recreation, and cultural	4,749,075	-	-	4,749,075
Community development	2,559,032	194,528	597,491	3,351,051
Capital projects	-	503,515	-	503,515
Debt service:				
Principal retirement	155,102	-	3,029,327	3,184,429
Interest and fiscal charges	8,751	-	2,384,135	2,392,886
Total expenditures	60,330,618	1,416,766	7,503,266	69,250,650
Excess (deficiency) of revenues over expenditures	12,270,724	(980,253)	(5,467,294)	5,823,177
Other financing sources (uses)				
Issuance of lease	11,408	-	-	11,408
Issuance of subscription	34,257	-	-	34,257
Transfers in	-	2,421,050	4,896,591	7,317,641
Transfers out	(8,366,625)	-	-	(8,366,625)
Total other financing sources (uses)	(8,320,960)	2,421,050	4,896,591	(1,003,319)
Net change in fund balance	3,949,764	1,440,797	(570,703)	4,819,858
Fund balance - beginning of year , as restated	21,188,225	15,091,131	5,394,165	41,673,521
Fund balance - end of year	<u>\$ 25,137,989</u>	<u>\$ 16,531,928</u>	<u>\$ 4,823,462</u>	<u>\$ 46,493,379</u>

CITY OF STAUNTON, VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Net changes in fund balances - Governmental Funds		\$	4,819,858
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Governmental funds report the cost of capital assets acquired as current expenditures while the statement of activities reports depreciation expense to allocate those expenditures over the life of the assets.			
Depreciation	\$	(4,619,830)	
Capital expenditures		1,946,846	
Contributed Capital-to Water		(178,910)	
Contributed Capital-Donated assets		473,666	(2,378,228)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	\$	427,365	
Interest		5,793	
Opioid settlement		406,767	
Other operating revenues		20,350	860,275
Payments on loans receivable are revenues in the governmental funds, but decrease long term assets in Jail buy in			(629,114)
Debt proceeds provide current financial resources to governmental funds, but debt issuances increase long term liabilities in the statement of net position. Principal repayments are expenditures in governmental funds, but reduce long term liabilities in the statement of net position.			
GO bond payments	\$	3,005,000	
Proceeds from the issuance of subscription		(34,257)	
Subscription payments		143,110	
Proceeds from the issuance of lease		(11,408)	
Lease payments (net of amount reported in internal service fund \$2,113)		36,319	3,138,764
Governmental funds report interest on long term debt as expenditures when payments are made, while the statement of activities reports interest expense on the accrual basis.			38,988
Governmental funds report employer contributions to other postemployment benefit as expenditures. However, in the statement of activities the cost of other postemployment benefits earned net of employee contributions is reported as OPEB expense.			
Employer OPEB contributions	\$	315,297	
OPEB expense		235,869	551,166
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Employer pension contributions	\$	(1,006,489)	
Pension expense		1,739,892	733,403
Some expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported as expenditures in governmental funds.			
Compensated absences and claims payable	\$	(133,195)	
Amortization of bond premium		337,097	203,902
The net income of internal service funds is reported within governmental activities on the statement of activities.			(1,138,960)
Change in net position - Governmental Activities		\$	6,200,054

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor-Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 7,455,318	\$ 2,989,132	\$ 5,289,390	\$ 2,461,571	\$ 310,157	\$ 18,505,568	\$ 4,049,272
Investments	3,688,065	2,524,571	-	1,180,924	-	7,393,560	-
Receivable:							
Accounts (net of allowance for uncollectibles)	777,475	730,326	117,115	606,656	25,017	2,256,589	272,246
Interest	11,893	8,510	-	4,325	-	24,728	-
Lease Receivable	195,073	-	-	-	-	195,073	-
Due from other governmental units	296,724	232,046	34,000	34,500	-	597,270	-
Inventory	-	-	-	-	-	-	325,843
Prepaid items	-	-	-	3,728	-	3,728	22,458
Restricted assets:							
Cash and cash equivalents	7,343,310	-	182,500	2,509,749	4,863	10,040,422	-
Due from other governments	-	179,020	-	-	-	179,020	-
Total current assets	19,767,858	6,663,605	5,623,005	6,801,453	340,037	39,195,958	4,669,819
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	1,141,005	-	-	-	1,141,005	-
Total restricted assets	-	1,141,005	-	-	-	1,141,005	-
Capital assets:							
Nondepreciable	2,808,604	397,298	501,863	1,154,140	1,034,249	5,896,154	-
Depreciable, net	19,103,254	29,936,473	6,690,128	1,803,078	4,749,451	62,282,384	50,375
Total capital assets, net	21,911,858	30,333,771	7,191,991	2,957,218	5,783,700	68,178,538	50,375
Total noncurrent assets	21,911,858	31,474,776	7,191,991	2,957,218	5,783,700	69,319,543	50,375
Total assets	41,679,716	38,138,381	12,814,996	9,758,671	6,123,737	108,515,501	4,720,194
Deferred outflows of resources							
Deferred outflows related to pensions	283,015	8,788	28,020	222,419	-	542,242	-
Deferred outflows related to other postemployment benefits	110,886	3,483	10,952	77,483	-	202,804	-
Deferred charge on refunding	20,004	8,431	-	-	-	28,435	-
Total deferred outflows of resources	413,905	20,702	38,972	299,902	-	773,481	-
Liabilities							
Current liabilities:							
Accounts payable	92,043	415,009	1,847	175,403	2,315	686,617	15,137
Retainage payable	67,571	-	-	-	-	67,571	-
Accrued liabilities	185,600	32,600	2,868	20,102	18,117	259,287	-
Unearned revenue	-	-	2,150,000	868,128	-	3,018,128	-
Deposits payable	210,529	-	182,500	-	4,863	397,892	-
Total current liabilities	555,743	447,609	2,337,215	1,063,633	25,295	4,429,495	15,137
Noncurrent liabilities:							
Due within one year:							
Bonds, leases, claims, compensated absences	699,603	763,783	2,539	73,482	133,178	1,672,585	704,000
Landfill closure/postclosure	-	-	-	48,683	-	48,683	-
Due in more than one year:							
Net pension liability	1,218,266	37,850	120,624	725,372	-	2,102,112	-
Net OPEB liability	374,701	11,785	37,015	275,060	-	698,561	-
Bonds, leases, claims, compensated absences	10,592,831	5,086,302	-	-	1,670,628	17,349,761	-
Landfill closure/postclosure	-	-	-	2,876,552	-	2,876,552	-
Total noncurrent liabilities	12,885,401	5,899,720	160,178	3,999,149	1,803,806	24,748,254	704,000
Total liabilities	13,441,144	6,347,329	2,497,393	5,062,782	1,829,101	29,177,749	719,137
Deferred Inflows of Resources							
Lease related	195,073	-	-	-	-	195,073	-
Deferred inflows related to pensions	215,912	6,702	21,378	193,458	-	437,450	-
Deferred inflows related to other post employment benefits	101,662	3,194	10,042	76,055	-	190,953	-
Total deferred inflows of resources	512,647	9,896	31,420	269,513	-	823,476	-
Net Position							
Net investment in capital assets	17,810,083	24,469,311	7,190,226	2,952,698	3,979,894	56,402,212	50,375
Unrestricted	10,329,747	7,332,547	3,134,929	1,773,580	314,742	22,885,545	3,950,682
Total net position	\$ 28,139,830	\$ 31,801,858	\$ 10,325,155	\$ 4,726,278	\$ 4,294,636	\$ 79,287,757	\$ 4,001,057

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2023**

Business-Type Activities – Enterprise Funds						Governmental Activities –
Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
\$ -	\$ -	\$ -	\$ -	\$ 18,250	\$ 18,250	\$ -
4,576,331	3,864,664	778,689	3,610,026	266,345	13,096,055	10,274,600
61,494	-	-	1,207	4,115	66,816	-
1,515	50	34,221	45,326	-	81,112	-
13,191	1,238	17,414	13,211	-	45,054	-
4,652,531	3,865,952	830,324	3,669,770	288,710	13,307,287	10,274,600
1,058,695	511,266	168,792	1,428,390	99,851	3,266,994	-
-	-	-	-	-	-	8,730,006
2,673	2,124	103	106	-	5,006	-
-	-	-	-	-	-	419,325
-	-	-	-	-	-	1,152,270
401,200	53,704	762	39,172	-	494,838	-
264,863	1,781,890	117,275	635,577	10,177	2,809,782	10,365
210,456	16,533	363	153,992	8,273	389,617	62,310
1,022,600	1,389,657	485,107	473,947	310,635	3,681,946	6,616
285,403	6,172	-	2,259	33,451	327,285	-
510,415	174,934	92,258	299,949	49,826	1,127,382	1,049,542
-	-	-	348,029	-	348,029	-
3,756,305	3,936,280	864,660	3,381,421	512,213	12,450,879	11,430,434
896,226	(70,328)	(34,336)	288,349	(223,503)	856,408	(1,155,834)
355,681	44,034	14,277	95,330	1,598	510,920	16,905
(83,361)	-	-	-	-	(83,361)	-
(348,947)	(120,607)	-	-	(58,451)	(528,005)	(31)
2,350	-	-	-	-	2,350	-
-	24,992	-	-	-	24,992	-
(74,277)	(51,581)	14,277	95,330	(56,853)	(73,104)	16,874
821,949	(121,909)	(20,059)	383,679	(280,356)	783,304	(1,138,960)
168,240	256,640	-	-	-	424,880	-
159,878	-	-	-	-	159,878	-
296,724	232,046	-	96,872	-	625,642	-
1,024,761	538	2,153	18,302	3,230	1,048,984	-
2,471,552	367,315	(17,906)	498,853	(277,126)	3,042,688	(1,138,960)
25,668,278	31,434,543	10,343,061	4,227,425	4,571,762	76,245,069	5,140,017
\$ 28,139,830	\$ 31,801,858	\$ 10,325,155	\$ 4,726,278	\$ 4,294,636	\$ 79,287,757	\$ 4,001,057

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-Type Activities – Enterprise Funds						Governmental Activities – Internal Service
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 4,569,691	\$ 3,796,100	\$ 742,394	\$ 3,543,245	\$ 280,126	\$ 12,931,556	\$ 10,706,249
Cash paid to suppliers	(1,665,335)	(1,890,516)	(214,584)	(1,193,465)	(105,379)	(5,069,279)	(1,150,007)
Cash paid to employees	(1,128,305)	(543,327)	(168,787)	(1,655,996)	(102,615)	(3,599,030)	-
Claims paid	-	-	-	-	-	-	(8,981,006)
Administrative and stop loss fees	-	-	-	-	-	-	(1,580,506)
Operating grants received	1,515	50	34,221	10,826	-	46,612	-
Net cash provided by (used in) operating activities	1,777,566	1,362,307	393,244	704,610	72,132	4,309,859	(1,005,270)
NONCAPITAL FINANCING ACTIVITIES							
Transfers to/from other funds	1,024,761	538	2,153	18,302	3,230	1,048,984	-
Net cash provided by noncapital financing activities	1,024,761	538	2,153	18,302	3,230	1,048,984	-
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(1,702,350)	(289,577)	(176,828)	(640,985)	-	(2,809,740)	-
Principal paid on long-term debt	(228,637)	(551,131)	-	-	(105,000)	(884,768)	(2,113)
Interest paid on long-term debt	(261,600)	(115,659)	-	-	(73,165)	(450,424)	(31)
Principal paid on lease liabilities	(1,467)	(410)	-	-	(8,134)	(10,011)	-
Interest paid on lease liabilities	(35)	(19)	-	-	(2,866)	(2,920)	-
Income received on leases	61,494	-	-	-	4,115	65,609	-
Interest received on leases	8,455	-	-	-	-	8,455	-
Proceeds from capital grants	-	-	2,150,000	965,000	-	3,115,000	-
Proceeds from sale of capital assets	2,350	-	-	-	-	2,350	-
Proceed from debt issuance	8,500,000	-	-	-	-	8,500,000	-
Bond issuance costs	(83,361)	-	-	-	-	(83,361)	-
Net cash used by capital and related financing activities	6,294,849	(956,796)	1,973,172	324,015	(185,050)	7,450,190	(2,144)
INVESTING ACTIVITIES							
Transfer (to) from investment account	-	-	-	144,000	-	144,000	-
Interest received	307,942	14,041	14,277	81,974	1,598	419,832	16,905
Net cash provided by investing activities	307,942	14,041	14,277	225,974	1,598	563,832	16,905
Net increase (decrease) in cash and cash equivalents	9,405,118	420,090	2,382,846	1,272,901	(108,090)	13,372,865	(990,509)
CASH AND CASH EQUIVALENTS							
Beginning of year	5,672,368	2,569,042	3,089,044	3,698,419	423,110	15,451,983	5,039,781
End of year	\$ 15,077,486	\$ 2,989,132	\$ 5,471,890	\$ 4,971,320	\$ 315,020	\$ 28,824,848	\$ 4,049,272
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 7,455,318	\$ 2,989,132	\$ 5,289,390	\$ 2,461,571	\$ 310,157	\$ 18,505,568	\$ 4,049,272
Investments - SNAP interest	278,858	-	-	-	-	278,858	-
Restricted cash and cash equivalents	7,343,310	-	182,500	2,509,749	4,863	10,040,422	-
Total	\$ 15,077,486	\$ 2,989,132	\$ 5,471,890	\$ 4,971,320	\$ 315,020	\$ 28,824,848	\$ 4,049,272

The Notes to Financial Statements are
an integral part of this statement.

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	Business-Type Activities – Enterprise Funds						Governmental
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	Activities – Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ 896,226	\$ (70,328)	\$ (34,336)	\$ 288,349	\$ (223,503)	\$ 856,408	\$ (1,155,834)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation	1,022,600	1,389,657	485,107	473,947	310,635	3,681,946	6,616
Inflows from leases	(61,494)	-	-	-	(4,115)	(65,609)	-
Pension and OPEB expense net of employer contributions	(8,658)	(32,331)	3,549	(182,963)	-	(220,403)	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(21,316)	(69,802)	(34,209)	(115,699)	(3,981)	(245,007)	431,649
(Increase) decrease in prepaid items	-	-	-	(3)	-	(3)	2
(Increase) decrease in inventory	-	-	-	-	-	-	569
Increase (decrease) in accounts payable	9,675	144,841	(3,823)	(13,724)	(3,652)	133,317	(37,272)
Increase (decrease) in accrued liabilities	(37,302)	(718)	(3,490)	(35,009)	(2,764)	(79,283)	-
Increase (decrease) in unearned revenue	-	-	(47,000)	-	-	(47,000)	-
Increase (decrease) in deposits payable	1,485	-	27,500	-	(488)	28,497	-
Increase (decrease) in compensated absences	(23,650)	988	(54)	(9,634)	-	(32,350)	-
Increase (decrease) in claims payable	-	-	-	-	-	-	(251,000)
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	299,346	-	299,346	-
Net cash provided by operating activities	<u>\$ 1,777,566</u>	<u>\$ 1,362,307</u>	<u>\$ 393,244</u>	<u>\$ 704,610</u>	<u>\$ 72,132</u>	<u>\$ 4,309,859</u>	<u>\$ (1,005,270)</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from developers	\$ 168,240	\$ 256,640	\$ -	\$ -	\$ -	\$ 424,880	\$ -
Contributions of capital assets from other funds	159,878	-	-	-	-	159,878	-
Contributions of capital assets from grants	296,724	232,046	-	-	-	528,770	-
Capital assets purchased on account	36,341	23,793	1,765	4,520	-	66,419	-
Total noncash activities	<u>\$ 661,183</u>	<u>\$ 512,479</u>	<u>\$ 1,765</u>	<u>\$ 4,520</u>	<u>\$ -</u>	<u>\$ 1,179,947</u>	<u>\$ -</u>

The Notes to Financial Statements are
an integral part of this statement.

CITY OF STAUNTON, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	OPEB Trust Fund	Custodial Fund VASAP
ASSETS		
Cash and cash equivalents	\$ -	\$ 85,927
Assets held in trust, Investment in pooled funds, at fair value	4,956,111	-
Total assets	\$ 4,956,111	\$ 85,927
LIABILITIES		
Accounts Payable	\$ -	\$ 3,374
Total liabilities	-	3,374
NET POSITION		
Restricted for:		
Other post-employment benefits	4,956,111	-
Other agencies	-	82,553
Total net position	\$ 4,956,111	\$ 82,553

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	OPEB Trust Fund	Custodial Fund VASAP
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer	\$ 1,052,364	\$ -
Plan members	96,652	-
Fees	<u>-</u>	<u>300,789</u>
Total contributions	<u>1,149,016</u>	<u>300,789</u>
Investment income (loss)		
Interest income	-	419
Net increase in fair value of investments	347,416	-
Investment expenses	<u>(5,149)</u>	<u>-</u>
Net investment income (loss)	<u>342,267</u>	<u>419</u>
Total additions	<u>1,491,283</u>	<u>301,208</u>
DEDUCTIONS		
Benefit payments	953,000	-
Administrative expenses	141,016	-
VASAP expenses	<u>-</u>	<u>310,165</u>
Total deductions	<u>1,094,016</u>	<u>310,165</u>
 Change in net position	 397,267	 (8,957)
Total net position - beginning of year	<u>4,558,844</u>	<u>91,510</u>
Total net position - end of year	<u><u>\$ 4,956,111</u></u>	<u><u>\$ 82,553</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies

The City of Staunton, Virginia (the “City”), is named for Lady Stanton, wife of Governor Gooch. The City was initially established as a town in 1761, and later incorporated as a city by an act of the Virginia General Assembly in 1871. The City has an area of 19.98 square miles and a population of approximately 24,200. The City provides a full range of municipal services, including general government administration, public safety and judicial administration, education, health and welfare services, recreation, planning and community development, and water, sewer, and refuse utilities. The City is a political subdivision of the Commonwealth of Virginia and operates under the Council-Manager form of government. Staunton was the first city in the United States to utilize this form of government.

A. The Financial Reporting Entity

Discretely Presented Component Units: Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

City of Staunton School Board

The City of Staunton School Board (School Board) was created as a separate legal entity by the City to oversee the operation and management of its publicly funded primary and secondary schools. The members of the School Board are elected by the voters. The School Board does not have the authority to levy taxes and is fiscally dependent on the City to provide the significant funding to operate and maintain the public school system. In addition, the City has final approval of the school budget and must approve any debt issues related to the schools.

The component unit School Board is governmental in nature. The Schools have several funds. As a result, the complete activity of the School Board is included in the discretely presented component unit column of the government-wide financial statements. Individual fund statements are included as supplementary information. Separate financial statements of the School Board are not available.

Staunton Economic Development Authority

The Staunton Economic Development Authority (EDA) was established under the Industrial Development and Revenue Bond Act of the *Code of Virginia* and has the responsibility to promote industry and develop trade by inducing manufacturing, industrial, and other commercial enterprises to locate or remain in the City. The City appoints all seven members of the EDA’s Board of Directors. In addition, the City has incurred debt to provide capital grants and other property to the EDA. As a result, the EDA imposes a financial burden on the City. Separate financial statements of the EDA are not available.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Related organizations:

The City also participates in the following entities:

Augusta Regional Landfill

The City, along with the City of Waynesboro and County of Augusta, participates in the Augusta Regional Landfill (the “Landfill”). The Landfill is a hybrid undivided/joint interest venture formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. The City’s share of revenues, expenses, assets, and liabilities are reported in the City’s Environmental fund.

Middle River Regional Jail Authority

The City, in conjunction with the Cities of Waynesboro and Harrisonburg and the Counties of Augusta and Rockingham, participates in the Middle River Regional Jail Authority. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating component and a debt service component. The City paid the Authority \$3,020,629 for the current year. This entity is not included in the City’s financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 45 days after year-end are included in tax revenues, with the related amount reduced from deferred revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the City, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. Investment earnings are recorded when earned, as are unbilled accounts receivable in the enterprise funds. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City has established the Capital Improvements Fund for this purpose.

Additionally, the City reports the following individual non-major governmental funds:

Debt Service Funds are used to account for resources and payments made for principal and interest on long-term general obligation debt of governmental funds. The City has established the Debt Service Fund for this purpose.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City has established the following non-major special revenue funds: Blue Ridge Court Services Fund, Community Development Fund, the State and Federal Grants Fund and the HUD Entitlement Fund.

Proprietary Funds are used to account for the City's ongoing activities similar to those found in the private sector. The City reports the following major proprietary funds:

The **Water Fund** accounts for the operations of the City's water distribution system.

The **Sewer Fund** accounts for the operations of the City's wastewater collection system.

The **Stormwater Fund** accounts for the operation of the City's storm water system.

The **Environmental Fund** accounts for the operations of the City's refuse collection and participation in a regional landfill operation.

Additionally, the City reports the following individual non-major proprietary fund:

The **Parking Fund** accounts for the operations of the City's parking garage and lot system.

Internal Service Funds are used to account for employee health benefits and goods and services provided to other departments on a cost reimbursement basis and they derive their funding from charges assessed to the user departments and employees. The City has established the **Health Insurance Fund and the Inventory Fund** for these purposes. These funds are included in the governmental activities for government-wide reporting purposes. The excess revenues or expenses for the funds are allocated to the appropriate functional activity.

Fiduciary Funds account for assets held by the City in a trustee capacity or as a custodian for individuals, other governmental units, or other funds. **The OPEB Trust Fund** accounts for the assets held for, and costs of, other post-employment benefits (OPEB). The **VASAP Fund** is a custodial fund, reporting funds held in a custodial capacity for the Valley Alcohol Safety Action Program. These funds are accounted for in the same manner as a proprietary fund type with the measurement focus upon determination of the change in net position.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the City's enterprise funds and internal service funds consist of charges to customers for goods and services. Operating expenses for these funds include the costs of sales and service, administrative expenses and depreciation of capital assets. Any revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

The City maintains an internal cash management pool in which the primary government and component units share. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value. The reported value of the state-sponsored investment pool is the same as the fair value of the pooled shares and is reported within the guidelines of GASB 79.

Receivables and Allowance for Uncollectible Accounts

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis and management's judgment. The allowance at June 30 consisted of the following:

General Fund (property taxes)	\$ 1,103,544
General Fund (other local taxes)	2,173
Water Fund (charges for services)	52,192
Sewer Fund (charges for services)	51,274
Stormwater Fund (charges for services)	17,426
Parking Fund (charges for services)	1,675
Environmental Fund (charges for services)	48,343
	\$ 1,276,627

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Inventory

Inventory is generally recorded at cost. Inventory in the internal service fund consists of expendable supplies held for consumption. The costs are recorded as expenditures or expenses when consumed rather than when purchased.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least 3 years (2 years for component unit school board). All capital assets are valued at historical cost or estimated historical cost, if actual cost was not available. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. No depreciation is taken in the year of acquisition for infrastructure assets. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use are initially capitalized as construction in progress and are transferred to the appropriate asset class when the assets are substantially complete and ready for use.

<u>ASSETS</u>	<u>Estimated Useful Life</u>
Buildings/building improvements	10-50 years
Land improvements	10-50 years
Infrastructure	20-50 years
Utility transmission lines and mains	50 years
Furniture and equipment	3-10 years
Vehicles	3-10 years

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity.

Lease and subscription assets are amortized over the shorter of the lease or subscription term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the lease asset is not amortized.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The government has several items that qualify for reporting in this category. The first is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The second consists of contributions subsequent to the measurement date for pensions and OPEB; these amounts will be applied to the net pension and net OPEB liability in the next fiscal year. Lastly are various components of outflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining service lives of all employees.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has several items that qualify for reporting in this category. The first item occurs only under the modified accrual basis of accounting; this item, *unavailable revenue*, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year end. These unavailable revenue amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also reported as deferred inflows are various components of inflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining service lives of all employees.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Compensated Absences

All liabilities for compensated absences are accrued when incurred in the government-wide and proprietary financial statements. In governmental funds a liability for these amounts is reported only if they have matured; for example, as a result of employee resignations and retirements.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Compensated Absences (Continued)

City Employees

City employees earn general leave based on length of service. In the event of resignation or retirement, a City employee is compensated at his or her then current rate of pay for accumulated general leave, up to a 480 hour maximum (640 hour maximum for fire personnel). There is no liability for unpaid accumulated major illness leave since the City does not have a policy to pay any amounts when employees separate from service. Exempt employees who resign or retire, who have accumulated at least 360 hours (45 days) of general leave, have their entire pay out deposited to the 401(a) plan.

Component Unit School Board Employees

School Board employees on twelve-month contracts earn vacation leave based on length of service and can carry over an unlimited number of accumulated vacation leave days to a succeeding fiscal year. In the event of resignation or retirement, provided the employee gives the required notice, the employee is compensated at his or her then current rate of pay for accumulated vacation leave, up to a 480 hour maximum.

All School Board employees may accrue unlimited days of sick leave at the rate of one day per month of employment. Upon retirement, VRS Plan 1 and 2 employees with at least ten years of service, with the previous five consecutive years having been with the School Board, and that are qualified to retire under the terms of the Virginia Retirement System, are compensated for all days of accumulated sick leave at the rate of \$20 per day. VRS hybrid employees with at least ten years of service, with the previous five consecutive years having been with the School Board, and that are qualified to retire under the terms of the Virginia Retirement System, are compensated for a maximum of 90 days at \$20 per day.

For any terminating school board employee, accumulated vacation and sick leave amounts that, individually or combined, total \$15,000 or greater are paid directly into the 403b plan.

Unearned Revenue

Unearned revenue in both governmental and business-type activities consists of American Rescue Plan Act funds, which apply to subsequent periods.

Long-Term Obligations

In the government-wide financial statements (and proprietary fund types in the fund financial statements), long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period but not as long-term liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Repayments and issuance costs are reported as debt service expenditures.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Pensions

The Virginia Retirement System (VRS) Political Subdivision and School Division Non-professional Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher employee Retirement Plan is a multiple employer, cost-sharing plan. 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 Political Subdivision and School Division's Retirement Plan and the Teacher Employee Retirement Plan, as well as the additions to/deductions from both 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.

Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan. The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. Both plans provide a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers and for retired teachers. The Health Insurance Credit Programs were established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Health Insurance Credit Programs OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Programs OPEB, and OPEB expense, information about the fiduciary net position of the Programs; including and the additions to/deductions from the Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Encumbrances

The City uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign that portion of fund balance.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Net Position

Net position in the government-wide and proprietary financial statements is classified as net investment in capital assets; restricted; and unrestricted. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations. Restricted net position arose from contributions and grants required to be used for specific purposes.

Fund Balance Policies

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

Nonspendable Fund Balance: includes amounts that cannot be spent because they are either not in spendable form such as inventories, property acquired for resale, prepaid amounts, or amounts that are legally or contractually required to remain intact.

Restricted Fund Balance: includes amounts that have constraints placed on their use by external sources such as creditors (debt covenants), grantors, contributors, or laws or other regulations of other governments. Restricted fund balance can also be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: includes amounts that can only be used for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance: includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance: includes amounts not assigned to other funds, or restricted, committed or assigned within the same fund. Unassigned fund balance includes all spendable amounts not contained in the other classifications and is technically available for any purpose. The general fund is the only fund that reports positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceeds the amounts restricted or committed, it may be necessary to report a negative unassigned fund balance in that fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Fund Balance Policies (Continued)

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Stabilization Arrangement:

City Council has formally adopted by resolution a requirement to establish and maintain a safety net reserve equal to a minimum of 16.5% of the subsequent fiscal year's adopted expenditure budget for the general fund and all other major operating funds, including water, sewer, storm water, and environmental. In the adopted resolution, the safety net reserve is to be reported as committed fund balance. The safety net reserve at June 30, 2023 for the general fund is \$11,523,414. The specific and non-routine circumstances allowing the use of the safety net reserve include:

1. Damage from unanticipated natural disasters or unseen infrastructure damage such as water or sewer system deterioration, bridge repair, etc. exceeding \$100,000 in damages.
2. Imposition of mandates by Federal and State governments such as water, sewer, and landfill regulations, construction of court and jail facilities, etc. exceeding \$100,000 in costs.
3. Court decisions resulting in unbudgeted expenditures, in excess of \$100,000.
4. Acts of terrorism against the City destroying the City's infrastructure or causing a financial hardship to provide services to citizens, in excess of \$100,000.

Funds to be used from the safety net reserve must be appropriated through the annual budget ordinance or by a budget amendment ordinance approved and adopted by City Council.

City council also formally adopted by resolution a requirement to establish and maintain a general contingency amount of \$250,000 in the General Fund, categorized as unassigned fund balance.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 2. Deposits and Investments

Deposits:

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

Investments:

Investment policy

In accordance with the *Code of Virginia* and other applicable law, including regulations, the City’s investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker’s acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, obligations of states other than Virginia, obligations of World Bank, the Asian and African Development Banks, corporate notes or bonds rated in the AAA or AA category, money market funds regulated by the SEC, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP).

Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share) in accordance with GASB 79.

The Policy limits investment maturities to five years maximum maturity for any investment, unless specifically disclosed in writing to City Council.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 2. Deposits and Investments (Continued)

Investment policy (Continued)

As of June 30, the City's investments consisted of the following:

Investment Type	Fair Value	S & P Credit Rating
<u>Primary Government</u>		
Money Market Funds	\$ 610,079	Not Rated
Federal Agency Bonds and Notes	7,864,982	AA+
US Treasury Bills/Notes	3,003,839	AA+
Va State Non-Arbitrage Program	7,411,639	AA+
Local Government Investment Pool (LGIP)	<u>1,626,745</u>	AAAm
Total primary government	<u>20,517,284</u>	
<u>Component Unit School Board</u>		
US Treasury Bills/Notes	17,000	AA+
Local Government Investment Pool (LGIP)	<u>387,010</u>	AAAm
Total Component Unit School Board	<u>404,010</u>	
Grand total	<u><u>\$ 20,921,294</u></u>	

Credit Risk:

As required by state statute or by the City, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service.

Concentration of Credit Risk:

The City had the following investments at June 30 that exceeded 5 percent of the total investment balance. These investments were not considered by management to represent a risk to the City.

Issuer	Percent of Total Portfolio
Federal Home Loan Bank	21.72%
Federal Farm Credit Bank	9.66%
Federal Home Loan Home Mortgage	6.22%

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 2. Deposits and Investments (Continued)

Interest Rate Risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its investment portfolio to less than 3 years.

The carrying values and weighted average maturity of investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (years)
Money Market Funds	\$ 610,079	N/A
Federal Agency Bonds and Notes	7,864,982	.01
US Treasury Bills/Notes	3,020,839	.04
Va State Non-Arbitrage Program	7,411,639	
Local Government Investment Pool (LGIP)	2,013,755	N/A
	\$ 20,921,294	

The above items are reflected in the financial statements as follows:

	Primary Government	Component Units	
		School Board	EDA
Deposits and investments:			
Cash on hand	\$ 10,047	\$ 175	\$ -
Deposits	77,400,868	10,347,862	93,597
Investments	20,517,284	404,010	-
	\$ 97,928,199	\$ 10,752,047	\$ 93,597
Statement of net position:			
Cash and cash equivalents	\$ 76,123,018	\$ 10,724,591	\$ 93,597
Investments	11,757,759	-	-
Restricted-cash and cash equivalents	10,047,422	27,456	-
	\$ 97,928,199	\$ 10,752,047	\$ 93,597

Fair Value:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2023:

	Level 2
Debt securities	
U.S. Agency securities	\$ 10,885,821

Debt securities classified in Level 2 of the fair value hierarchy are valued with significant other observable inputs, which include matrix pricing by a service, which is widely accepted as industry practice.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 3. Due From Other Governmental Units

Amounts due from other governments at June 30 were as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities-	School Board
Various state and federal grants	\$ 2,511,917	\$ 597,270	\$ 4,328,870
Virginia revolving loans	-	1,320,025	-
Regional jail buy-in	1,299,479	-	-
	<u>\$ 3,811,396</u>	<u>\$ 1,917,295</u>	<u>\$ 4,328,870</u>

Virginia Revolving Loans:

The City's Sewer fund reports loans receivable for the Augusta County Service Authority's share of the Middle River Wastewater Treatment Plant Virginia Revolving Loans. The Service Authority reimburses the City for its share of the debt service on these loans as each loan payment is due.

At June 30, principal amounts and related interest outstanding on each loan were as follows:

	Principal	Interest
Amount receivable within 1 year	\$ 179,020	\$ 21,951
Amount receivable within 2 to 5 years	942,598	62,257
Amount receivable beyond 5 years	198,407	2,564
	<u>\$ 1,320,025</u>	<u>\$ 86,772</u>

Regional Jail Buy-in

Effective July 1, 2015, the City entered into an agreement with the Counties of Augusta and Rockingham and the Cities of Waynesboro and Harrisonburg, where the County of Rockingham and City of Harrisonburg agreed to "buy-in" to the Middle River Regional Jail Authority. The total purchase price was \$21,543,588. The purchase price was determined pursuant to an arm's length negotiation and calculated based in part upon the original replacement cost of the jail and an assumed usage of 250 beds by the buyers.

The City's share of the purchase price was 31.17% or \$6,715,136. The purchase price is to be paid to the City over 10 years in equal annual installments of \$670,964, which includes interest calculated at 2.17% per annum.

	Governmental Activities	
	Principal	Interest
Amount receivable within 1 year	\$ 642,766	\$ 28,199
Amount receivable within 2 to 5 years	656,713	14,251
	<u>\$ 1,299,479</u>	<u>\$ 42,450</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 4. Interfund Transfers and Obligations

Primary Government:

Transfers Out	Transfers In				
	Capital Projects Fund	Nonmajor Governmental Funds	Major Business- Type Funds	Nonmajor Business-Type Funds	Total
General Fund	\$ 2,421,050	\$ 4,896,591	\$ 1,045,754	\$ 3,230	\$ 8,366,625

Transfers between the general fund and capital projects fund were to support the projects approved in the CIP plan; transfers between the general fund and nonmajor governmental fund (debt service) were to support debt service costs. Transfers between the general fund and nonmajor governmental funds (special revenue) and major and nonmajor business-type funds were to support the payment of one-time bonuses.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education fund	\$ -	\$ 3,872,333	\$ 3,872,333
Nonmajor governmental funds	89,679	-	89,679
Total	<u>\$ 89,679</u>	<u>\$ 3,872,333</u>	<u>\$ 3,962,012</u>

All transfer activities of the School Board component unit were made to support current operations.

Interfund Advances:

The General Fund has receivables in the amount of \$193,256 from the state and federal grants fund and the HUD Entitlement fund advances to cover cash deficits. The advances are expected to be collected in the subsequent year when grant reimbursements are received.

In the School Board Component Unit, the Education Fund has a receivable in the amount of \$613,063 from the State Operated Programs Fund for an advance to cover a cash deficit. The advance is expected to be collected in the subsequent year when grant reimbursements are received.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 5. Capital Assets

Primary Government:

Capital asset activity for the primary government is as follows:

	Beginning Balance As Restated*	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 4,762,181	\$ -	\$ -	\$ 4,762,181
Construction in progress	639,353	503,216	871,105	271,464
Total capital assets, not depreciated	5,401,534	503,216	871,105	5,033,645
Capital assets, depreciated:				
Buildings	13,440,065	38,934	-	13,478,999
Lease assets-buildings	232,082	-	-	232,082
Improvements	5,081,868	301,451	-	5,383,319
School assets**	66,882,456	-	-	66,882,456
Equipment	18,903,225	1,500,543	1,404,661	18,999,107
Lease assets-equipment	48,283	11,408	8,531	51,160
Subscription assets	333,526	87,656	-	421,182
Infrastructure	63,800,211	761,899	-	64,562,110
Total capital assets, depreciated	168,721,716	2,701,891	1,413,192	170,010,415
Less accumulated depreciation for:				
Buildings	7,950,882	295,723	-	8,246,605
Lease assets-buildings	39,603	39,603	-	79,206
Improvements	3,157,997	144,475	-	3,302,472
School assets**	9,678,207	1,890,535	-	11,568,742
Equipment	13,973,732	1,120,883	1,404,661	13,689,954
Lease assets-equipment	14,066	13,862	8,531	19,397
Subscription assets	-	157,967	-	157,967
Infrastructure	45,040,035	1,055,798	-	46,095,833
Total accumulated depreciation	79,854,522	4,718,846	1,413,192	83,160,176
Total capital assets, depreciated, net	88,867,194	(2,016,955)	-	86,850,239
Total capital assets, net, governmental activities	\$ 94,268,728	\$ (1,513,739)	\$ 871,105	\$ 91,883,884

*Beginning balances have been restated to include items related to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. For more information, see Note 18.

**See note on page 37

Additions to accumulated depreciation of governmental activities differs from depreciation expense for governmental activities due to the transfer of fully depreciated assets from the water fund in the amount of \$64,549 and from the environmental fund in the amount of \$27,851.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 5. Capital Assets (Continued)

Primary Government: (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 2,152,579	\$ -	\$ -	\$ 2,152,579
Construction in progress	1,393,958	2,511,458	161,841	3,743,575
Total capital assets, not depreciated	3,546,537	2,511,458	161,841	5,896,154
Capital assets, depreciated:				
Landfill	3,490,151	-	26,892	3,463,259
Buildings	42,339,772	5,795	-	42,345,567
Improvements	5,294,670	29,185	-	5,323,855
Lease assets-improvements	92,796	-	-	92,796
Equipment	15,046,879	392,958	158,741	15,281,096
Lease assets-equipment	6,129	-	2,183	3,946
Utility lines	66,243,977	733,791	-	66,977,768
Total capital assets, depreciated	132,514,374	1,161,729	187,816	133,488,287
Less accumulated depreciation				
Landfill	2,656,263	187,347	26,892	2,816,718
Buildings	18,479,310	947,385	-	19,426,695
Improvements	1,965,971	212,870	-	2,178,841
Lease assets-improvements	9,280	9,280	-	18,560
Equipment	10,618,422	746,356	158,741	11,206,037
Lease assets-equipment	2,021	1,823	2,183	1,661
Utility lines	33,961,033	1,596,358	-	35,557,391
Total accumulated depreciation	67,692,300	3,701,419	187,816	71,205,903
Total capital assets, depreciated, net	64,822,074	(2,539,690)	-	62,282,384
Total capital assets, net, business-type activities	\$ 68,368,611	\$ (28,232)	\$ 161,841	\$ 68,178,538

Additions to accumulated depreciation of business-type activities differs from depreciation expense for business-type activities due to the transfer of a fully depreciated asset from the general fund to the water fund in the amount of \$19,473.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 5. Capital Assets (Continued)

Component Unit – School Board

Capital asset activity for the Component Unit – School Board is as follows:

	Beginning Balance As Restated*	Additions	Deletions	Ending Balance
Component Unit – School Board:				
Capital assets, not depreciated:				
Land	\$ 236,000	\$ -	\$ -	\$ 236,000
Construction in progress	-	289,362	-	289,362
Total capital assets, not depreciated	236,000	289,362	-	525,362
Buildings	81,422,613	38,395	-	81,461,008
Lease assets-building	-	174,726	-	174,726
Improvements	3,712,510	36,507	-	3,749,017
School assets allocated to the City**	(66,882,456)	-	-	(66,882,456)
Subscription assets	68,429	18,934	-	87,363
Lease assets-equipment	125,031	16,481	4,481	137,031
Equipment	11,803,813	1,379,274	134,777	13,048,310
Total capital assets, depreciated	30,249,940	1,664,317	139,258	31,774,999
Less accumulated depreciation				
Buildings	20,593,599	1,913,519	-	22,507,118
Lease assets-buildings	-	65,522	-	65,522
Improvements	692,917	122,822	-	815,738
School assets allocated to the City**	(9,678,207)	(1,890,535)	-	(11,568,742)
Subscription assets	-	37,626	-	37,626
Lease assets-equipment	55,363	56,592	4,481	107,474
Equipment	6,646,780	809,443	122,129	7,334,094
Total accumulated depreciation	18,310,452	1,114,989	126,610	19,298,831
Total capital assets, depreciated, net	11,939,488	549,328	12,648	12,476,168
Total capital assets, net	\$ 12,175,488	\$ 838,690	\$ 12,648	\$ 13,001,530

*Beginning balances have been restated to include items related to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. For more information, see Note 18.

**School Board capital assets are jointly owned by the City (primary government) and the Component Unit – School Board. The City reports the School Board capital assets as long as debt is owed on such assets by the City. When debt is completely paid off, the entire capital asset balance less accumulated depreciation reverts to the school board. The City reports depreciation on its share of these assets as an element of its share of the costs of the public school system.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 5. Capital Assets (Continued)

Component Unit – EDA

Capital asset activity for the Component Unit – EDA is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit – EDA:				
Capital assets, not depreciated:				
Land	\$ 793,946	\$ -	\$ -	\$ 793,946
Total capital assets, not depreciated	<u>793,946</u>	<u>-</u>	<u>-</u>	<u>793,946</u>
Capital assets, depreciated:				
Buildings	8,305,640	-	-	8,305,640
Equipment	<u>1,990,831</u>	<u>-</u>	<u>-</u>	<u>1,990,831</u>
Total capital assets, depreciated	<u>10,296,471</u>	<u>-</u>	<u>-</u>	<u>10,296,471</u>
Less accumulated depreciation				
Buildings	2,827,846	164,746	-	2,992,592
Equipment	<u>1,781,289</u>	<u>64,474</u>	<u>-</u>	<u>1,845,763</u>
Total accumulated depreciation	<u>4,609,135</u>	<u>229,220</u>	<u>-</u>	<u>4,838,355</u>
Total capital assets, depreciated, net	<u>5,687,336</u>	<u>(229,220)</u>	<u>-</u>	<u>5,458,116</u>
Total capital assets, net	<u>\$ 6,481,282</u>	<u>\$ (229,220)</u>	<u>\$ -</u>	<u>\$ 6,252,062</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 234,442
Judicial administration	17,568
Public safety	612,965
Public works	1,531,877
Health and welfare	18,582
Education	1,890,535
Parks, recreation, and culture	292,855
Community development	21,006
Total depreciation/amortization-governmental funds	<u>4,619,830</u>
Internal service fund*	6,616
Total depreciation/amortization expense – governmental activities	<u><u>\$ 4,626,446</u></u>

Business-type activities:

Water	\$ 1,022,600
Sewer	1,389,657
Storm water	485,107
Environmental	473,947
Parking	<u>310,635</u>
Total depreciation expense – business-type	<u><u>\$ 3,681,946</u></u>

Depreciation/amortization expense was charged to functions/programs of the Component Unit – School Board as follows:

Instruction	\$ 765,533
Administration, attendance and health	57,059
Pupil transportation	151,857
School food service	37,357
Operation and maintenance	<u>159,774</u>
Total depreciation expense – School Board	<u><u>\$ 1,114,989</u></u>

Depreciation expense was charged to functions/programs of the Component Unit – EDA as follows:

Community Development	<u><u>\$ 229,220</u></u>
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*Depreciation/amortization of capital assets held by the City's inventory internal service fund is charged to general government administration.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 6. Long-Term Liabilities

The following is a summary of long-term liability transactions (including current amounts):

Primary Government:

	Beginning Balance, As Restated*	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
General Obligation bonds	\$ 42,265,000	\$ -	\$ 805,000	\$ 41,460,000	\$ 850,000
Virginia revolving loan	17,625,000	-	2,200,000	15,425,000	2,285,000
Premium	5,119,213	-	337,097	4,782,116	337,097
Leases	214,960	11,408	38,432	187,936	41,707
Subscriptions	344,905	34,257	143,110	236,052	89,916
Compensated absences	1,783,004	1,436,307	1,149,085	2,070,226	1,070,758
Claims payable	1,151,190	8,308,208	8,730,006	729,392	704,720
Total long-term liabilities	<u>\$ 68,503,272</u>	<u>\$ 9,790,180</u>	<u>\$ 13,402,730</u>	<u>\$ 64,890,722</u>	<u>\$ 5,379,198</u>

In governmental activities of the primary government, compensated absences and workers compensation claims payable are generally liquidated by the General Fund. Health insurance claims payable are liquidated by the Health Insurance Fund.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Virginia revolving loans	\$ 10,657,022	\$ 8,500,000	\$ 1,060,748	\$ 18,096,274	\$ 1,393,651
Premium	705,351	-	76,930	628,422	76,931
Leases	88,868	-	10,012	78,856	9,258
Compensated absences	251,144	172,083	204,433	218,794	192,745
Landfill closure/post closure liability	2,625,889	348,029	48,683	2,925,235	48,683
Total long-term liabilities	<u>\$ 14,328,274</u>	<u>\$ 9,020,112</u>	<u>\$ 1,400,806</u>	<u>\$ 21,947,581</u>	<u>\$ 1,721,268</u>

Component Unit – School Board

Other liabilities:					
Compensated absences	\$ 789,063	\$ 660,864	\$ 523,323	\$ 926,604	\$ 277,245
Subscriptions	64,281	18,934	36,131	47,084	23,038
Leases	72,295	191,208	123,173	140,330	101,680
Total long-term liabilities	<u>\$ 925,639</u>	<u>\$ 871,006</u>	<u>\$ 682,627</u>	<u>\$ 1,114,018</u>	<u>\$ 401,963</u>

*Amounts have been restated to include items related to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. For more information, see Note 18.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 6. Long-Term liabilities (Continued)

Details of long-term indebtedness are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>General Obligation Bonds:</u>						
2019A VPSA Spring Pool – Staunton High School	3.05-5.05%	05/2019	7/2049	43,760,000	\$ 41,460,000	\$ -
					<u>\$ 41,460,000</u>	<u>\$ -</u>
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase IIIA improvements	1.721%	01/2008	03/2030	9,309,033	\$ -	\$ 3,870,797
Middle River Wastewater Phase IIIB improvements	1.721%	09/2008	03/2030	2,066,747	-	860,477
2022 VRA Bonds-Water projects	3.54%	10/2023	10/2042	8,500,000		8,500,000
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	3,300,000
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	05/2018	10/2033	1,955,000	-	1,565,000
2021C Refunding-refunding 2012/2013 Staunton Crossing, 2005 PI hotel and golf, McSwain and Ware literary loans	5.13%	11/2021	10/2033	17,625,000	15,425,000	-
					<u>\$ 15,425,000</u>	<u>\$ 18,096,274</u>

Annual debt service requirements to maturity are as follows:

Governmental Activities					
<u>General Obligation Bonds</u>			<u>Virginia Revolving Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 850,000	\$ 1,506,724	\$ 2,285,000	\$ 718,128	
2025	890,000	1,462,789	2,385,000	598,459	
2026	940,000	1,416,581	2,150,000	482,250	
2027	985,000	1,367,975	2,240,000	369,756	
2028	1,035,000	1,316,970	2,335,000	252,522	
2029-2033	6,040,000	5,728,835	3,420,000	466,700	
2034-2038	7,360,000	4,412,729	610,000	11,657	
2039-2043	8,640,000	3,128,155	-	-	
2044-2048	10,165,000	1,611,274	-	-	
2049-2053	4,555,000	151,553	-	-	
	<u>\$ 41,460,000</u>	<u>\$ 22,103,585</u>	<u>\$ 15,425,000</u>	<u>\$ 2,899,472</u>	

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 6. Long-Term liabilities (Continued)

Annual debt service requirements to maturity are as follows:

Governmental Activities				
Year Ending	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
June 30,				
2024	\$ 41,707	\$ 2,898	\$ 89,916	\$ 5,843
2025	52,181	2,427	92,337	3,636
2026	51,316	1,438	31,610	1,194
2027	40,890	497	18,961	498
2028	1,842	28	3,228	15
2029-2033	-	-	-	-
2034-2038	-	-	-	-
2039-2043	-	-	-	-
2044-2048	-	-	-	-
2049-2053	-	-	-	-
	<u>\$ 187,936</u>	<u>\$ 7,288</u>	<u>\$ 236,052</u>	<u>\$ 11,186</u>

Business-Type Activities				
	Virginia Revolving Loan		Leases	
	Principal	Interest	Principal	Interest
2024	\$ 1,393,651	\$ 598,210	\$ 9,258	\$ 2,602
2025	1,435,741	552,581	9,573	2,286
2026	1,483,023	505,217	9,686	1,960
2027	1,536,499	455,842	9,369	1,631
2028	1,584,174	404,449	9,706	1,294
2029-2033	5,493,186	1,300,488	31,264	1,736
2034-2038	2,452,000	691,108	-	-
2039-2043	2,718,000	247,338	-	-
	<u>\$ 18,096,274</u>	<u>\$ 4,755,233</u>	<u>\$ 78,856</u>	<u>\$ 11,509</u>

Component Unit -School Board				
Year Ending	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
June 30,				
2024	\$ 101,680	\$ 2,737	\$ 23,038	\$ 1,728
2025	27,222	505	15,018	883
2026	4,963	263	9,028	31
2027	3,832	141	-	-
2028	2,633	34	-	-
2029-2033	-	-	-	-
2034-2038	-	-	-	-
2039-2043	-	-	-	-
	<u>\$ 140,330</u>	<u>\$ 3,680</u>	<u>\$ 47,084</u>	<u>\$ 2,642</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the City of Staunton (the “Political Subdivision”) and permanent non-professional employees (non-teachers) of the City of Staunton (the “School Division”) are automatically covered by VRS Retirement Plan upon employment. This plan 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>

The disclosures for the City of Staunton (City) do not include data for the City’s share of the August Regional Landfill (Landfill), a hybrid undivided/joint interest venture, since the Landfill is not part of the City’s covered employment in VRS. The City does, however, include it’s share of the Landfill net pension liability, deferred outflows, and deferred inflows in the financial statements. For more information, see Note 11.

Employees Covered by Benefit Terms

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

	<u>City</u>
Inactive members or their beneficiaries currently receiving benefits	322
Inactive members:	
Vested inactive members	48
Non-vested inactive members	86
Inactive members active elsewhere in VRS	138
Total inactive members	272
Active members	293
Total covered employees	887

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

	School Non- Professional
Inactive members or their beneficiaries currently receiving benefits	46
Inactive members:	
Vested inactive members	9
Non-vested inactive members	29
Inactive members active elsewhere in VRS	17
Total inactive members	55
Active members	46
Total covered employees	147

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 political subdivision's and school division's contractually required contribution rate for the year ended June 30, 2023 was 17.27% and 8.18%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$2,918,911 and \$2,403,574 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the pension plan from the school division were \$127,219 and \$103,430 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability 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. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's, General Employees in the School Division's Retirement Plan and Teachers in the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Teacher Cost Sharing Plan-Salary increases, including inflation	3.50-5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45%-70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, no change to salary scale, no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; and no change to discount rate.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 6.72%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers 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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability-City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	\$ 91,927,190	\$ 79,167,172	\$ 12,760,018
Changes for the year:			
Service cost	1,821,658	-	1,821,658
Interest	6,155,429	-	6,155,429
Differences between expected and actual experience	(79,465)	-	(79,465)
Changes in assumptions	-	-	-
Contributions – employer	-	2,327,768	(2,327,768)
Contributions – employee	-	751,790	(751,790)
Net investment income	-	(61,063)	61,063
Benefit payments, including refunds of employee contributions	(5,114,615)	(5,114,615)	-
Administrative expenses	-	(49,454)	49,454
Other changes	-	1,810	(1,810)
Net changes	2,783,007	(2,143,764)	4,926,771
Balances at June 30, 2022	\$ 94,710,197	\$ 77,023,408	\$ 17,686,789

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability (Asset)-School Nonprofessionals

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	\$ 4,885,302	\$ 4,951,545	\$ (66,243)
Changes for the year:			
Service cost	110,129	-	110,129
Interest	325,482	-	325,482
Differences between expected and actual experience	13,847	-	13,847
Change in assumptions	-	-	-
Contributions – employer	-	91,622	(91,622)
Contributions – employee	-	62,548	(62,548)
Net investment income	-	(2,584)	2,584
Benefit payments, including refunds of employee contributions	(346,943)	(346,943)	-
Administrative expenses	-	(3,118)	3,118
Other changes	-	112	(112)
Net changes	102,515	(198,363)	300,878
Balances at June 30, 2022	\$ 4,987,817	\$ 4,753,182	\$ 234,635

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's net pension liability	\$ 29,620,462	\$ 17,686,789	\$ 7,891,031
School nonprofessional employees net pension liability (asset)	\$ 757,460	\$ 234,635	\$ (201,910)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$1,974,234. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,051	\$ 843,868
Change in assumptions	1,167,975	-
Net difference between projected and actual earnings on pension plan investments	-	2,290,858
Employer contributions subsequent to the measurement date	2,918,911	-
Total	<u>\$ 4,108,937</u>	<u>\$ 3,134,726</u>

For the year ended June 30, 2023, the school division recognized pension expense of \$116,292 for nonprofessional employees. At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,596	\$ -
Change in assumptions	8,334	-
Net difference between projected and actual earnings on pension plan investments	-	146,701
Employer contributions subsequent to the measurement date	127,219	-
Total	<u>\$ 146,149</u>	<u>\$ 146,701</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$2,918,911 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (516,321)
2025	(955,061)
2026	(1,540,230)
2027	1,066,912
2028	-

The \$127,219 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (38,187)
2025	(57,251)
2026	(98,374)
2027	66,041
2028	-

Pension Plan Data

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

Payables to the Pension Plan-City

At June 30, 2023, approximately \$256,807 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2023, approximately \$7,761 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Note 8. Defined Benefit Pension Plan – Teacher Cost Sharing Pool

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including City of Staunton, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple-employer, cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer’s 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 funded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 7.

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each school division’s contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,504,027 and \$3,253,274 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 8. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2023, the school division reported a liability of \$20,061,805 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .21072% as compared to .20271% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$847,279. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,383,341
Difference between projected and actual investment earnings	-	2,615,639
Changes in assumptions	1,891,424	-
Changes in proportionate share	762,723	535,415
Employer contributions subsequent to the measurement date	3,504,027	-
Total	<u>\$ 6,158,174</u>	<u>\$ 4,534,395</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 8. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$3,504,027 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (750,352)
2025	(874,157)
2026	(1,614,782)
2027	1,359,043
2028	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	<u>45,211,731</u>
Employers' Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 8. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 35,831,920	\$ 20,061,805	\$ 7,221,464

Pension Plan Fiduciary Net Position

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

Payables to the Teacher Cost Sharing Pension Plan

At June 30, 2023, approximately \$84,002 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Note 9. Other Post-Employment Benefits – Local Plans

The City and School Board provide OPEB for retirees through a single-employer defined benefit plan. The City has established a joint trust fund with the School Board to fund the cost of OPEB. The joint trust fund was established by the City and School Board with the Virginia Pooled OPEB Trust Fund (Trust), sponsored by the Virginia Municipal League and the Virginia Association of Counties. The Trust is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plans are segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan.

The disclosures for the City of Staunton (City) do not include data for the City's share of the August Regional Landfill (Landfill), a hybrid undivided/joint interest venture, since the Landfill is not part of the City's health plan or Trust. The City does, however, include its share of the Landfill net OPEB liability, deferred outflows, and deferred inflows in the financial statements. For more information, see Note 11.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

Trust Fund Investments

Investment decisions for the plan are made by the local OPEB board. 100% of the City and School Board funds are invested in the VACO/VML Pooled OPEB Trust Portfolio I, which is an external investment pool. The VACO/VML Board of Trustees make investment decisions for Trust Portfolio I.

Concentrations. The City and School Board OPEB Trust is 100% invested in an external investment pool and is thus excluded concentration of credit risk disclosure.

Rate of return. For the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was 7.57% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The average long-term rate of return assumed in calculations is 7.5% with inflation calculated at 2.75%.

Additional investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Plan Description

Medical insurance benefits are available to eligible City retirees, their spouses and dependents. Retirees are eligible to participate in the City's health insurance plan if they: a) meet VRS requirements for service retirement or disability retirement and will immediately be receiving a retirement annuity from VRS, b) currently participate in the City's health insurance program, and c) are under age 65 and not eligible for Medicare.

Plan Membership-City

Inactive members or their beneficiaries currently receiving benefits	49
Active members	281
Total covered employees	330

Medical insurance benefits are available to eligible School Board retirees, their spouses and dependents. Retirees are eligible to participate in the Board's health insurance plan if they: a) are eligible for VRS retirement with at least 10 years VRS experience, the last 5 years of which are with the Staunton City School Board, b) have participated in the Board's health insurance program for all of the 5 years immediately preceding retirement, and c) are under age 65.

Plan Membership-School Board

Inactive members or their beneficiaries currently receiving benefits	17
Active members	405
Total covered employees	422

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

Funding Policy

Current year health insurance claims are paid out of current City and School Board funds. The difference between the actuarial calculated annual required contribution and the current year claims is contributed to the trust.

City

The contribution requirements of the City healthcare plan members and City are established and may be amended by the City Council. During fiscal year 2023, the City paid an average of 84% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

For the fiscal year ended June 30, 2023, the City contributed \$749,000 to the City's healthcare plan for health insurance and contributed \$31,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and the City contributions to the healthcare plan combine to over fund the actuarially determined contribution (ADC) of \$571,000 for fiscal year 2023 by \$209,000. It is the City's intent to fully fund the ADC each year.

School Board

The contribution requirements of the School Board healthcare plan members and School Board are established and may be amended by the School Board. During fiscal year 2023, the School Board paid approximately 74% of the existing rate for subscriber only coverage and the retiree paid the remaining 26% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2023, the School Board contributed \$346,000 to the School Board's healthcare plan for health insurance and contributed \$24,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and contributions to the healthcare plan combine to over fund the actuarially determined contribution of \$209,000 for fiscal year 2023 by \$161,000. It is the School Board's intent to fully fund the ADC each year.

Net OPEB Liability

The City and School Board's total OPEB liabilities of \$4,607,000 and \$1,503,000, respectively, were measured as of July 1, 2022 and was determined by an actuarial valuation performed as of July 1, 2021.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including inflation	2.5%
Healthcare cost trend rates	5.75% for fiscal year 2023, then decreasing .25% per year to an ultimate rate of 5.0%
Mortality rates	RP-2014 Mortality table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Discount Rate

For both the City and the School Board, the discount rate used was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

Changes in Net OPEB Liability-City

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 7,233,000	\$ 2,595,000	\$ 4,638,000
Changes for the year:			
Service cost	146,000	-	146,000
Interest	526,000	-	526,000
Difference between expected and actual			
Experience	172,000	-	172,000
Assumption changes	(278,000)	-	(278,000)
Contributions – employer	-	781,000	(781,000)
Contributions – employee	-	58,000	(58,000)
Net investment income	-	(239,000)	239,000
Benefit payments	(736,000)	(736,000)	-
Administrative expense	-	(3,000)	3,000
Net changes	(170,000)	(139,000)	(31,000)
Balances at June 30, 2022	<u>\$ 7,063,000</u>	<u>\$ 2,456,000</u>	<u>\$ 4,607,000</u>

Changes in Net OPEB Liability-Schools

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 3,384,000	\$ 2,219,000	\$ 1,165,000
Changes for the year:			
Service cost	100,000	-	100,000
Interest	250,000	-	250,000
Difference between expected and actual			
Experience	134,000	-	134,000
Assumption changes	57,000	-	57,000
Contributions – employer	-	364,000	(364,000)
Contributions – employee	-	46,000	(46,000)
Net investment income	-	(204,000)	204,000
Benefit payments	(319,000)	(319,000)	-
Administrative expense	-	(3,000)	3,000
Net changes	222,000	(116,000)	338,000
Balances at June 30, 2022	<u>\$ 3,606,000</u>	<u>\$ 2,103,000</u>	<u>\$ 1,503,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

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

The following presents the net OPEB liability using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
City's net OPEB liability	\$ 5,208,000	\$ 4,607,000	\$ 4,072,000
School Board net OPEB liability	\$ 1,795,000	\$ 1,503,000	\$ 1,239,000

Sensitivity of the Net OPEB Liability to Changes in the healthcare cost trends

The following presents the net OPEB liability using the healthcare cost trends rate of 5.75%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

	1.00% Decrease (4.75%)	Current Healthcare Cost Trend Rates Rate (5.75%)	1.00% Increase (6.75%)
City's net OPEB liability	\$ 3,947,000	\$ 4,607,000	\$ 5,371,000
School Board net OPEB liability	\$ 1,155,000	\$ 1,503,000	\$ 1,903,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$240,000. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,000	\$ 724,000
Change in assumptions	323,000	561,000
Net difference between projected and actual earnings on OPEB plan investments	161,000	-
Employer contributions subsequent to the measurement date	780,000	-
Total	\$ 1,409,000	\$ 1,285,000

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

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

The \$780,000 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (237,000)
2025	(231,000)
2026	(173,000)
2027	29,000
2028	(34,000)
Thereafter	(10,000)

For the year ended June 30, 2023, the School Board recognized OPEB expense of \$41,000. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,000	\$ 546,000
Change in assumptions	180,000	249,000
Net difference between projected and actual earnings on OPEB plan investments	120,000	-
Employer contributions subsequent to the measurement date	370,000	-
Total	<u>\$ 784,000</u>	<u>\$ 795,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 9. Other Post-Employment Benefits – Local Plans (Continued)

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

The \$370,000 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (144,000)
2025	(148,000)
2026	(116,000)
2027	17,000
2028	(13,000)
Thereafter	23,000

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City of Staunton (the "Political Subdivision" and the City of Staunton School Board (the "School Division") also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions and public school divisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance 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.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program – School Division

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan. The School division non-professional employees are covered in this plan, but the political subdivision employees are not.

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	21
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	22
Active members	46
Total covered employees	68

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020 (general employee HIC program) and June 30, 2019 (GLI and teacher HIC program). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program-City

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$92,030
June 30, 2022 Contribution	\$85,865

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$122,338
June 30, 2022 Contribution	\$113,354

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E)</i> and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2023 Contribution	\$255,107
June 30, 2022 Contribution	\$236,851

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

General Employee Health Insurance Credit Program-School Division

Governed by:	<i>Code of Virginia 51.1-1402(E)</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.69% of covered employee compensation.
June 30, 2023 Contribution	\$11,042
June 30, 2022 Contribution	\$ 9,618

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2023 proportionate share of liability	\$880,194
June 30, 2022 proportion	.07310%
June 30, 2021 proportion	.07266%
June 30, 2023 expense	\$27,794

Group Life Insurance Program-School Division Professional employees

June 30, 2023 proportionate share of liability	\$1,084,289
June 30, 2022 proportion	.09005%
June 30, 2021 proportion	.08666%
June 30, 2023 expense	\$25,684

Group Life Insurance Program-School Division Non-professional employees

June 30, 2023 proportionate share of liability	\$77,664
June 30, 2022 proportion	.00645%
June 30, 2021 proportion	.00573%
June 30, 2023 expense	\$3,774

Teacher Health Insurance Credit Program

June 30, 2023 proportionate share of liability	\$2,623,248
June 30, 2022 proportion	.21002%
June 30, 2021 proportion	.20232%
June 30, 2023 expense	\$191,543

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program – School Division

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 102,202	\$ 21,130	\$ 81,072
Changes for the year:			
Service cost	1,514	-	1,514
Interest	6,587	-	6,587
Changes in benefit terms	-	-	-
Differences between expected and actual experience	8,901	-	8,901
Changes in assumptions	11,036	-	11,036
Contributions – employer	-	9,617	(9,617)
Net investment income	-	56	(56)
Benefit payments, including refunds of employee contribution	(12,268)	(12,268)	-
Administrative expenses	-	(34)	34
Other changes	-	4,760	(4,760)
Net changes	15,770	2,131	13,639
Balances at June 30, 2022	\$ 117,972	\$ 23,261	\$ 94,711

The School Division recognized OPEB expense of \$7,414 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

At June 30, 2023, the City and School Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program- City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,700	\$ 35,311
Change in assumptions	32,830	85,734
Net difference between projected and actual earnings on OPEB plan investments	-	54,999
Changes in proportion	20,110	27,590
Employer contributions subsequent to the measurement date	92,030	-
Total	<u>\$ 214,670</u>	<u>\$ 203,634</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,012	\$ 46,615
Change in assumptions	43,339	113,179
Net difference between projected and actual earnings on OPEB plan investments	-	72,605
Changes in proportion	48,375	40,844
Employer contributions subsequent to the measurement date	122,338	-
Total	<u>\$ 306,064</u>	<u>\$ 273,243</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 106,928
Change in assumptions	76,638	6,699
Net difference between projected and actual earnings on OPEB plan investments	-	2,633
Changes in proportion	85,678	104,565
Employer contributions subsequent to the measurement date	255,107	-
Total	<u>\$ 417,423</u>	<u>\$ 220,825</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,463	\$ 2,503
Change in assumptions	10,439	-
Net difference between projected and actual earnings on OPEB plan investments	-	416
Employer contributions subsequent to the measurement date	11,042	-
Total	<u>\$ 30,944</u>	<u>\$ 2,919</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

The deferred outflows of resources related to OPEB resulting from the political subdivision and school division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Group Life Insurance Program-City

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (13,888)
2025	(14,254)
2026	(48,518)
2027	1,222
2028	(5,556)
Thereafter	-

Group Life Insurance Program-School Division

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (26,530)
2025	(21,997)
2026	(56,347)
2027	14,517
2028	840
Thereafter	-

Teacher Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (26,108)
2025	(21,905)
2026	(14,999)
2027	100
2028	(1,369)
Thereafter	5,772

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ 5,264
2025	4,607
2026	3,499
2027	3,613

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.0 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,672,085	\$ 1,470,891
Plan fiduciary net position	\$ 2,467,989	\$ 221,845
Employers' net OPEB liability (asset)	\$ 1,204,096	\$ 1,249,046
Plan fiduciary net position as a percentage of total OPEB liability	67.21%	15.08%

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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:

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
Inflation			2.50 %
Expected arithmetic nominal return*			7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.5%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS 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 ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the political subdivision and school division, as well as what the political subdivision and school division's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability-City	\$ 1,280,786	\$ 880,194	\$ 556,462
GLI Net OPEB liability-School division nonprofessional	\$ 113,011	\$ 77,664	\$ 49,100
GLI Net OPEB liability-School division professional	\$ 1,577,767	\$ 1,084,289	\$ 685,491
Teacher HIC Net OPEB liability	\$ 2,956,430	\$ 2,623,248	\$ 2,340,817
General Employee HIC Net OPEB liability – School Division	\$ 105,042	\$ 94,711	\$ 85,744

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2023, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

• Group Life Insurance-political subdivision	\$ 8,051
• Group Life Insurance-school division-nonprofessional	759
• Group Life Insurance-school division-professional	4,043
• Teacher Employee Health Insurance Credit	6,236
• General Employee Health Insurance Credit	674

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 11. Summary of Pension and other Postemployment Benefit Elements

A summary of pension and other postemployment benefit (OPEB) related financial statement elements is as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit (School Board)
Deferred outflows of resources - Related to Pensions:				
VRS-City	\$ 3,621,295	\$ 487,642	\$ 4,108,937	\$ -
Net deferred Outflows from Augusta County Service Authority	-	54,600	54,600	-
VRS-School Non-professional	-	-	-	146,149
VRS-School Professional	-	-	-	6,158,174
Total deferred outflows of resources - Pensions	<u>\$ 3,621,295</u>	<u>\$ 542,242</u>	<u>\$ 4,163,537</u>	<u>\$ 6,304,323</u>
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,241,466	\$ 167,534	\$ 1,409,000	\$ 784,000
Net OPEB Outflows from Augusta Regional Landfill	-	9,825	9,825	-
VRS Group Life plan	189,225	25,445	214,670	306,064
VRS Health insurance credit plan-Professional	-	-	-	417,423
VRS Health insurance credit plan-Non-professional	-	-	-	30,944
Total deferred outflows of resources - OPEB	<u>\$ 1,430,691</u>	<u>\$ 202,804</u>	<u>\$ 1,633,495</u>	<u>\$ 1,538,431</u>
Net pension (asset) liability:				
VRS-City	\$ 15,587,721	\$ 2,099,068	\$ 17,686,789	\$ -
Net Pension liability from Augusta County Service Authority	-	3,044	3,044	-
VRS-School Non-professional	-	-	-	234,635
VRS-School Professional	-	-	-	20,061,805
Total net pension (asset) liability	<u>\$ 15,587,721</u>	<u>\$ 2,102,112</u>	<u>\$ 17,689,833</u>	<u>\$ 20,296,440</u>
Net OPEB liability:				
OPEB Local Health plan	\$ 4,059,214	\$ 547,786	\$ 4,607,000	\$ 1,503,000
Net OPEB Liability from Augusta Regional Landfill	-	46,446	46,446	-
VRS Group Life plan	775,865	104,329	880,194	1,161,953
VRS Health insurance credit plan-Professional	-	-	-	2,623,248
VRS Health insurance credit plan-Non-professional	-	-	-	94,711
Total net OPEB liability	<u>\$ 4,835,079</u>	<u>\$ 698,561</u>	<u>\$ 5,533,640</u>	<u>\$ 5,382,912</u>
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 2,762,702	\$ 372,024	\$ 3,134,726	\$ -
Net deferred inflow from Augusta County Service Authority	-	65,426	65,426	-
VRS-School Non-professional	-	-	-	146,701
VRS-School Professional	-	-	-	4,534,395
Total deferred inflows of resources - Pensions	<u>\$ 2,762,702</u>	<u>\$ 437,450</u>	<u>\$ 3,200,152</u>	<u>\$ 4,681,096</u>
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,132,209	\$ 152,791	\$ 1,285,000	\$ 795,000
Net OPEB inflow from Augusta Regional Landfill	-	14,025	14,025	-
VRS Group Life plan	179,497	24,137	203,634	273,243
VRS Health insurance credit plan-Professional	-	-	-	220,825
VRS Health insurance credit plan-Non-professional	-	-	-	2,919
Total deferred inflows of resources - OPEB	<u>\$ 1,311,706</u>	<u>\$ 190,953</u>	<u>\$ 1,502,659</u>	<u>\$ 1,291,987</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 11. Summary of Pension and other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit (School Board)</u>
Pension Expense (income):				
VRS-City	\$ 1,739,892	\$ 234,342	\$ 1,974,234	\$ -
Pension expense from Augusta Regional Landfill	-	758	758	-
VRS-School Non-professional	-	-	-	116,292
VRS-School Professional	-	-	-	847,279
Total pension expense (income)	<u>\$ 1,739,892</u>	<u>\$ 235,100</u>	<u>\$ 1,974,992</u>	<u>\$ 963,571</u>
OPEB expense:				
Local OPEB	\$ 211,463	\$ 28,537	\$ 240,000	\$ 41,000
OPEB expense from Augusta Regional Landfill	-	901	901	-
VRS OPEB - City	24,406	3,388	27,794	-
VRS OPEB School Non-professional	-	-	-	11,188
VRS OPEB School Professional	-	-	-	217,227
Total OPEB expense	<u>\$ 235,869</u>	<u>\$ 32,826</u>	<u>\$ 268,695</u>	<u>\$ 269,415</u>

Note 12. Commitments and Contingencies

State and Federal Programs:

The City is the recipient of Federal and State grants which are subject to audit to determine compliance with their requirements. City management believes that any required refunds will be immaterial.

Legal Matters:

The City is a potential defendant in litigation involving claims for damages of various types. City officials estimate that any ultimate liability not covered by insurance will be immaterial.

EDA Commitments

In June 2014, the EDA entered into an agreement with a developer concerning the property at the intersection of US Route 250, Cochran Parkway, and South Frontier Drive. This agreement included an economic development grant equal to a percentage share of the incremental increase in taxes generated for sixteen fiscal years commencing with the beginning of the fiscal year in which the City approves the first occupancy permit for new building construction on the property. To fund this grant, the EDA entered into a contribution agreement with the City evidencing the City's conditional obligation to provide the Authority sums to fund the Grant portion of the development agreement. The source of City funds shall be incremental taxes generated by the development of the property.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 12. Commitments and Contingencies (Continued)

Construction and Other Significant Commitments including Encumbrances

The City has entered into construction contracts, which include water, sewer and storm water related projects as well as street, radio and school construction projects. As of June 30, the City had outstanding construction contracts totaling \$1,209,099 that will be financed from operating funds. Other significant commitments include the encumbrances outstanding for the general fund and nonmajor governmental funds as shown below.

	<u>Construction Commitments</u>	<u>Encumbrances</u>
Water fund	\$ 9,544,601	\$ 61,713
Sewer fund	70,443	5,586
Storm Water fund	83,554	27,306
Environmental fund	-	232,239
General fund	-	914,665
Capital Improvements Fund	38,040	12,041,030
Nonmajor governmental funds	-	380,363
	<u>\$ 9,736,638</u>	<u>13,662,902</u>

Note 13. General Property Taxes

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. These levies are assessed biannually as of January 1 on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the receivable applies. The City reassesses all property biannually. Public utility property is assessed by the Commonwealth.

Real estate taxes are billed in semiannual installments, 75% due June 20 and 25% due December 5. For the current fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements include those assessed as of January 1, 2022 and due December 5, 2022 as well as the portion of the January 1, 2023 assessment due June 20, 2023 less an allowance for uncollectibles and less taxes not collected within 45 days of year end plus collections of previously delinquent taxes. The tax rates for the January 1, 2022 and 2023 levies were \$.92 and \$.89 per \$100 of assessed value, respectively. Real estate taxes receivable, assessed as of January 1, 2023 and due December 5, 2023, are reflected in the accompanying financial statements as a receivable and are offset by deferred inflows of resources, in the amount of \$2,861,747, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2023 are also included in deferred inflows of resources, in the amount of \$3,458,109 since they are not intended to finance the current fiscal year.

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and are due December 5. During fiscal year 2023, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2022 assessment due December 5, 2022, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2022 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2022 tax rate for all other personal property was \$2.90 per \$100 of assessed value.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 14. Restricted Assets

Restricted assets as of June 30 consist of cash and cash equivalents and amounts due from other governments that are restricted for certain purposes as follows:

	Governmental Activities	Business Type Activities
Customer deposits	\$ 7,000	\$ 397,892
Receivable for share of debt	-	1,320,025
SNAP principal account	-	7,132,781
Landfill sinking fund*	-	2,509,749
Total	<u>\$ 7,000</u>	<u>\$ 11,360,447</u>

*The City's share of the sinking fund held by the Augusta Regional Landfill, a hybrid undivided/joint venture. See note 16.

Note 15. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during 2024. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended levels.

Through the Virginia Municipal League, the City and School Board have joined together with other Virginia public bodies in the Virginia Municipal League Insurance programs pools currently operating as a common risk management and insurance programs for members in Virginia. The City and School Board pay an annual premium to VML Insurance Programs for its workers' compensation and employer's liability, general liability, excess property, crime, and automobile coverage. The agreement for formation of the VML Insurance Programs Pool provides that it will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Workers' Compensation Act. VML Insurance programs will reinsure through commercial insurance companies for claims in excess of \$5 million for general liability, and \$5 million for automotive liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

As of June 1, 2003, the City discontinued its self-insured worker's compensation arrangement and began insurance coverage with the Virginia Municipal League. As of June 30, 2023, the City still retains a liability related to workers compensation claims outstanding at the time of the policy change. The City reimburses VML as needed for claims payments on these old outstanding claims in excess of any reinsurance amounts. The City has not established a separately funded reserve for such claims. There is no portion currently due and payable. The long-term liability is estimated to be \$25,392.

As of January 1, 2015, the City and School system established a self-insured health insurance program. Premiums are developed based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. Stop loss provisions limit catastrophic claims in excess of \$175,000. At June 30, incurred but not reported claims for the City and Schools are estimated to be \$704,000. Changes in the claims liability amounts in fiscal years 2020, 2021 and 2022 were as follows:

Year Ended June 30,	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
2021	\$ 1,008,198	\$ 6,965,098	\$ 6,570,572	\$ 1,402,724
2022	\$ 1,402,724	\$ 8,031,508	\$ 8,283,042	\$ 1,151,190
2023	\$ 1,151,190	\$ 8,308,208	\$ 8,730,006	\$ 729,392

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 16. Landfill Closure and Post-closure Care Costs

The City and two other localities share the costs of landfill operations through undivided interests in the Augusta Regional Landfill. The City and the County of Augusta share the costs of an old landfill operation (Permit 21), which was closed in 2003. The costs of a second landfill operation (Permit 585), which was begun in fiscal year 1999, are shared between the cities of Staunton and Waynesboro and the County of Augusta.

State and federal laws and regulations require the Augusta Regional Landfill to place a final cover or cap on a landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Under the cost sharing agreement, the City will bear 39.67% of such costs for Permit 21 and 24.39% of such costs for Permit 585. The cost sharing percentage of Permit 585 is adjusted each year based on usage by each locality. The remainder of the Permit 585 costs will be borne by the County and the City of Waynesboro. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year ending date.

The \$1,857,517 reported as landfill closure liability at June 30, 2023 represents the cumulative amount reported to date based on the use of 91% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 76.0% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$1,067,718 reported as post-closure monitoring liability at June 30, 2023, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill and 91% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 76.0% of the estimated capacity of the Permit #585 Phase 4 landfill. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2023 for both joint ventures are \$2,925,235.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$163,142 for Permit #585 (phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$216,442 for the newly constructed Phase 4 cell as the remaining estimated capacity is filled over the next 2 to 5 years.

The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ-approved inflation rate. The amounts for the Permit #585 landfill were re-evaluated in March 2008 based on what it would cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ-approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

Each participating locality is required to submit to the Virginia Department of Environmental Quality by December 30 of each year financial assurance they can meet their allocated financial responsibility for the Augusta Regional Landfill (see Note 1). The City uses the financial test method of demonstrating assurance for closure and post-closure care. Each locality met this requirement for calendar year 2022.

The landfill accumulates assets in a sinking fund to pay for future closure and post-closure costs. The City reports its proportionate share of the sinking fund assets, \$2,509,749, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 17. Community Development

Staunton Crossing:

In November 2009, the City and the EDA entered into an agreement with the Commonwealth of Virginia to purchase approximately 278 acres of land owned by the Commonwealth, known as the Western State Hospital (WSH) campus, for \$15 million. The EDA also agreed to deed approximately 66 acres of EDA land to the Commonwealth to re-locate and build a new mental health hospital.

The WSH campus land was transferred to the EDA during fiscal year 2010 for development. The EDA intends to contract with and sell the land to developers to develop the multi-use site into commercial, retail, and office property. Any proceeds from the land's disposition will be paid to the City to reduce the City's debt related to the project.

In October 2012 and January 2013, the City issued \$10 million and \$5 million, respectively, in bank qualified debt to pay for the property. The debt was refunded in November 2021. Of the refunded debt, approximately \$6,165,000 was attributable to the Staunton Crossing property.

The land was recorded as inventory by the EDA at its estimated fair value of \$14,000,000 at the time of its acquisition. As a result of a partial sale of property during fiscal year 2017, the adjusted inventory value was reported at \$12,970,053 as of June 30, 2017 and remains the same as of June 30, 2023.

In fiscal year 2023, the City's management concluded that no material declines in the property's value had occurred and the amount due back to the City is still valued at \$12,750,000.

The property is strategically located at the interchange of Interstate 81 and Interstate 64 in the City. While owned by the State, the WSH campus produced no tax revenue to the City. City officials believe that the private development of this site will increase the City's tax base and generate significant local real estate, meals, lodging, and sales taxes.

Note 18. Leases and Subscription-based Information Technology Arrangements (SBITA)

Leases

Under the guidance of GASBS NO. 87, *Leases*, in instances where the City and School Board are the lessee, the right-to-use asset information can be found in Note 5, and the corresponding liabilities and maturity schedules are provided in Note 6. Detail of significant leases are described below.

City as Lessee

On November 1, 2012, the City entered a lease for office space with a 15-year term. Minimum monthly lease payments at inception were \$2,241. The City imputed an interest rate of 2.12%. Terms of the agreement call for the monthly rental amount to increase each year based on the average of the increase in the previous 3-year CPI index, not to exceed 2%. For 2023, the monthly rental payment was \$3,912. During fiscal year 2023, \$20,056 was recognized as an outflow of resources for payments not included in the measurement of the lease liability.

School Board as Lessee

On October 1, 2022, the School Board entered a lease for real property for a term of 24 months. Minimum monthly lease payments are \$7,500. For purposes of discounting future payments, the School Board imputed an interest rate of 3.12%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 18. Leases and Subscription-based Information Technology Arrangements (SBITA) (Continued)

City as Lessor

The City leases space on water tanks and other land to telecommunication companies and other entities for the purpose of placing their equipment on the towers to transmit and receive communications signals. The City also leases retail space in the New Street garage. The City uses its estimated incremental borrowing rate as the discount rate for the leases. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized for the year ended June 30, 2023 was \$39,248 in governmental activities and \$74,269 in business-type activities. As of June 30, 2023, the City's lease receivable for these payments in governmental activities totals \$343,983 and in business-type activities totals \$195,073.

EDA as Lessor

In May 2004, the EDA entered into a lease agreement for facility rental for the conference center portion of Hotel 24, which was renovated as part of a public-private partnership agreement between the EDA, the City and a private developer. The lease term is for 50-years. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized for the year ended June 30, 2023 was \$25,000. As of June 30, 2023, the Authority's lease receivable for these payments totals \$ 489,360.

The agreement specified the EDA as the lessor and is responsible for carrying out the responsibilities set forth in the lease, however, the EDA and the City have a contribution agreement where any revenue generated by the project is turned over to the City. The obligation arises when payments are received, therefore no long-term obligations have been recorded for amounts to be transferred between the EDA and the City.

Subscription Based Information Technology Arrangements

Under the guidance of GASBS NO. 96, *Subscription Based Information Technology Arrangements*, (SBITA'S), the right-to-use subscription asset information can be found in Note 5, and the corresponding liabilities and maturity schedules are provided in Note 6. Detail of significant subscriptions are described below.

City SBITA

During 2023, the City had several SBITA'S, including cloud communications, website hosting, GIS systems, software license and other arrangements. The terms range from 2 to 5 years. Minimum annual subscription payments are \$151,296. For purposes of discounting future payments, the City imputed interest rates of 1.88 to 3.67%.

School SBITA

During 2023, the School had several subscription-based information technology arrangements, including café point of sale systems, software license and other arrangements. The terms range from 3 to 5 years. Minimum annual subscription payments are \$38,253. For purposes of discounting future payments, the City imputed interest rates of 1.88 to 3.67%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2023:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>School Board Component Unit</u>
Nonspendable				
Prepays	\$ 121,993	\$ -	\$ 1,732	\$ -
Restricted:				
Donor purposes	\$ 31,812	\$ -	\$ -	\$ 120,835
Programs	935,326	-	-	35,794
Total restricted	<u>\$ 967,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,629</u>
Committed:				
Stabilization arrangement	<u>\$ 11,523,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:				
Accrued leave	\$ 2,054,006	\$ -	\$ -	\$ -
Capital projects	-	4,452,857	-	6,214,523
Debt service	-	-	4,444,388	-
General government	250,191	-	-	-
Judicial administration	17,225	86,013	-	-
Public safety	121,415	10,763,201	179,499	-
Public works	246,345	1,127,098	-	-
Parks and recreation	94,338	-	-	-
Community development	187,051	81,366	197,843	-
Education	-	21,393	-	3,298,681
Textbooks	-	-	-	1,228,633
Transportation	-	-	-	257,493
Food service	-	-	-	1,036,345
Total assigned	<u>\$ 2,970,571</u>	<u>\$ 16,531,928</u>	<u>\$ 4,821,730</u>	<u>\$ 12,035,675</u>
Unassigned	<u>\$ 9,554,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 20. Tax Abatements

Economic Development Incentive Programs – The City is subject to tax abatements granted by the Staunton Economic Development Authority. The EDA is authorized under Virginia Code Section 15.2-4905 to make grants to businesses for the purpose of promoting economic development for the City. Development agreements between the EDA and developers are accompanied by contribution agreements between the City and the EDA to fund the development agreements. The contribution agreements are authorized under Virginia Code Section 15.2-953, which authorizes gifts, donations and appropriations to Economic Development Authorities for the purposes of promoting economic development in the City. Agreements can take the form of tax grants based on the rehabilitated real estate programs or as reimbursement for some portion of sales, meals and/or lodging taxes generated by the development. Developer agreements are analyzed on a case-by-case basis to determine what tax abatements would be most advantageous to the EDA/City in attracting new businesses with the related tax increases offset by any payment back to the developer.

<u>Tax Abatement Program</u>	<u>Fiscal Year 2023 Taxes Abated</u>
Economic Development Incentive Programs	
Incremental taxes-Staunton Frontier	\$ 483,626
Incremental taxes-Villages	62,567
Real estate tax abatement-Villages	109,229
Total	<u>\$ 655,422</u>

Note 21. Conduit Debt Obligation-EDA

In March 2019, the EDA issued Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest, which fit the definition of a conduit debt obligation. The EDA, as issuer, made a limited commitment in relation to the debt issue, to maintain the issue's tax-exempt status. In a limited commitment, the EDA assumes no responsibility for debt service payments, beyond the resources provided by the third part obligor. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in its financial statements. \$8,815,000 of such conduit bonds were outstanding at June 30, 2023.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 22. Restatement of Beginning Net Position and Fund Balance

For the year ended June 30, 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 96 and to correct an error in a development agreement payment made in fiscal year 2022:

	Governmental Activities	School Board
Net position, July 1, 2022, as previously reported	\$ 69,259,071	\$ (5,570,393)
Effect of adopting GASB Statement No. 96	(11,379)	4,148
Correction of error in development agreement payment	<u>112,991</u>	<u>-</u>
Net position, July 1, 2022, as restated	<u><u>\$ 69,360,683</u></u>	<u><u>\$ (5,566,245)</u></u>
	General Fund	
Fund balance, July 1, 2022, as previously reported	\$ 21,075,234	
Correction of error in development agreement payment	<u>112,991</u>	
Net position, July 1, 2022, as restated	<u><u>\$ 21,188,225</u></u>	

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2023

Note 23. New Accounting Standards

In April 2022, the GASB issued **Statement No. 99, *Omnibus 2022***. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, *Accounting Changes and Error Corrections***. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101, *Compensated Absences***. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STAUNTON, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 28,501,011	\$ 28,501,011	\$ 33,278,054	\$ 4,777,043
Other local taxes	17,233,830	17,233,830	20,149,504	2,915,674
Permits, privilege fees, and regulatory licenses	201,950	201,950	274,672	72,722
Fines and forfeitures	237,500	237,500	184,149	(53,351)
Revenue from use of money and property	109,200	109,200	263,003	153,803
Charges for services	1,896,693	1,885,355	1,802,955	(82,400)
Miscellaneous	28,923	191,354	406,292	214,938
Recovered costs	1,177,000	1,940,709	1,985,554	44,845
Intergovernmental:				
Federal	1,580,640	1,878,840	1,431,844	(446,996)
Commonwealth	13,218,468	14,483,623	12,825,315	(1,658,308)
Total revenues	64,185,215	66,663,372	72,601,342	5,937,970
EXPENDITURES				
Current:				
General government administration	6,749,357	7,380,861	6,094,050	1,286,811
Judicial administration	2,734,688	2,875,103	2,767,988	107,115
Public safety	14,928,984	16,084,899	15,253,258	831,641
Public works	6,385,690	8,084,932	7,763,500	321,432
Health and welfare	7,912,638	7,900,737	5,905,625	1,995,112
Education	15,074,237	15,074,237	15,074,237	-
Parks, recreation, and cultural	4,160,736	4,948,373	4,749,075	199,298
Community development	2,802,195	3,186,672	2,559,032	627,640
Debt service				
Principal retirement	-	-	155,102	(155,102)
Interest and fiscal charges	-	-	8,751	(8,751)
Total expenditures	60,748,525	65,535,814	60,330,618	5,205,196
Excess of revenues over expenditures	3,436,690	1,127,558	12,270,724	11,143,166
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	11,408	11,408
Issuance of subscription	-	-	34,257	34,257
Appropriation of prior year reserves/encumbrances	1,007,725	6,839,067	-	(6,839,067)
Transfers in	-	400,000	-	(400,000)
Transfers out	(4,444,415)	(8,366,625)	(8,366,625)	-
Total other financing sources (uses)	(3,436,690)	(1,127,558)	(8,320,960)	(7,193,402)
Net change in fund balance	\$ -	\$ -	\$ 3,949,764	\$ 3,949,764

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2023

	Plan Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 1,379,588	\$ 1,417,990	\$ 1,428,109	\$ 1,469,762	\$ 1,474,558	\$ 1,547,097	\$ 1,744,479	\$ 1,716,732	\$ 1,821,658
Interest on total pension liability	4,740,682	4,916,956	5,029,018	5,157,439	5,223,818	5,351,222	5,524,420	5,782,576	6,155,429
Difference between expected and actual experience	-	(1,160,922)	(946,229)	(1,483,949)	(372,060)	933,725	1,345,198	(2,422,691)	(79,465)
Changes in assumptions	-	-	-	(140,647)	-	2,298,391	-	3,576,169	-
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)	(4,792,366)	(4,786,764)	(5,114,615)
Net change in total pension liability	2,479,976	1,610,181	1,928,446	1,232,429	1,987,847	5,456,380	3,821,731	3,866,022	2,783,007
Total pension liability - beginning	<u>69,544,178</u>	<u>72,024,154</u>	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>	<u>88,061,168</u>	<u>91,927,190</u>
Total pension liability - ending	<u>72,024,154</u>	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>	<u>88,061,168</u>	<u>91,927,190</u>	<u>94,710,197</u>
Plan Fiduciary Net Position									
Contributions - employer	2,180,741	2,260,879	2,349,913	1,956,240	2,047,913	1,952,366	2,023,946	2,203,260	2,327,768
Contributions - employee	632,939	636,054	655,097	688,105	679,027	721,122	744,911	712,807	751,790
Net investment income (loss)	7,195,341	2,383,649	947,931	6,585,902	4,399,332	4,103,358	1,238,139	17,277,784	(61,063)
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)	(4,792,366)	(4,786,764)	(5,114,615)
Administrative expenses	(39,137)	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)	(42,541)	(43,608)	(49,454)
Other	379	(504)	(399)	(5,847)	(3,884)	(2,580)	(1,439)	1,623	1,810
Net change in plan fiduciary net position	6,329,969	1,683,445	336,568	5,415,860	2,745,313	2,058,651	(829,350)	15,365,102	(2,143,764)
Plan fiduciary net position - beginning	<u>46,061,614</u>	<u>52,391,583</u>	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>	<u>63,802,070</u>	<u>79,167,172</u>
Plan fiduciary net position - ending	<u>52,391,583</u>	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>	<u>63,802,070</u>	<u>79,167,172</u>	<u>77,023,408</u>
Net pension liability - ending	\$ 19,632,571	\$ 19,559,307	\$ 21,151,185	\$ 16,967,754	\$ 16,210,288	\$ 19,608,017	\$ 24,259,098	\$ 12,760,018	\$ 17,686,789
Add Net Pension Liability (asset) from Augusta Regional landfill	<u>23,723</u>	<u>29,260</u>	<u>48,902</u>	<u>23,253</u>	<u>17,478</u>	<u>26,919</u>	<u>64,870</u>	<u>(15,407)</u>	<u>3,044</u>
Total Net pension liability - ending	<u>\$ 19,656,294</u>	<u>\$ 19,588,567</u>	<u>\$ 21,200,087</u>	<u>\$ 16,991,007</u>	<u>\$ 16,227,766</u>	<u>\$ 19,634,936</u>	<u>\$ 24,323,968</u>	<u>\$ 12,744,611</u>	<u>\$ 17,689,833</u>
Plan fiduciary net position as a percentage of total pension liability	<u>73%</u>	<u>73%</u>	<u>72%</u>	<u>78%</u>	<u>79%</u>	<u>77%</u>	<u>72%</u>	<u>86%</u>	<u>81%</u>
Covered payroll of the plan year	<u>\$ 12,343,202</u>	<u>\$ 12,625,654</u>	<u>\$ 13,175,660</u>	<u>\$ 13,293,478</u>	<u>\$ 13,979,807</u>	<u>\$ 14,726,831</u>	<u>\$ 15,419,665</u>	<u>\$ 14,986,357</u>	<u>\$ 15,730,196</u>
Net pension liability as a percentage of covered payroll	<u>159%</u>	<u>155%</u>	<u>161%</u>	<u>128%</u>	<u>116%</u>	<u>133%</u>	<u>157%</u>	<u>85%</u>	<u>112%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2021 information was presented in the entity's fiscal year 2022 financial report.

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
COMPONENT UNIT-SCHOOL NONPROFESSIONAL
Year Ended June 30, 2023

	Plan Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 88,093	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830	\$ 111,069	\$ 104,071	\$ 110,129
Interest on total pension liability	289,866	290,196	289,147	295,498	303,757	300,368	289,766	298,501	325,482
Other changes	-	-	-	62	-	-	-	-	-
Difference between expected and actual experience	-	(60,971)	33,649	(15,763)	(94,997)	(150,376)	73,142	61,551	13,847
Changes in assumptions	-	-	-	3,268	-	101,683	-	175,002	-
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,923)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)	(346,943)
Net change in total pension liability	95,179	(15,214)	99,302	42,480	(28,933)	(15,774)	136,952	287,011	102,515
Total pension liability - beginning	4,282,336	4,377,515	4,292,261	4,391,563	4,434,043	4,477,113	4,461,339	4,598,291	4,885,302
Adjustment to add (remove) Genesis	-	(70,040)	-	-	72,003	-	-	-	-
Total pension liability - ending	4,377,515	4,292,261	4,391,563	4,434,043	4,477,113	4,461,339	4,598,291	4,885,302	4,987,817
Plan Fiduciary Net Position									
Contributions - employer	102,300	102,963	115,259	82,788	86,071	77,730	77,979	77,792	91,622
Contributions - employee	41,269	44,375	49,030	49,531	51,516	56,748	54,036	53,818	62,548
Net investment income (loss)	547,950	173,171	63,623	448,101	296,521	269,021	79,188	1,090,247	(2,584)
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,922)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)	(346,943)
Administrative expenses	(3,047)	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)	(2,820)	(2,851)	(3,118)
Other	29	(36)	(28)	(393)	(260)	(168)	(92)	102	112
Net change in plan fiduciary net position	405,721	(5,674)	(99,503)	234,307	97,861	28,205	(128,734)	866,994	(198,363)
Plan fiduciary net position - beginning	3,550,322	3,956,043	3,887,072	3,787,569	4,021,876	4,185,080	4,213,285	4,084,551	4,951,545
Adjustment to add (remove) Genesis	-	(63,297)	-	-	65,343	-	-	-	-
Plan fiduciary net position - ending	3,956,043	3,887,072	3,787,569	4,021,876	4,185,080	4,213,285	4,084,551	4,951,545	4,753,182
Net pension liability (asset) - ending	\$ 421,472	\$ 405,189	\$ 603,994	\$ 412,167	\$ 292,033	\$ 248,054	\$ 513,740	\$ (66,243)	\$ 234,635
Plan fiduciary net position as a percentage of total pension liability	90%	91%	86%	91%	93%	94%	89%	101%	95%
Covered payroll for the plan year	\$ 828,365	\$ 921,127	\$ 1,041,460	\$ 1,048,417	\$ 1,111,195	\$ 1,151,298	\$ 1,183,318	\$ 1,182,875	\$ 1,393,935
Net pension liability as a percentage of covered payroll	51%	44%	58%	39%	26%	22%	43%	-6%	17%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution*	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2023	\$ 2,918,911	\$ 2,918,911	\$ -	\$ 16,901,627	17.27%
2022	2,403,574	2,403,574	-	15,730,196	15.28%
2021	2,289,915	2,289,915	-	14,986,357	15.28%
2020	2,095,533	2,095,533	-	15,419,665	13.59%
2019	2,001,376	2,001,376	-	14,726,831	13.59%
2018	2,082,997	2,082,997	-	13,979,807	14.90%
2017	1,980,734	1,980,734	-	13,293,478	14.90%
2016	2,363,713	2,363,713	-	13,175,660	17.94%
2015	2,265,042	2,265,042	-	12,625,654	17.94%
Schools - Nonprofessional Employees					
2023	\$ 127,219	\$ 127,219	\$ -	\$ 1,555,244	8.18%
2022	103,430	103,430	-	1,393,935	7.42%
2021	87,770	87,770	-	1,182,875	7.42%
2020	87,447	87,447	-	1,183,318	7.39%
2019	85,079	85,079	-	1,151,298	7.39%
2018	92,452	92,452	-	1,111,195	8.32%
2017	87,226	87,226	-	1,048,417	8.32%
2016	119,455	119,455	-	1,041,460	11.47%
2015	112,193	112,193	-	921,127	12.18%

Schedule is intended to show information for 10 years. Additional years will be included as they come available

*Does not include regional landfill

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
Year Ended June 30, 2023

Plan Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll- Plan year	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.21072%	\$ 20,061,805	\$ 19,574,456	102.49%	82.61%
2021	0.20271%	15,736,575	17,892,908	87.95%	85.46%
2020	0.20542%	29,894,004	18,050,152	165.62%	71.47%
2019	0.20689%	27,227,900	17,399,819	156.48%	73.51%
2018	0.21287%	25,034,000	17,285,216	144.83%	74.81%
2017	0.21545%	25,788,557	16,558,204	155.74%	72.92%
2016	0.22048%	30,051,395	16,313,392	184.21%	68.28%
2015	0.21775%	26,647,826	15,705,288	169.67%	70.68%
2014	0.21711%	25,560,457	15,304,922	167.01%	70.88%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS
 VRS TEACHER RETIREMENT PLAN
 Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 3,504,027	\$ 3,504,027	\$ -	\$ 21,083,195	16.62%
2022	3,253,274	3,253,274	-	19,574,456	16.62%
2021	2,973,803	2,973,803	-	17,892,908	16.62%
2020	2,830,265	2,830,265	-	18,050,152	15.68%
2019	2,728,289	2,728,289	-	17,399,819	15.68%
2018	2,745,601	2,745,601	-	16,823,514	16.32%
2017	2,427,393	2,427,393	-	16,558,204	14.66%
2016	2,293,663	2,293,663	-	16,313,392	14.06%
2015	2,277,267	2,277,267	-	15,705,288	14.50%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2023

	Local Plan						
	2016	2017	2018	2019	2020	2021	2022
Total OPEB Liability							
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000	\$ 158,000	\$ 164,000	\$ 146,000
Interest	-	571,000	588,000	522,000	547,000	527,000	526,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)	(394,000)	(346,000)	172,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)
Assumption changes	-	-	-	(810,000)	213,000	190,000	(278,000)
Other changes	-	-	282,000	-	-	-	-
Net change in total pension liability	1,114,000	242,000	4,000	(857,000)	(52,000)	210,000	(170,000)
Total OPEB liability - beginning	6,306,000	7,420,000	7,928,000	7,932,000	7,075,000	7,023,000	7,233,000
Adjustment to beginning balance	-	266,000	-	-	-	-	-
Total OPEB liability - ending	7,420,000	7,928,000	7,932,000	7,075,000	7,023,000	7,233,000	7,063,000
Plan Fiduciary Net Position							
Contributions - employer	648,000	712,000	643,000	527,000	643,000	599,000	781,000
Contributions - employee	-	-	69,000	74,000	64,000	55,000	58,000
Net investment income (loss)	(2,730)	100,000	101,000	60,000	46,000	524,000	(239,000)
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)
Administrative expenses	(1,000)	-	-	-	-	(2,000)	(3,000)
Net change in plan fiduciary net position	137,270	299,000	247,000	247,000	177,000	851,000	(139,000)
Plan fiduciary net position - beginning	636,680	773,950	1,073,000	1,320,000	1,567,000	1,744,000	2,595,000
Adjustment to beginning balance	-	50	-	-	-	-	-
Plan fiduciary net position - ending	773,950	1,073,000	1,320,000	1,567,000	1,744,000	2,595,000	2,456,000
Total Net OPEB liability - ending	\$ 6,646,050	\$ 6,855,000	\$ 6,612,000	\$ 5,508,000	\$ 5,279,000	\$ 4,638,000	\$ 4,607,000
Plan fiduciary net position as a percentage of total OPEB liability	10.43%	13.53%	16.64%	22.15%	24.83%	35.88%	34.77%
Covered employee payroll	\$ 11,179,000	\$ 13,777,000	\$ 14,264,210	\$ 14,945,099	\$ 15,661,241	\$ 15,488,772	16,367,903
Net OPEB liability as a percentage of covered employee payroll	59.45%	49.76%	46.35%	36.85%	33.71%	29.94%	28.15%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%	-9.04%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

The plan year above is reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2016 information is presented in the entity's fiscal year 2017 financial report.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD COMPONENT UNIT
Year Ended June 30, 2023

	Local Plan						
	2016	2017	2018	2019	2020	2021	2022
Total OPEB Liability							
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 105,000	\$ 110,000	\$ 100,000
Interest	1,000	304,000	318,000	252,000	263,000	256,000	250,000
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(318,000)	(187,000)	(234,000)	(299,000)	134,000
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	103,000	97,000	57,000
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)
Other changes	-	-	(227,000)	-	-	-	-
Net change in total pension liability	1,109,000	173,000	(329,000)	(589,000)	80,000	(6,000)	222,000
Total OPEB liability - beginning	3,010,000	4,119,000	4,228,000	3,899,000	3,310,000	3,390,000	3,384,000
Adjustment to beginning balance	-	(64,000)	-	-	-	-	-
Total OPEB liability - ending	4,119,000	4,228,000	3,899,000	3,310,000	3,390,000	3,384,000	3,606,000
Plan Fiduciary Net Position							
Contributions - employer	339,000	433,000	293,000	452,000	267,000	214,000	364,000
Contributions - employee	-	-	118,000	91,000	68,000	53,000	46,000
Net investment income (loss)	(2,719)	90,000	90,000	55,000	41,000	491,000	(204,000)
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)
Administrative expenses	(995)	-	-	-	-	(2,000)	(3,000)
Other changes	-	-	-	-	-	-	-
Net change in plan fiduciary net position	60,286	260,000	264,000	196,000	219,000	586,000	(116,000)
Plan fiduciary net position - beginning	634,029	694,315	954,000	1,218,000	1,414,000	1,633,000	2,219,000
Adjustment to beginning balance	-	(315)	-	-	-	-	-
Plan fiduciary net position - ending	694,315	954,000	1,218,000	1,414,000	1,633,000	2,219,000	2,103,000
Total Net OPEB liability - ending	<u>\$ 3,424,685</u>	<u>\$ 3,274,000</u>	<u>\$ 2,681,000</u>	<u>\$ 1,896,000</u>	<u>\$ 1,757,000</u>	<u>\$ 1,165,000</u>	<u>\$ 1,503,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>16.86%</u>	<u>22.56%</u>	<u>31.24%</u>	<u>42.72%</u>	<u>48.17%</u>	<u>65.57%</u>	<u>58.32%</u>
Covered employee payroll	<u>\$ 12,820,000</u>	<u>\$ 18,550,000</u>	<u>\$ 19,305,772</u>	<u>\$ 19,489,195</u>	<u>\$ 20,561,511</u>	<u>\$ 20,545,695</u>	<u>\$ 22,960,801</u>
Covered payroll							
Net OPEB liability as a percentage of covered employee payroll/covered payroll	<u>26.71%</u>	<u>17.65%</u>	<u>13.89%</u>	<u>9.73%</u>	<u>6.20%</u>	<u>5.67%</u>	<u>6.55%</u>
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%	-9.04%

(Continued)

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 SCHOOL BOARD COMPONENT UNIT

Year Ended June 30, 2023

	VRS Health Insurance-School Non professional					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 2,087	\$ 1,766	\$ 1,883	\$ 2,211	\$ 1,826	\$ 1,514
Interest	6,865	6,669	6,631	6,305	6,834	6,587
Changes in benefit terms	-	-	-	4,557	-	-
Difference between expected and actual experience	-	1,259	(673)	6,655	(4,156)	8,901
Changes in assumptions/adjustments	(2,243)	-	1,946	-	2,402	11,036
Benefit payments, including refunds of employee contributions	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)	(12,268)
Other changes	-	-	-	-	-	-
Net change in total pension liability	(2,190)	(446)	(551)	7,839	(4,983)	15,770
Total OPEB liability - beginning	102,533	100,343	99,897	99,346	107,185	102,202
Adjustment to beginning balance	-	-	-	-	-	-
Total OPEB liability - ending	100,343	99,897	99,346	107,185	102,202	117,972
Plan Fiduciary Net Position						
Contributions - employer	7,031	7,334	7,484	7,692	8,162	9,617
Contributions - employee	-	-	-	-	-	-
Net investment income (loss)	2,786	1,774	1,489	438	4,614	56
Benefit payments, including refunds of employee contributions	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)	(12,268)
Administrative expenses	(41)	(38)	(31)	(37)	(46)	(34)
Other changes	149	(149)	(2)	-	-	4,760
Net change in plan fiduciary net position	1,026	(1,219)	(1,398)	(3,796)	841	2,131
Plan fiduciary net position - beginning	25,676	26,702	25,483	24,085	20,289	21,130
Adjustment to beginning balance	-	-	-	-	-	-
Plan fiduciary net position - ending	26,702	25,483	24,085	20,289	21,130	23,261
Total Net OPEB liability - ending	<u>\$ 73,641</u>	<u>\$ 74,414</u>	<u>\$ 75,261</u>	<u>\$ 86,896</u>	<u>\$ 81,072</u>	<u>\$ 94,711</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>26.61%</u>	<u>25.51%</u>	<u>24.24%</u>	<u>18.93%</u>	<u>20.67%</u>	<u>19.72%</u>
Covered employee payroll						
Covered payroll	<u>\$ 1,065,247</u>	<u>\$ 1,111,195</u>	<u>\$ 1,151,298</u>	<u>\$ 1,183,318</u>	<u>\$ 1,182,875</u>	<u>\$ 1,393,935</u>
Net OPEB liability as a percentage of covered employee payroll/covered payroll	<u>6.91%</u>	<u>6.70%</u>	<u>6.54%</u>	<u>7.34%</u>	<u>6.85%</u>	<u>6.79%</u>
Annual money-weighted rate of return, net of investment expense	na	na	na	na	na	na

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

The plan year above is reported in the entity's financial statements in the fiscal year following the

Covered employee payroll represents the payroll of employees that are provided with OPEB through the OPEB plan since contributions are not based

Covered payroll represents the payroll on which contributions to the OPEB plan are based

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS-PRIMARY GOVERNMENT AND SCHOOL BOARD
COMPONENT UNIT
Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Primary Government					
Local Plan:					
2023	\$ 571,000	\$ 780,000	\$ (209,000)	\$ 17,217,978	4.53%
2022	628,000	839,000	(211,000)	16,367,903	5.13%
2021	638,000	654,000	(16,000)	15,488,772	4.22%
2020	698,000	707,000	(9,000)	15,661,241	4.51%
2019	734,000	601,000	133,000	14,945,099	4.02%
2018	712,000	712,000	-	14,264,210	4.99%
School Board Component Unit					
Local Plan:					
2023	\$ 209,000	\$ 370,000	\$ (161,000)	\$ 23,528,860	1.57%
2022	266,000	410,000	(144,000)	22,960,801	1.79%
2021	272,000	267,000	5,000	20,545,695	1.30%
2020	331,000	335,000	(4,000)	20,561,511	1.63%
2019	397,000	543,000	(146,000)	19,489,195	2.79%
2018	433,000	411,000	22,000	19,305,772	2.13%
VRS Health Insurance Credit Non-Professional Plan:					
2023	\$ 11,042	\$ 11,042	\$ -	\$ 1,555,244	0.71%
2022	9,618	9,618	-	1,393,935	0.69%
2021	8,162	8,162	-	1,182,875	0.69%
2020	7,692	7,692	-	1,183,318	0.65%
2019	7,483	7,483	-	1,151,298	0.65%
2018	7,334	7,334	-	1,111,195	0.66%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The local plan uses covered-employee payroll (the payroll of employees that are provided with OPEB through the OPEB plan), since contributions to the plan are not based on measure of pay.

The VRS Health insurance credit plan uses covered payroll (the payroll on which contributions to the OPEB plan are based).

The amounts above are for the entity's fiscal year ie. The year in which the contributions were made.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY - VRS PLANS
June 30, 2023

Plan Year	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government					
Virginia Retirement System - Group Life Insurance - General Employees					
2022	0.07310%	\$ 880,194	\$ 15,900,995	5.54%	67.21%
2021	0.07266%	845,959	15,001,400	5.64%	67.45%
2020	0.07516%	1,254,297	15,468,103	8.11%	52.64%
2019	0.07533%	1,225,820	14,766,392	8.30%	52.00%
2018	0.07365%	1,118,000	14,004,555	7.98%	51.22%
2017	0.07217%	1,086,000	13,311,529	8.16%	48.86%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2022	0.21002%	\$ 2,623,248	\$ 19,574,456	13.40%	15.08%
2021	0.20232%	2,596,917	17,892,908	14.51%	13.15%
2020	0.20589%	2,685,869	18,050,152	14.88%	9.95%
2019	0.20745%	2,715,722	17,399,819	15.61%	8.97%
2018	0.21373%	2,713,000	17,285,216	15.70%	7.04%
2017	0.21573%	2,737,000	17,025,052	16.08%	7.04%
Virginia Retirement System - Group Life Insurance - Schools					
2022	0.09650%	\$ 1,161,953	\$ 20,991,513	5.54%	67.21%
2021	0.09239%	1,075,670	19,075,783	5.64%	67.45%
2020	0.09362%	1,562,365	19,268,153	8.11%	52.64%
2019	0.09472%	1,541,347	18,568,571	8.30%	52.00%
2018	0.09687%	1,472,000	18,418,733	7.99%	51.22%
2017	0.09839%	1,481,000	18,149,297	8.16%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS - VRS PLANS
 June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
Virginia Retirement System - Group Life Insurance - General Employees					
2023	\$ 92,030	\$ 92,030	\$ -	\$ 17,042,645	0.54%
2022	85,865	85,865	-	15,900,995	0.54%
2021	81,008	81,008	-	15,001,400	0.54%
2020	80,434	80,434	-	15,468,103	0.52%
2019	76,785	76,785	-	14,766,392	0.52%
2018	72,824	72,824	-	14,004,555	0.52%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2023	\$ 255,107	\$ 255,107	\$ -	\$ 21,083,195	1.21%
2022	236,851	236,851	-	19,574,456	1.21%
2021	216,504	216,504	-	17,892,908	1.21%
2020	216,602	216,602	-	18,050,152	1.20%
2019	208,798	208,798	-	17,399,819	1.20%
2018	212,605	212,605	-	17,285,216	1.23%
Virginia Retirement System - Group Life Insurance - Schools					
2023	\$ 122,338	\$ 122,338	\$ -	\$ 22,655,257	0.54%
2022	113,354	113,354	-	20,991,513	0.54%
2021	103,010	103,010	-	19,075,783	0.54%
2020	100,193	100,193	-	19,268,153	0.52%
2019	96,556	96,556	-	18,568,571	0.52%
2018	95,777	95,777	-	18,418,733	0.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

CITY OF STAUNTON VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 1. Budgetary Comparison Schedule – General Fund

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 for states and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons.

Prior to April 1, the City Manager submits to the Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only the Council can revise the appropriation for each fund. The City Manager is authorized, within the Appropriations Resolution, to transfer budgeted amounts within any City fund and the School Board is authorized to transfer budgeted amounts within the school system's budget. Appropriations lapse on June 30, for all City funds, except for carry-forward requests approved by Council and project balances in the Capital Improvements Fund.

Appropriated annual budgets are legally adopted and budgetary integration is employed as a management control device during the year for all governmental funds. The budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) and are presented on the modified accrual basis of accounting. All governmental funds have legally adopted annual budgets, except the CIP fund, which operates with project length budgets.

Accordingly, the Budgetary Comparison Schedule for the General Fund present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with legally adopted budgets as amended. Original, final budget, actual revenue and expenditures, and variances between final budget and actual for the General Fund are presented on Exhibit 10.

Note 2. Schedules of Changes in Net Pension Liability and Pension Contributions and Net OPEB liability and OPEB contributions VRS plans

Changes of Benefit Terms

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

Other Postemployment Benefits (OPEB): There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

CITY OF STAUNTON VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

Note 2. Schedules of Changes in Net Pension Liability and Pension Contributions and Net OPEB liability and OPEB contributions VRS plans (Continued)

Changes of Assumptions

Net Pension Liability and Pension Contributions VRS plans

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 2. Schedules of Changes in Net Pension Liability and Pension Contributions and Net OPEB liability and OPEB contributions VRS plans (Continued)

Changes of Assumptions-Net Pension Liability and Pension Contributions VRS plans (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

Changes of Assumptions - Net OPEB liability and OPEB contributions- VRS plans

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 3. Schedules of Changes in Net OPEB Liability and OPEB Contributions-local plans

Changes of Assumptions

The last full actuarial valuation for both the City and School Board was performed as of July 1, 2021.

The following items were updated for the current year:

- The discount rate used is 7.5%.
- Medical trend rates are 5.75% for 2023, then decreasing .25% per year to an ultimate rate of 5.0%

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Blue Ridge Court Services Fund – This fund accounts for the activities of Blue Ridge Court services, which provides parole and probation services. Financing is provided by charges for services and state and federal funds.

Grants Fund – This fund accounts for state and federal grant programs of the City. Financing is provided by state and federal funds, along with local matching funds. These funds may be used only for specific purposes.

Community Development Fund – This fund is used to account for the proceeds of federal Community Development grants and other federal and state source revenue for community development. Expenditures are restricted by terms of the grants to community development activities. Community Development Block Grants (CDBG) for general government purposes are also reported in this fund.

HUD Entitlement Fund- This fund is used to account for the proceeds of the federal HUD entitlement program. Expenditures are restricted to the operation of the program.

Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF STAUNTON, VIRGINIA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	HUD Entitlement	Debt Service	
Assets						
Cash and cash equivalents	\$ 267,348	\$ -	\$ 174,366	\$ -	\$ 4,444,388	\$ 4,886,102
Receivables, net	36,627	-	-	-	-	36,627
Due from other governmental units	31,164	175,152	37,864	30,139	-	274,319
Prepaid items	1,732	-	-	-	-	1,732
Total assets	\$ 336,871	\$ 175,152	\$ 212,230	\$ 30,139	\$ 4,444,388	\$ 5,198,780
Liabilities						
Accounts payable	\$ 137,380	\$ 6,312	\$ 13,436	\$ 5,261	\$ -	\$ 162,389
Accrued liabilities	16,728	-	-	1,413	-	18,141
Due to other funds	-	168,840	-	24,416	-	193,256
Accrued leave payable	1,532	-	-	-	-	1,532
Total liabilities	155,640	175,152	13,436	31,090	-	375,318
Fund balances						
Nonspendable	1,732	-	-			1,732
Assigned	179,499	-	198,794	(951)	4,444,388	4,821,730
Total fund balances	181,231	-	198,794	(951)	4,444,388	4,823,462
Total liabilities, deferred inflows of resources and fund balances	\$ 336,871	\$ 175,152	\$ 212,230	\$ 30,139	\$ 4,444,388	\$ 5,198,780

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	HUD Entitlement	Debt Service	
REVENUES						
Revenues from use of money and property	\$ 521	\$ -	\$ 809	\$ -	\$ 18,281	\$ 19,611
Charges for services	134,254	-	-	-	-	134,254
Miscellaneous	140,780	-	-	-	-	140,780
Intergovernmental:						
Federal	-	224,597	127,751	434,638	-	786,986
Commonwealth	954,341	-	-	-	-	954,341
Total revenues	1,229,896	224,597	128,560	434,638	18,281	2,035,972
EXPENDITURES						
Current:						
Public safety	1,267,716	224,597	-	-	-	1,492,313
Community development	-	-	127,751	469,740	-	597,491
Debt service:						
Principal retirement	24,327	-	-	-	3,005,000	3,029,327
Interest and fiscal charges	2,566	-	-	-	2,381,569	2,384,135
Total expenditures	1,294,609	224,597	127,751	469,740	5,386,569	7,503,266
Excess (deficiency) of revenues over expenditures	(64,713)	-	809	(35,102)	(5,368,288)	(5,467,294)
OTHER FINANCING SOURCES						
Transfers in	18,025	-	-	34,151	4,844,415	4,896,591
Total other financing sources	18,025	-	-	34,151	4,844,415	4,896,591
Net change in fund balance	(46,688)	-	809	(951)	(523,873)	(570,703)
Fund balances - beginning of year	227,919	-	197,985	-	4,968,261	5,394,165
Fund balances - ending of year	\$ 181,231	\$ -	\$ 198,794	\$ (951)	\$ 4,444,388	\$ 4,823,462

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
BLUE RIDGE COURT SERVICES FUND
Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 521	\$ 521
Charges for services	140,000	134,254	(5,746)
Miscellaneous	211,224	140,780	(70,444)
Intergovernmental:			
Commonwealth	1,078,561	954,341	(124,220)
Total revenues	<u>1,429,785</u>	<u>1,229,896</u>	<u>(199,889)</u>
EXPENDITURES			
Current:			
Public safety	1,449,973	1,267,716	182,257
Debt Service:			
Principal	-	24,327	(24,327)
Interest and fiscal charges	-	2,566	(2,566)
Total expenditures	<u>1,449,973</u>	<u>1,294,609</u>	<u>155,364</u>
Excess (deficiency) of revenues over expenditures	<u>(20,188)</u>	<u>(64,713)</u>	<u>(44,525)</u>
OTHER FINANCING USES			
Transfers in:			
Transfer from General fund	18,025	18,025	-
Total other financing uses	<u>18,025</u>	<u>18,025</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,163)</u>	<u>\$ (46,688)</u>	<u>\$ (44,525)</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
STATE AND FEDERAL GRANTS FUND
Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 383,890	\$ 224,597	\$ (159,293)
Total revenues	<u>383,890</u>	<u>224,597</u>	<u>(159,293)</u>
EXPENDITURES			
Current:			
Public Safety	<u>389,328</u>	<u>224,597</u>	<u>164,731</u>
Total expenditures	<u>389,328</u>	<u>224,597</u>	<u>164,731</u>
Excess (deficiency) of revenues over expenditures	<u>(5,438)</u>	<u>-</u>	<u>5,438</u>
Net change in fund balance	<u><u>\$ (5,438)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,438</u></u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 809	\$ 809
Intergovernmental:			
Federal	448,947	127,751	(321,196)
Total revenues	448,947	128,560	(320,387)
EXPENDITURES			
Current:			
Community Development	448,947	127,751	321,196
Total expenditures	448,947	127,751	321,196
Deficiency of revenues under expenditures	-	809	809
Net change in fund balance	\$ -	\$ 809	\$ 809

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HUD ENTITLEMENT FUND
Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 1,218,677	\$ 434,638	\$ (784,039)
Total revenues	<u>1,218,677</u>	<u>434,638</u>	<u>(784,039)</u>
EXPENDITURES			
Current:			
Community Development	<u>1,252,828</u>	<u>469,740</u>	<u>783,088</u>
Total expenditures	<u>1,252,828</u>	<u>469,740</u>	<u>783,088</u>
Deficiency of revenues under expenditures	<u>(34,151)</u>	<u>(35,102)</u>	<u>(951)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in:			
Transfer from General fund	<u>34,151</u>	<u>34,151</u>	<u>-</u>
Total other financing sources (uses)	<u>34,151</u>	<u>34,151</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (951)</u>	<u>\$ (951)</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 18,281	\$ 18,281
Total revenues	-	18,281	18,281
EXPENDITURES			
Current:			
Debt Service			
Principal	3,005,000	3,005,000	-
Interest and fiscal charges	2,381,569	2,381,569	-
Total expenditures	5,386,569	5,386,569	-
Deficiency of revenues under expenditures	(5,386,569)	(5,368,288)	18,281
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	4,844,415	4,844,415	-
Total other financing sources	4,844,415	4,844,415	-
Net change in fund balance	\$ (542,154)	\$ (523,873)	\$ 18,281

BUDGET TO ACTUAL COMPARISON – MAJOR GOVERNMENTAL FUNDS

Capital Improvements Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
From Inception of Project through June 30, 2023

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 1,049,243	\$ 75,136	\$ 1,124,379	\$ 714,295
Recovered costs	2,244,770	142,527	2,387,297	2,155,593
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	1,808,147	133,850	1,941,997	11,359,384
Commonwealth of Virginia	4,399,678	85,000	4,484,678	4,491,617
City of Staunton School Board	1,915,000	-	1,915,000	1,915,000
Total revenues	<u>11,441,288</u>	<u>436,513</u>	<u>11,877,801</u>	<u>20,646,339</u>
EXPENDITURES				
Capital outlay:				
General government administration	1,825,827	228,699	2,054,526	2,337,417
Public safety	8,646,947	125,441	8,772,388	16,314,954
Public works	11,796,068	819,418	12,615,486	22,996,716
Education	49,963,772	48,680	50,012,452	53,276,271
Parks, recreation, and culture	1,664,229	-	1,664,229	3,997,405
Community development	5,219,591	194,528	5,414,119	6,450,536
CIP Undesignated	-	-	-	200,448
Debt service:				
Bond issuance costs	114,508	-	114,508	114,508
Total expenditures	<u>79,230,942</u>	<u>1,416,766</u>	<u>80,647,708</u>	<u>105,688,255</u>
Deficiency of revenues under expenditures	<u>(67,789,654)</u>	<u>(980,253)</u>	<u>(68,769,907)</u>	<u>(85,041,916)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	43,760,000	-	43,760,000	46,000,000
Premium on school construction bonds	2,329,862	-	2,329,862	-
Transfers in	50,421,428	2,421,050	52,842,478	50,421,428
Transfers out	<u>(7,656,943)</u>	<u>-</u>	<u>(7,656,943)</u>	<u>(7,656,943)</u>
Total other financing sources (uses)	<u>88,854,347</u>	<u>2,421,050</u>	<u>91,275,397</u>	<u>88,764,485</u>
Net change in fund balance		<u>\$ 1,440,797</u>		

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services to other departments of the City on a cost reimbursement basis.

Health Insurance Fund – This fund is a self-insured fund used to account for employee health care costs.

Inventory Fund – This fund accounts for the sale of goods to other departments of the City.

CITY OF STAUNTON, VIRGINIA

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2023

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,657,398	\$ 391,874	\$ 4,049,272
Receivables, net	264,420	7,826	272,246
Inventory	-	325,843	325,843
Prepaid items	-	22,458	22,458
Total current assets	3,921,818	748,001	4,669,819
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	50,375	50,375
Total capital assets, net	-	50,375	50,375
Total noncurrent assets	-	50,375	50,375
Total assets	3,921,818	798,376	4,720,194
LIABILITIES			
Current liabilities:			
Accounts payable	12,995	2,142	15,137
Total current liabilities	12,995	2,142	15,137
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, claims, compensated absences	704,000	-	704,000
Total noncurrent liabilities	704,000	-	704,000
Total liabilities	716,995	2,142	719,137
NET POSITION			
Net investment in capital assets	-	50,375	50,375
Unrestricted	3,204,823	745,859	3,950,682
Total net position	\$ 3,204,823	\$ 796,234	\$ 4,001,057

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 9,124,518	\$ 1,150,082	\$ 10,274,600
Total operating revenues	9,124,518	1,150,082	10,274,600
OPERATING EXPENSES			
Claims paid	8,730,006	-	8,730,006
Administrative charges	419,325	-	419,325
Stop loss fees	1,152,270	-	1,152,270
Contractual services	-	10,365	10,365
Materials and supplies	-	62,310	62,310
Depreciation	-	6,616	6,616
Other expenses	-	1,049,542	1,049,542
Total operating expenses	10,301,601	1,128,833	11,430,434
Operating income (loss)	(1,177,083)	21,249	(1,155,834)
NONOPERATING REVENUES (EXPENSES)			
Interest income	15,165	1,740	16,905
Interest and fiscal charges	-	(31)	(31)
Total nonoperating revenues	15,165	1,709	16,874
Net Income (loss)	(1,161,918)	22,958	(1,138,960)
Total net position - beginning of year	4,366,741	773,276	5,140,017
Total net position - end of year	\$ 3,204,823	\$ 796,234	\$ 4,001,057

CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 9,553,087	\$ 1,153,162	\$ 10,706,249
Cash paid to suppliers	-	(1,150,007)	(1,150,007)
Claims paid	(8,981,006)	-	(8,981,006)
Administrative and stop loss fees	(1,580,506)	-	(1,580,506)
Net cash provided by (used in) operating activities	(1,008,425)	3,155	(1,005,270)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on lease liabilities	-	(2,113)	(2,113)
Interest paid on lease liabilities	-	(31)	(31)
Net cash used by capital and related financing activities	-	(2,144)	(2,144)
INVESTING ACTIVITIES			
Interest received	15,165	1,740	16,905
Net cash provided by investing activities	15,165	1,740	16,905
Net decrease in cash and cash equivalents	(993,260)	2,751	(990,509)
CASH AND CASH EQUIVALENTS			
Beginning of year	4,650,658	389,123	5,039,781
End of year	\$ 3,657,398	\$ 391,874	\$ 4,049,272
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,177,083)	\$ 21,249	\$ (1,155,834)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	6,616	6,616
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	428,569	3,080	431,649
Decrease (increase) in prepaid items	-	2	2
Decrease (increase) in inventory	-	569	569
Increase (decrease) in accounts payable	(8,911)	(28,361)	(37,272)
Increase (decrease) in claims payable	(251,000)	-	(251,000)
Net cash used in operating activities	\$ (1,008,425)	\$ 3,155	\$ (1,005,270)

There were no noncash investing, capital, or financing activities.

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Major Funds

Special Revenue Funds:

Education Fund – This fund is used to account for the operations and maintenance of the six city owned schools. Financing is provided by state and federal funds, and by appropriations from the City's general revenues. State and federal education funds received may be used only for this purpose. Annual appropriations from general revenues were restricted by the Appropriations Resolution to education expenditures.

Nonmajor Funds

Special Revenue Funds:

School Cafeteria Fund – This fund is used to account for the operation and maintenance of the cafeterias of the six City owned schools. Financing is provided primarily from charges for services and federal and state lunch subsidies. Such funds are limited to expenditure for cafeteria operations and maintenance by federal and state law.

Textbook Fund – This fund is used to account for the purchase and sale of school textbooks. Financing is provided primarily by state subsidies and the required local match. Funds so received are limited by the Commonwealth to expenditure only for school textbooks.

State Operated Programs Fund – This fund is used to account for revenues and expenditures associated with the operation of education programs in certain state-run hospital and juvenile detention facilities. The state contracts with the School Board to provide education programs to persons in those facilities who are required by law to receive the benefit of public education. The education programs are fully funded by state operating grants with occasional funding by federal operating grants. Thus, revenues equal the expenditures that are composed primarily of staff salaries and fringe benefits, along with moderate amounts of educational materials and purchase of services.

Student Activities Fund-This fund is used to account for all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, etc., and from any and all school sponsored activities of the Schools that involve school personnel, students, or property. Activity funds is comprised of the following schools:

Staunton High School

Shelburne Middle School

Bessie Weller Elementary School

Thomas C. McSwain Elementary School

Arthur R. Ware, Jr. Elementary School

Capital Projects Funds:

School Construction Fund – This fund is used to account for the construction of school facilities and other major capital projects. Financing is provided by transfers from the General Fund and certain state revenues, limited to expenditure for school capital projects.

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 10,724,591
Accounts receivable	9,031
Due from other governmental units	4,328,870
Prepaid items	2,194
Restricted cash and cash equivalents	27,456
Restricted net pension asset	
Security Deposit	7,500
Capital assets:	
Land	525,362
Other capital assets, net of accumulated depreciation	12,476,168
Total assets	<u>28,101,172</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	6,304,323
Deferred outflows related to other post employment benefits	1,538,431
	<u>7,842,754</u>
LIABILITIES	
Accounts payable	547,693
Accrued liabilities	1,958,742
Amounts held for others	5,923
Noncurrent liabilities:	
Due within one year	401,963
Due in more than one year	
Net pension liability	20,296,440
Net other post employment benefit liability	5,382,912
Other debt	712,055
Total liabilities	<u>29,305,728</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,681,096
Deferred inflows related to other postemployment benefits	1,291,987
Total deferred inflows of resources	<u>5,973,083</u>
NET POSITION	
Net investment in capital assets	12,814,116
Restricted for:	
Programs	35,794
Donor purposes	120,835
Unrestricted (deficit)	<u>(12,305,630)</u>
Total net position	<u>\$ 665,115</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction and related services	\$ 30,531,726	\$ 445,701	\$ 15,781,440	\$ -	\$ (14,304,585)
Administration, attendance, and health	2,409,803	-	6,719	-	(2,403,084)
Pupil transportation	1,755,786	-	26,397	19,721	(1,709,668)
Food service	2,162,028	32,711	2,404,021	-	274,704
Operations	4,193,005	-	-	1,872,998	(2,320,007)
Facilities	-	-	-	144,244	144,244
Technology	1,799,822	-	422,809	-	(1,377,013)
Interest on debt	6,499	-	-	-	(6,499)
Total School Board	<u>\$ 42,858,669</u>	<u>\$ 478,412</u>	<u>\$ 18,641,386</u>	<u>\$ 2,036,963</u>	(21,701,908)
General revenues:					
Unrestricted investment earnings					34,970
Grants and contributions not restricted to specific programs					13,116,112
Net payment from City of Staunton					<u>14,782,186</u>
Total general revenues					<u>27,933,268</u>
Change in net position					6,231,360
Net position - beginning of year, as restated					<u>(5,566,245)</u>
Net position - end of year					<u>\$ 665,115</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2023

	Education	Other Governmental	Total Governmental
Assets			
Cash and cash equivalents	\$ 1,726,889	\$ 8,997,702	\$ 10,724,591
Accounts receivable	1,708	7,324	9,032
Prepaid items	-	2,194	2,194
Due from other governmental units	3,393,356	935,514	4,328,870
Due from other funds	613,063	-	613,063
Deposit	7,500	-	7,500
Restricted cash and cash equivalents	-	27,456	27,456
Total assets	\$ 5,742,516	\$ 9,970,190	\$ 15,712,706
Liabilities			
Accounts payable	\$ 444,882	\$ 102,811	\$ 547,693
Accrued liabilities	1,846,891	199,625	2,046,516
Due to other funds	-	613,063	613,063
Held for others	2,640	3,283	5,923
Total liabilities	2,294,413	918,782	3,213,195
Deferred Inflows of Resources			
Unavailable revenue	307,207	-	307,207
Fund Balances			
Restricted			
Programs	-	35,794	35,794
Donor	81,237	39,598	120,835
Assigned	3,059,659	8,976,016	12,035,675
Total fund balances	3,140,896	9,051,408	12,192,304
Total liabilities, deferred inflows of resources and fund balances	\$ 5,742,516	\$ 9,970,190	\$ 15,712,706

CITY OF STAUNTON, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total Fund Balances – Component Unit School Board	\$	12,192,304
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Amounts reported for governmental activities in the statement of net position
(Exhibit D-1) are different because:

Capital assets used in governmental activities are not financial resources,
and, therefore, are not reported in the funds.

Capital assets	\$ 32,300,361	
Less: accumulated depreciation	<u>(19,298,831)</u>	13,001,530

Receivables that are not available to pay for current period expenditures are not reported in the funds.		307,207
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Financial statement elements related to pensions are applicable to future periods
and, therefore, are not reported in the funds.

Deferred outflows	\$ 6,304,323	
Deferred inflows	(4,681,096)	
Net pension liability	<u>(20,296,440)</u>	(18,673,213)

Financial statement elements related to other postemployment benefits (OPEB)
are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows	\$ 1,538,431	
Deferred inflows	(1,291,987)	
Net OPEB liability	<u>(5,382,912)</u>	(5,136,468)

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

Leases	\$ (140,330)	
Subscriptions	(47,084)	
Compensated absences	<u>(838,831)</u>	<u>(1,026,245)</u>

Total Net Position – Component Unit School Board	\$	<u><u>665,115</u></u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Education	Other Governmental	Total Governmental
REVENUES			
Revenues from use of money and property	\$ 11,221	\$ 32,501	\$ 43,722
Charges for services	78,130	391,532	469,662
Miscellaneous	189,280	106,234	295,514
Recovered costs	72,320	578,247	650,567
Intergovernmental:			
Federal	4,712,255	2,517,617	7,229,872
Commonwealth	20,012,144	4,396,522	24,408,666
City of Staunton	15,065,237	-	15,065,237
Total revenues	<u>40,140,587</u>	<u>8,022,653</u>	<u>48,163,240</u>
EXPENDITURES			
Current:			
Education	39,946,846	6,883,221	46,830,067
Debt Service:			
Principal retirement	151,179	8,125	159,304
Interest and fiscal charges	6,413	86	6,499
Total expenditures	<u>40,104,438</u>	<u>6,891,432</u>	<u>46,995,870</u>
Excess (deficiency) of revenues over expenditures	<u>36,149</u>	<u>1,131,221</u>	<u>1,167,370</u>
OTHER FINANCING SOURCES (USES)			
Issuance of lease	191,208	-	191,208
Issuance of subscription	-	18,934	18,934
Transfers in	89,679	3,872,333	3,962,012
Transfers out	(3,872,333)	(89,679)	(3,962,012)
Total other financing sources (uses)	<u>(3,591,446)</u>	<u>3,801,588</u>	<u>210,142</u>
Net change in fund balances	(3,555,297)	4,932,809	1,377,512
Fund balances - beginning of year	6,696,193	4,118,599	10,814,792
Fund balances - end of year	<u><u>\$ 3,140,896</u></u>	<u><u>\$ 9,051,408</u></u>	<u><u>\$ 12,192,304</u></u>

CITY OF STAUNTON, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023**

Amounts reported for governmental activities in the statement of activities
(Exhibit D-2) are different because:

Net changes in fund balances - school board component unit	\$ 1,377,512
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Governmental funds report the cost of capital assets acquired as current expenditures while the statement of activities reports depreciation expense to allocate those expenditures over the life of the assets.

Depreciation	\$ (1,114,989)	
Capital expenses	<u>1,953,679</u>	838,690

In the statement of activities, only the loss on the disposal of capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset.	(12,648)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	114,554
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Debt proceeds provide current financial resources to governmental funds, but debt issuances increase long term liabilities in the statement of net position. Principal repayments are expenditures in governmental funds, but reduce long term liabilities in the statement of net position.

Lease payments	123,173	
Proceeds from lease	\$ (191,208)	
Subscription payments	36,131	
Proceeds from subscription	<u>(18,934)</u>	(50,838)

Governmental funds report employer contributions to other postemployment benefit as expenditures. However, in the statement of activities the cost of other postemployment benefits earned net of employee contributions is reported as OPEB expense.

Employer OPEB contributions	\$ 279,256	
OPEB expense	<u>269,415</u>	548,671

Governmental funds report employer pension contributions as expenditures. However in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	\$ 1,569,482	
State aid revenue	932,134	
Pension expense	<u>963,571</u>	3,465,187

Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	<u>(49,768)</u>
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Change in net position of governmental activities	<u>\$ 6,231,360</u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	Student Activities Fund	School Construction	
Assets						
Cash and cash equivalents	\$ 1,139,686	\$ 1,239,208	\$ -	\$ 245,472	\$ 6,373,336	\$ 8,997,702
Receivables:						
Accounts receivable	-	-	-	2,934	4,390	7,324
Prepaid expenses	758	-	270	1,166	-	2,194
Due from other governmental units	38,159	-	753,110	-	144,245	935,514
Restricted Cash	-	-	-	27,456	-	27,456
Total assets	<u>\$ 1,178,603</u>	<u>\$ 1,239,208</u>	<u>\$ 753,380</u>	<u>\$ 277,028</u>	<u>\$ 6,521,971</u>	<u>\$ 9,970,190</u>
Liabilities						
Accounts payable	\$ 34,384	\$ 10,575	\$ 3,617	\$ 4,280	\$ 49,955	\$ 102,811
Accrued liabilities	66,208	-	133,417	-	-	199,625
Due to other funds	-	-	613,063	-	-	613,063
Held for others	-	-	3,283	-	-	3,283
Total liabilities	<u>100,592</u>	<u>10,575</u>	<u>753,380</u>	<u>4,280</u>	<u>49,955</u>	<u>918,782</u>
Fund Balance						
Restricted						
Programs	34,234	-	-	1,560	-	35,794
Donor	7,432	-	-	32,166	-	39,598
Assigned	1,036,345	1,228,633	-	239,022	6,472,016	8,976,016
Total fund balances	<u>1,078,011</u>	<u>1,228,633</u>	<u>-</u>	<u>272,748</u>	<u>6,472,016</u>	<u>9,051,408</u>
Total liabilities and fund balances	<u>\$ 1,178,603</u>	<u>\$ 1,239,208</u>	<u>\$ 753,380</u>	<u>\$ 277,028</u>	<u>\$ 6,521,971</u>	<u>\$ 9,970,190</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	Student Activities Fund	School Construction	
REVENUES						
Revenues from use of money and property	\$ 3,691	\$ 4,977	\$ -	\$ 18	\$ 23,815	\$ 32,501
Charges for services	32,711	-	-	358,821	-	391,532
Miscellaneous	10,154	-	12,960	83,120	-	106,234
Recovered costs	-	-	308,826	-	269,421	578,247
Intergovernmental:						
Federal	2,182,068	-	140,815	-	194,734	2,517,617
Commonwealth	61,851	200,537	2,377,902	-	1,756,232	4,396,522
Total revenues	2,290,475	205,514	2,840,503	441,959	2,244,202	8,022,653
EXPENDITURES						
Current:						
Education	2,058,623	283,147	2,749,153	450,642	1,341,656	6,883,221
Debt Service:						
Principal retirement	6,540	-	1,585	-	-	8,125
Interest and fiscal charges	-	-	86	-	-	86
Total expenditures	2,065,163	283,147	2,750,824	450,642	1,341,656	6,891,432
Excess (deficiency) of revenues over expenditures	225,312	(77,633)	89,679	(8,683)	902,546	1,131,221
OTHER FINANCING SOURCES (USES)						
Issuance of subscription	18,934	-	-	-	-	18,934
Transfers in	-	137,852	-	-	3,734,481	3,872,333
Transfers out	-	-	(89,679)	-	-	(89,679)
Total other financing sources (uses)	18,934	137,852	(89,679)	-	3,734,481	3,801,588
Net change in fund balances	244,246	60,219	-	(8,683)	4,637,027	4,932,809
Fund balances - beginning of year, as restated	833,765	1,168,414	-	281,431	1,834,989	4,118,599
Fund balances - end of year	\$ 1,078,011	\$ 1,228,633	\$ -	\$ 272,748	\$ 6,472,016	\$ 9,051,408

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 5,000	\$ 5,000	\$ 11,221	\$ 6,221
Charges for services	216,271	216,271	78,130	(138,141)
Miscellaneous	88,811	155,448	189,280	33,832
Recovered costs	6,000	13,578	72,320	58,742
Intergovernmental:				
Federal	1,652,586	6,622,555	4,712,255	(1,910,300)
Commonwealth	20,056,160	20,374,151	20,012,144	(362,007)
City of Staunton	15,065,237	15,065,237	15,065,237	-
Total revenues	37,090,065	42,452,240	40,140,587	(2,311,653)
EXPENDITURES				
Current:				
Education	37,672,986	43,396,468	39,946,846	3,449,622
Debt Service:				
Principal retirement	-	-	151,179	(151,179)
Interest and fiscal charges	-	-	6,413	(6,413)
Total expenditures	37,672,986	43,396,468	40,104,438	3,292,030
Excess (deficiency) of revenues over expenditures	(582,921)	(944,228)	36,149	980,377
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	191,208	191,208
Appropriation of prior year reserve/encumbrances	345,000	4,306,307	-	(4,306,307)
Transfers in:				
Transfer from State Operated Programs Fund	99,773	99,773	89,679	(10,094)
Transfer from the Health Fund	376,000	376,000	-	(376,000)
Transfers out:				
Transfer to School Textbook Fund	(137,852)	(137,852)	(137,852)	-
Transfer to School CIP Fund	(100,000)	(3,700,000)	(3,734,481)	(34,481)
Total other financing sources (uses)	582,921	944,228	(3,591,446)	(4,535,674)
Net change in fund balance	\$ -	\$ -	\$ (3,555,297)	\$ (3,555,297)

DISCRETELY PRESENTED COMPONENT UNIT – EDA

The Economic Development Authority of the City of Staunton, VA (EDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the City Council of Staunton, VA on January 26, 1984, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373. et seq., of the Code of Virginia (1050) as amended). The original name was the Industrial Development Authority of the City of Staunton, VA. The name was formally changed to the Economic Development Authority of the City of Staunton, VA effective July 26, 2010.

The EDA is governed by seven directors appointed by the City Council. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Staunton.

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Cash and cash equivalents	\$ 93,597
Accounts receivable	523,848
Lease Receivable	489,360
Inventory	12,970,053
Capital assets:	
Nondepreciable assets	793,946
Depreciable assets, net	<u>5,458,116</u>
Total assets	<u>20,328,920</u>

LIABILITIES

Accounts payable	534,944
Due to primary government	<u>12,750,000</u>
Total liabilities	<u>13,284,944</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	<u>489,360</u>
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NET POSITION

Net investment in capital assets	6,252,062
Unrestricted	<u>302,554</u>
Total net position	<u>\$ 6,554,616</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2023

OPERATING REVENUES

Charges for services	\$ 5,572
Rental of property	13,943
Operating grants-City	<u>655,420</u>
Total operating revenues	<u>674,935</u>

OPERATING EXPENSES

Hotel 24 South rental payment	25,000
Villages	171,795
Staunton Frontier	483,625
Depreciation	<u>229,220</u>
Total operating expenses	<u>909,640</u>
Operating loss	<u>(234,705)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	<u>17,559</u>
Total nonoperating revenues (expenses)	<u>17,559</u>
Change in net position	(217,146)
Net position - beginning of year	<u>6,771,762</u>
Net position - end of year	<u><u>\$ 6,554,616</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

OPERATING ACTIVITIES

Cash received from customers	\$ 11,572
Cash paid to suppliers/grantees	(651,033)
Other operating grants	620,461
Net cash used in operating activities	(19,000)

CAPITAL AND RELATED FINANCING ACTIVITIES

Income received on leases	7,943
Interest received on leases	17,057
Net cash provided by capital and related financing activities	25,000

INVESTING ACTIVITIES

Interest received	502
Net cash provided by investing activities	502
Net increase in cash and cash equivalents	6,502

CASH AND CASH EQUIVALENTS

Beginning of year	87,095
End of year	\$ 93,597

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (234,705)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	229,220
Inflows from leases	(7,943)
Change in assets and liabilities:	
Increase (decrease) in receivables	(34,959)
Increase (decrease) in accounts payable	29,387
Net cash used in operating activities	\$ (19,000)

There were no noncash investing, capital, or financing activities.

SUPPLEMENTARY SCHEDULES

Certain Governmental Funds and Discretely Presented Component Unit – School Board

Schedule 1: Schedule of Revenues –
Budget and Actual

Schedule 2: Schedule of Expenditures –
Budget and Actual

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
Revenue from Local Sources:			
General property taxes:			
Real property taxes	\$ 20,492,518	\$ 23,987,329	\$ 3,494,811
Downtown development real property tax	125,243	140,410	15,167
Real and personal public service corporation property taxes	942,800	932,516	(10,284)
Personal property taxes	6,055,000	7,289,994	1,234,994
Machinery and tools taxes	425,000	388,540	(36,460)
Penalties and interest	460,450	539,265	78,815
Total General Property Taxes	28,501,011	33,278,054	4,777,043
Other local taxes:			
Local sales and use taxes	5,275,000	5,962,604	687,604
Consumers' utility taxes	1,164,280	1,188,262	23,982
Local communication tax	925,000	970,142	45,142
Business license taxes	2,250,000	3,038,126	788,126
Bank stock taxes	575,000	713,313	138,313
Taxes on recordation and wills	308,500	359,331	50,831
Lodging (Transient occupancy) taxes	968,000	1,292,458	324,458
Restaurant food (Meals) tax	5,358,050	6,253,785	895,735
Short term rental tax	25,000	31,823	6,823
Cigarette tax	385,000	339,660	(45,340)
Total Other Local Taxes	17,233,830	20,149,504	2,915,674
Permits, privilege fees, and regulatory licenses:			
Animal licenses	8,950	7,603	(1,347)
Permits and other licenses	193,000	267,069	74,069
Total Permits, Privilege Fees, and Regulatory Licenses	201,950	274,672	72,722
Fines and forfeitures	237,500	184,149	(53,351)
Revenue from use of money and property:			
Revenue from use of money	45,000	199,234	154,234
Revenue from use of property	64,200	63,769	(431)
Total Revenue from Use of Money and Property	109,200	263,003	153,803

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Revenue from Local Sources: (cont'd)			
Charges for services:			
Circuit court fees	\$ 7,100	\$ 13,202	\$ 6,102
Charges for Commonwealth's Attorney	4,875	5,212	337
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	60,000	55,708	(4,292)
Jail admission fee	3,650	3,801	151
Charges for publications and maps	-	419	419
Charges for parks and recreation	371,650	434,431	62,781
Charges for golf	220,872	257,701	36,829
Charges for library fines	6,500	11,501	5,001
Charges for copies	-	25	25
Property clean up fees	4,800	7,602	2,802
Administrative fees	26,000	47,283	21,283
Payments in lieu of tax from Enterprise funds	1,170,319	956,422	(213,897)
Charges for tax-exempt organizations	6,972	7,031	59
Total Charges for Services	1,885,355	1,802,955	(82,400)
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	13,923	13,923	-
Sale of salvage and surplus	15,000	106,099	91,099
Donations	37,735	73,945	36,210
Restitution	1,100	3,209	2,109
Other grants	8,944	11,944	3,000
Opioid settlement	114,652	131,158	16,506
Miscellaneous	-	66,014	66,014
Total Miscellaneous Revenue	191,354	406,292	214,938
Recovered Costs	1,940,709	1,985,554	44,845
Total Revenue from Local Sources	50,300,909	58,344,183	8,043,274
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	45,000	87,498	42,498
Rolling stock taxes	10,200	5,941	(4,259)
Auto rental taxes	112,500	133,199	20,699
Law enforcement	1,004,888	1,049,862	44,974
Grantor's tax	101,500	108,649	7,149
PPTRA reimbursement	1,652,200	1,652,200	-
Total Non-Categorical Aid	2,926,288	3,037,349	111,061

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Revenue from the Commonwealth: (cont'd)			
Categorical Aid:			
Shared expenses:			
Commonwealth's attorney	\$ 601,581	\$ 593,481	\$ (8,100)
Sheriff	445,488	412,576	(32,912)
Commissioner of the revenue	140,484	138,840	(1,644)
Treasurer	143,532	136,087	(7,445)
Registrar/Electoral Board	75,679	74,731	(948)
Circuit court clerk	348,098	344,966	(3,132)
Circuit court clerk-technology trust fund	20,457	17,879	(2,578)
Total Shared Expenses	1,775,319	1,718,560	(56,759)
Health and welfare	1,628,175	1,068,281	(559,894)
Other Categorical Aid:			
Street and highway maintenance	5,426,659	5,063,937	(362,722)
Library	191,702	191,702	-
E911 Wireless funds	98,000	106,219	8,219
Fire programs	103,312	103,312	-
Commission for the Arts	4,500	4,500	-
School Resource Officer grant	67,486	45,970	(21,516)
Comprehensive Services Act funds	2,202,887	1,376,870	(826,017)
Four-for-Life funds	24,195	24,195	-
Animal license plates	1,000	1,068	68
Victim/Witness funds	25,000	26,586	1,586
Forfeited assets	-	54,616	54,616
Jurors/Witness fees	9,100	2,150	(6,950)
Total Other Categorical Aid	8,153,841	7,001,125	(1,152,716)
Total Categorical Aid	11,557,335	9,787,966	(1,769,369)
Total Revenue from the Commonwealth	14,483,623	12,825,315	(1,658,308)
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,396,153	1,113,800	(282,353)
Comprehensive Services Act funds	-	137,171	137,171
Health and welfare (ARPA)	-	19,795	19,795
Victim/Witness	112,548	62,033	(50,515)
State and Local Fiscal Recovery Funds (ARPA)	225,000	42,230	(182,770)
Virginia ARPA Tourism Recovery Program grant	60,000	25,000	(35,000)
Other Federal funds	71,939	-	(71,939)
US Marshall JLEO funds	-	20,713	20,713
Police DMV Selective enforcement grant	13,200	11,102	(2,098)
Total Revenue from the Federal Government	1,878,840	1,431,844	(446,996)
Total General Fund	\$ 66,663,372	\$ 72,601,342	\$ 5,937,970

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 521	\$ 521
Total Revenue from Use of Money and Property	-	521	521
Charges for services:			
Supervision fees	15,000	21,664	6,664
Drug screen fees	-	1,635	1,635
Home electronic monitoring fees	125,000	109,885	(15,115)
Group therapy fees	-	1,070	1,070
Total Charges for Services	140,000	134,254	(5,746)
Miscellaneous:			
Restitution	-	1	1
CAPSAW	20,500	20,500	-
Augusta Health	23,900	15,000	(8,900)
VCSB-MH Rural Jail diversion	40,000	13,773	(26,227)
VCSB-MH Rapid diversion	31,824	32,844	1,020
VCSB-Therapeutic docket	95,000	58,662	(36,338)
Total Miscellaneous Revenue	211,224	140,780	(70,444)
Total Revenue from Local Sources	351,224	275,555	(75,669)
Revenue from the Commonwealth:			
Supreme Court - Drug Court	110,000	108,587	(1,413)
Community Corrections and Pre-trial services funds	968,561	845,754	(122,807)
Total Revenue from the Commonwealth	1,078,561	954,341	(124,220)
Total Blue Ridge Court Services Fund	\$ 1,429,785	\$ 1,229,896	\$ (199,889)
State and Federal Grants Fund:			
Revenue from the Federal Government:			
SHSP Drone grant	43,000	41,385	(1,615)
DCJS ARPA Equipment grant	335,168	172,530	(162,638)
DCJS Local Law Enforcement Block (LOLE) grant	5,722	10,682	4,960
Total Revenue from the Federal Government	383,890	224,597	(159,293)
Total Grants Fund	\$ 383,890	\$ 224,597	\$ (159,293)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
Special Revenue Funds:			
Community Development Fund:			
Revenue from Local Sources:			
Revenue from use of money	\$ -	\$ 809	\$ 809
Total Revenue from Local Sources	-	809	809
Revenue from the Federal Government:			
HUD VIDA program	12,000	12,000	-
EPA Brownsfield Assessment Grant program	286,720	64,524	(222,196)
CSLFRF ARPA-Industrial Revitalization Fund (IRF) Planning Grant	150,227	51,227	(99,000)
Total Revenue from the Federal Government	448,947	127,751	(321,196)
Total Community Development Fund	\$ 448,947	\$ 128,560	\$ (320,387)
HUD Entitlement Fund:			
Revenue from the Federal Government:			
HUD entitlement	1,218,677	434,638	(784,039)
Total Revenue from the Federal Government	1,218,677	434,638	(784,039)
Total HUD Entitlement Fund	\$ 1,218,677	\$ 434,638	\$ (784,039)
Total Special Revenue Funds	\$ 3,481,299	\$ 2,017,691	\$ (1,463,608)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 70,144,671	\$ 74,619,033	\$ 4,474,362
COMPONENT UNIT – SCHOOL BOARD:			
Special Revenue Funds:			
Education Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 2,470	\$ 2,470
Revenue from use of property	5,000	8,751	3,751
Total Revenue from Use of Money and Property	5,000	11,221	6,221
Charges for services:			
Charges for education	10,000	15,078	5,078
Tuition or other payments from another county or city	206,271	63,052	(143,219)
Total Charges for Services	216,271	78,130	(138,141)
Miscellaneous revenue:			
Donations	21,855	35,159	13,304
Wellness program	10,000	18,144	8,144
Miscellaneous grants	87,931	67,852	(20,079)
Sale of salvage and surplus	35,662	68,125	32,463
Total Miscellaneous Revenue	155,448	189,280	33,832
Recovered Costs	13,578	72,320	58,742
Contribution from City of Staunton	15,065,237	15,065,237	-
Total Revenue from Local Sources	15,455,534	15,416,188	(39,346)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Commonwealth:			
Categorical Aid:			
Share of state sales tax	\$ 4,293,461	\$ 4,615,170	\$ 321,709
Basic school aid	8,191,927	7,454,225	(737,702)
Foster care	40,004	24,308	(15,696)
Gifted and talented-SOQ	87,053	84,832	(2,221)
Remedial Education-SOQ	352,877	343,874	(9,003)
ISAEF funds	16,405	16,405	-
Special education-SOQ	640,464	624,123	(16,341)
Special education-foster care	-	15,535	15,535
Homebound	2,546	1,408	(1,138)
Regional tuition programs	400,737	175,680	(225,057)
Primary Class size (K-3)	358,901	360,957	2,056
Vocational education-SOQ	561,183	546,865	(14,318)
Social security instructional	522,320	508,994	(13,326)
VRS retirement instructional	1,217,192	1,186,137	(31,055)
Lottery	630,308	611,990	(18,318)
Group Life Insurance instructional	37,309	36,357	(952)
At risk	845,038	823,271	(21,767)
VPSA Technology grants	180,000	180,000	-
At Risk - Four Year Olds (VPSI)	428,654	353,009	(75,645)
Compensation Supplement	530,725	518,112	(12,613)
Remedial Summer School	91,253	72,932	(18,321)
English as a second language	80,798	91,816	11,018
Early Reading Intervention	128,501	85,668	(42,833)
SOL-Algebra readiness	41,300	36,589	(4,711)
Grocery tax hold harmless	257,015	257,015	-
Rebenchmarking	421,252	708,377	287,125
Vision Screening	-	3,969	3,969
Vocational - Equipment	9,888	11,134	1,246
Project Graduation	4,568	4,568	-
Mentor Teacher Program	2,472	2,085	(387)
DMAS Medicaid	-	212,756	212,756
National board certification	-	2,500	2,500
Other state funds	-	41,483	41,483
Total Categorical Aid	20,374,151	20,012,144	(362,007)
Total Revenue from the Commonwealth	20,374,151	20,012,144	(362,007)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Federal Government:			
Categorical Aid:			
Title I	\$ 1,051,680	\$ 932,957	\$ (118,723)
Title 1 for Delinquent-Basic	98,703	72,083	(26,620)
School improvement grant	15,449	93,926	78,477
Title VI - B - Special Education (including ARP flowthrough)	1,883,943	1,125,882	(758,061)
Preschool grants (including ARP flowthrough)	63,009	40,525	(22,484)
Title II A-Improving teacher training	100,744	172,316	71,572
Title IV A-Student Support and Academic Enrichment	67,766	38,326	(29,440)
Title III ESEA - Limited English proficient	6,494	9,265	2,771
Va Partnership for Mental Health	-	2,750	2,750
Perkins CTE-Vocational education basic grant	27,219	68,566	41,347
CARES Act ESSERF - ESSER II	795,529	652,414	(143,115)
CARES Act ESSERF - GEER Wifi and Mifi Access	34,887	36,603	1,716
ARP ESSER III	2,022,560	1,111,747	(910,813)
ARP ESSER III-Summer School	-	43,152	43,152
ARP ESSER III-Mentor teacher	-	1,189	1,189
ARP ESSER Homeless Children and Youth	28,459	16,213	(12,246)
ARPA Pandemic bonus	265,110	274,755	9,645
Va Dept of Health OEPI grant	16,555	16,526	(29)
Emergency Connectivity Fund	144,448	3,060	(141,388)
Total Categorical Aid	6,622,555	4,712,255	(1,910,300)
Total Revenue from the Federal Government	6,622,555	4,712,255	(1,910,300)
Total Education Fund	\$ 42,452,240	\$ 40,140,587	\$ (2,311,653)
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ 50	\$ 3,691	\$ 3,641
Charges for services:			
Charges for food service	4,900	32,711	27,811
Miscellaneous Revenue:			
Donations	-	525	525
Miscellaneous Grants	-	2,500	2,500
Other	3,600	7,129	3,529
Total Miscellaneous revenue	3,600	10,154	6,554
Total Revenue from Local Sources	8,550	46,556	38,006

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
School Cafeteria Fund (Cont'd):			
Revenue from the Commonwealth:			
Meal reimbursement	\$ -	\$ 12,515	\$ 12,515
State Breakfast Incentive	-	45,220	45,220
Breakfast after the Bell	-	4,116	4,116
Total revenue from the Commonwealth	-	61,851	61,851
Revenue from the Federal Government:			
ARP ESSER III	-	27,037	27,037
Child care food program	43,930	-	(43,930)
Summer Food service program	37,500	49,900	12,400
Pandemic EBT Administrative cost	-	3,135	3,135
National school lunch and breakfast program	1,602,926	2,101,996	499,070
Total Revenue from the Federal Government	1,684,356	2,182,068	497,712
Total School Cafeteria Fund	\$ 1,692,906	\$ 2,290,475	\$ 597,569
Textbook Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:	\$ -	\$ 4,977	\$ 4,977
Total Revenue from Local Sources	-	4,977	4,977
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	205,788	200,537	(5,251)
Total Textbook Fund	\$ 205,788	\$ 205,514	\$ (274)
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ 12,960	\$ 12,960	\$ -
Recovered costs	479,342	308,826	(170,516)
Total Revenue from local sources	492,302	321,786	(170,516)
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	2,670,139	2,377,902	(292,237)
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D-Neglected and Delinquent Children	162,376	131,979	(30,397)
Title VI-B-Regional Programs	-	8,836	8,836
Total Revenue from Federal Government	162,376	140,815	(21,561)
Total State Operated Programs Fund	\$ 3,324,817	\$ 2,840,503	\$ (484,314)
Total Special Revenue Funds	\$ 5,223,511	\$ 5,336,492	\$ 112,981
Grand Total Revenues - Component Unit School Board	\$ 47,675,751	\$ 45,477,079	\$ (2,198,672)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2023

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 165,426	\$ 147,031	\$ 18,395
City Council	114,163	109,104	5,059
Total Legislative	279,589	256,135	23,454
General and Financial Administration:			
City Manager	582,486	442,483	140,003
City Attorney	494,635	352,529	142,106
City Memberships	30,550	29,688	862
Professional Consultants	77,000	55,000	22,000
Commissioner of the Revenue	389,991	338,276	51,715
Assessor and Equalization Board	364,269	343,573	20,696
Treasurer	411,887	319,248	92,639
Finance	1,324,730	1,133,592	191,138
Information Technology	1,545,739	1,269,191	276,548
Risk Management	765,000	530,200	234,800
Human Resources	794,667	794,543	124
Communications Manager	67,507	34,848	32,659
Total General and Financial Administration	6,848,461	5,643,171	1,205,290
Board of Elections:			
Electoral Board and Registrar	252,811	194,744	58,067
Total Board of Elections	252,811	194,744	58,067
Total General Government Administration	7,380,861	6,094,050	1,286,811
Judicial Administration:			
Courts:			
Circuit court	157,475	157,302	173
General District Court	10,350	10,291	59
Juvenile and Domestic Relations Court	70,992	70,918	74
Clerk of the Circuit Court	645,068	611,351	33,717
Sheriff	903,880	881,063	22,817
Victim/Witness	102,870	102,842	28
Magistrates	2,225	1,920	305
Total Courts	1,892,860	1,835,687	57,173
Commonwealth Attorney	982,243	932,301	49,942
Total Judicial Administration	2,875,103	2,767,988	107,115

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2023

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Public Safety:			
Law Enforcement and Traffic Control:			
Police Department	\$ 6,671,601	\$ 6,141,693	\$ 529,908
E-911 Communications	1,062,402	929,057	133,345
Total Law Enforcement and Traffic Control	7,734,003	7,070,750	663,253
Fire and Rescue Services:			
Fire Department	3,989,099	3,978,355	10,744
EMS Council/Four for Life	46,050	9,548	36,502
State Fire Programs	217,948	176,936	41,012
Total Fire and Rescue Services	4,253,097	4,164,839	88,258
Correction and Detention:			
Juvenile Detention Home - Contribution	236,948	236,948	-
Jail Facility	3,055,160	3,020,629	34,531
Youth Commission	162,400	151,732	10,668
Total Correction and Detention	3,454,508	3,409,309	45,199
Inspections:			
Building Inspection	451,671	417,086	34,585
Other Protection:			
Animal control - Animal Care	191,240	190,894	346
Medical Examiner	380	380	-
Total Other Protection	191,620	191,274	346
Total Public Safety	16,084,899	15,253,258	831,641
Public Works:			
Administration	341,956	339,187	2,769
Traffic Engineering (lines and signs)	214,671	195,453	19,218
Highways, Streets, and Sidewalks	4,773,618	4,540,205	233,413
City Engineering	304,252	301,636	2,616
Traffic Signals	375,309	338,252	37,057
Total	6,009,806	5,714,733	295,073
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,500,360	1,477,168	23,192
Equipment Maintenance	574,766	571,599	3,167
Total Maintenance of General Buildings, Grounds, Equipment	2,075,126	2,048,767	26,359
Total Public Works	8,084,932	7,763,500	321,432

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2023

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Health and Welfare:			
Health:			
Local Health Department	\$ 274,363	\$ 274,363	\$ -
Mental Health and Mental Retardation:			
Chapter X Board	200,334	200,334	-
Total Health	474,697	474,697	-
Welfare:			
DSS-public assistance	3,150,000	2,138,092	1,011,908
Children Services Act	3,952,949	2,895,706	1,057,243
Tax Relief - Elderly and Disabled	112,000	134,016	(22,016)
Tax Relief - Veterans	97,000	149,023	(52,023)
Valley Children's Advocacy Center	10,162	10,162	-
CAPSAW	33,312	33,312	-
Contribution to Area Agency on Aging (VPAS)	26,000	26,000	-
BRITE Transportation	44,617	44,617	-
Total Welfare	7,426,040	5,430,928	1,995,112
Total Health and Welfare	7,900,737	5,905,625	1,995,112
Education:			
Contribution to Community College	9,000	9,000	-
Contribution to Component Unit - School Board	15,065,237	15,065,237	-
Total Education	15,074,237	15,074,237	-
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,310,009	1,233,903	76,106
Park Maintenance	1,270,461	1,141,921	128,540
Golf	193,834	204,268	(10,434)
Horticulture	861,412	869,756	(8,344)
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	3,655,716	3,469,848	185,868
Cultural Enrichment:			
Contributions to Community Organizations	15,500	15,500	-
Total Cultural Enrichment	15,500	15,500	-
Library:			
Library Administration and Operations	1,277,157	1,263,727	13,430
Total Library	1,277,157	1,263,727	13,430
Total Parks, Recreation, and Cultural	4,948,373	4,749,075	199,298

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2023

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Community Development:			
Planning and Community Development:			
Economic Development	\$ 1,352,250	\$ 1,019,467	\$ 332,783
Planning and Development	440,290	383,376	56,914
Tourism Development	673,681	637,241	36,440
Staunton Welcome Center	57,911	45,010	12,901
Special Service District (SDDA)	195,650	189,818	5,832
Contributions to Local Agencies and Regional Programs	466,890	284,120	182,770
Total Planning and Community Development	3,186,672	2,559,032	627,640
Total Community Development	3,186,672	2,559,032	627,640
Debt Service:			
Principal retirement	-	155,102	(155,102)
Interest and fiscal charges	-	8,751	(8,751)
Total Debt Service	-	163,853	(163,853)
Total General Fund	\$ 65,535,814	\$ 60,330,618	\$ 5,205,196
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 1,146,980	\$ 987,303	\$ 159,677
Therapeutic Docket	96,077	61,270	34,807
MH rural jail diversion	31,824	15,387	16,437
MH rapid diversion	40,115	41,949	(1,834)
Augusta Health Grant	23,900	46,074	(22,174)
Drug Court	111,077	115,733	(4,656)
Total Correction and Detention	1,449,973	1,267,716	182,257
Total Public Safety	1,449,973	1,267,716	182,257
Debt Service			
Principal retirement	-	24,327	(24,327)
Interest and fiscal charges	-	2,566	(2,566)
Total Debt Service	-	26,893	(26,893)
Total Blue Ridge Court Services Fund	\$ 1,449,973	\$ 1,294,609	\$ 155,364
State and Federal Grants Fund:			
Public Safety			
Police department grants	\$ 389,328	\$ 224,597	\$ 164,731
Total Public Safety	389,328	224,597	164,731
Total State and Federal Grants Fund	\$ 389,328	\$ 224,597	\$ 164,731
Community Development Fund:			
Community Development:			
West End Brownsfield Assessment	\$ 286,720	\$ 64,524	\$ 222,196
Arcadia Project	51,227	51,227	-
Steam Plant Project	99,000	-	99,000
VIDA Program	12,000	12,000	-
Total Community Development Fund	\$ 448,947	\$ 127,751	\$ 321,196

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2023

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
Special Revenue Funds (Cont'd):			
HUD Entitlement Fund:			
Community Development:			
HUD Entitlement program	\$ 1,252,828	\$ 469,740	\$ 783,088
Total Community Development	<u>1,252,828</u>	<u>469,740</u>	<u>783,088</u>
Total HUD Entitlement Fund	<u>\$ 1,252,828</u>	<u>\$ 469,740</u>	<u>\$ 783,088</u>
Total Special Revenue Funds	<u>\$ 3,541,076</u>	<u>\$ 2,116,697</u>	<u>\$ 1,424,379</u>
Grand Total - Expenditures -Primary Government- General and special revenue	<u>\$ 69,076,890</u>	<u>\$ 62,447,315</u>	<u>\$ 6,629,575</u>
COMPONENT UNIT – SCHOOL BOARD:			
Education Fund:			
Instructional Costs	\$ 32,403,757	\$ 29,247,951	\$ 3,155,806
Administration, Attendance & Health	2,670,714	2,566,040	104,674
Pupil Transportation	2,089,236	1,995,114	94,122
Operations and Maintenance	4,136,145	4,167,688	(31,543)
Technology	2,096,616	1,970,053	126,563
Total Education	<u>43,396,468</u>	<u>39,946,846</u>	<u>3,449,622</u>
Debt Service:			
Principal retirement	-	151,179	(151,179)
Interest and fiscal charges	-	6,413	(6,413)
Total Debt Service	<u>-</u>	<u>157,592</u>	<u>(157,592)</u>
Total Education Fund	<u>\$ 43,396,468</u>	<u>\$ 40,104,438</u>	<u>\$ 3,292,030</u>
School Cafeteria Fund:			
Food Service	<u>\$ 1,922,145</u>	<u>\$ 2,058,623</u>	<u>\$ (136,478)</u>
Debt Service:			
Principal retirement	-	6,540	(6,540)
Total Debt Service	<u>-</u>	<u>6,540</u>	<u>(6,540)</u>
Total School Cafeteria Fund	<u>\$ 1,922,145</u>	<u>\$ 2,065,163</u>	<u>\$ (143,018)</u>
Textbook Fund:			
Education:			
Instructional costs	<u>\$ 344,042</u>	<u>\$ 283,147</u>	<u>\$ 60,895</u>
Total Textbook Fund	<u>\$ 344,042</u>	<u>\$ 283,147</u>	<u>\$ 60,895</u>
State Operated Programs Fund			
Education:			
Instructional costs	<u>\$ 3,225,044</u>	<u>\$ 2,749,153</u>	<u>\$ 475,891</u>
Debt Service:			
Principal retirement	-	1,585	(1,585)
Interest and fiscal charges	-	86	(86)
Total Debt Service	<u>-</u>	<u>1,671</u>	<u>(1,671)</u>
Total State Operated Programs Fund	<u>\$ 3,225,044</u>	<u>\$ 2,750,824</u>	<u>\$ 474,220</u>
Total Special Revenue Funds	<u>\$ 5,491,231</u>	<u>\$ 5,099,134</u>	<u>\$ 392,097</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 48,887,699</u>	<u>\$ 45,203,572</u>	<u>\$ 3,684,127</u>

STATISTICAL SECTION

Financial Trends – These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity – These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.

Debt Capacity – These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment with which the City’s financial activities take place and to help make comparison over time and with other governments.

Operating Information – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Note: For presentation purposes, the impact of new GASB statements is applied prospectively.

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TABLE 1

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 35,867,733	\$ 36,403,416	\$ 44,822,381	\$ 43,376,129	\$ 41,909,936	\$ 43,232,721	\$ 45,372,360	\$ 43,963,323	\$ 32,734,112	\$ 32,253,859
Restricted	967,138	265,442	237,570	261,168	265,941	31,265	41,469	27,466	117,646	122,452
Unrestricted	38,725,866	32,590,213	23,842,009	19,787,231	15,995,982	8,386,181	9,292,048	6,545,657	6,839,895	21,671,005
Total governmental activities net position	<u>\$ 75,560,737</u>	<u>\$ 69,259,071</u>	<u>\$ 68,901,960</u>	<u>\$ 63,424,528</u>	<u>\$ 58,171,859</u>	<u>\$ 51,650,167</u>	<u>\$ 54,705,877</u>	<u>\$ 50,536,446</u>	<u>\$ 39,691,653</u>	<u>\$ 54,047,316</u>
Business-type activities										
Net investment in capital assets	\$ 56,402,212	\$ 57,000,996	\$ 57,887,928	\$ 58,466,643	\$ 57,742,860	\$ 57,260,176	\$ 55,688,479	\$ 54,599,310	\$ 53,499,079	\$ 51,946,042
Restricted	-	15,407	-	-	-	-	-	-	-	-
Unrestricted	22,885,545	19,228,666	17,492,065	15,208,793	14,228,629	13,252,492	13,842,399	12,535,217	12,545,752	15,594,582
Total business-type activities net position	<u>\$ 79,287,757</u>	<u>\$ 76,245,069</u>	<u>\$ 75,379,993</u>	<u>\$ 73,675,436</u>	<u>\$ 71,971,489</u>	<u>\$ 70,512,668</u>	<u>\$ 69,530,878</u>	<u>\$ 67,134,527</u>	<u>\$ 66,044,831</u>	<u>\$ 67,540,624</u>
Primary government										
Net investment in capital assets	\$ 92,269,945	\$ 93,404,412	\$ 102,710,309	\$ 101,842,772	\$ 99,652,796	\$ 100,492,897	\$ 101,060,839	\$ 98,562,633	\$ 86,233,191	\$ 84,199,901
Restricted	967,138	280,849	237,570	261,168	265,941	31,265	41,469	27,466	117,646	122,452
Unrestricted	61,611,411	51,818,879	41,334,074	34,996,024	30,224,611	21,638,673	23,134,447	19,080,874	19,385,647	37,265,587
Total primary net position	<u>\$ 154,848,494</u>	<u>\$ 145,504,140</u>	<u>\$ 144,281,953</u>	<u>\$ 137,099,964</u>	<u>\$ 130,143,348</u>	<u>\$ 122,162,835</u>	<u>\$ 124,236,755</u>	<u>\$ 117,670,973</u>	<u>\$ 105,736,484</u>	<u>\$ 121,587,940</u>

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General government	\$ 12,315,584	\$ 12,730,220	\$ 11,567,499	\$ 9,856,062	\$ 9,410,713	\$ 8,613,523	\$ 8,881,755	\$ 9,063,531	\$ 6,639,656	\$ 4,744,935
Judicial administration	2,691,915	2,547,762	2,459,042	2,219,700	1,795,684	1,844,938	1,882,696	1,774,669	1,753,470	1,750,740
Public safety	16,576,207	14,068,664	14,559,944	13,311,595	12,042,436	11,829,002	11,718,559	10,622,194	10,864,551	11,088,236
Public works	9,408,922	8,438,127	6,842,748	7,937,417	8,339,556	6,647,903	7,688,195	7,195,893	6,975,749	6,645,051
Health and welfare	5,923,016	6,088,157	7,195,615	7,230,640	6,917,916	7,051,987	6,236,892	5,975,631	6,438,253	6,075,695
Education	17,013,452	18,182,718	14,915,576	14,402,769	14,139,047	16,566,371	12,895,304	12,792,065	12,245,921	12,136,856
Parks, recreation and culture	4,918,117	3,846,110	3,424,889	3,657,310	3,600,576	3,420,386	3,488,880	3,354,852	3,368,301	3,115,119
Community development	3,101,197	3,297,835	5,225,688	2,414,891	2,066,747	1,541,098	2,243,574	1,621,715	1,682,092	1,672,001
Interest on long-term debt	2,016,831	2,567,257	2,026,010	2,821,996	1,153,272	1,017,723	1,111,334	1,207,248	1,290,984	1,360,734
Total governmental activities expenses	73,965,241	71,766,850	68,217,011	63,852,380	59,465,947	58,532,931	56,147,189	53,607,798	51,258,977	48,589,367
Business-Type Activities:										
Water	4,207,645	3,492,651	3,410,582	3,575,079	3,410,244	3,886,966	3,425,966	3,611,452	3,421,897	3,610,302
Sewer	4,031,895	3,690,751	3,587,277	3,667,705	3,711,562	3,917,693	3,534,495	3,556,814	3,629,070	3,532,854
Stormwater	864,660	1,015,056	995,695	808,357	1,068,398	966,907	806,458	785,238	724,382	749,025
Environmental	3,381,421	3,383,158	2,956,277	3,193,550	2,653,356	2,790,626	2,456,118	2,207,342	2,210,477	2,362,161
Golf	-	-	-	-	-	146,068	152,966	151,865	155,309	158,691
Parking	570,664	690,247	768,935	676,676	523,631	506,123	460,136	414,275	430,555	411,135
Total business-type activities expenses	13,056,285	12,271,863	11,718,766	11,921,367	11,367,191	12,214,383	10,836,139	10,726,986	10,571,690	10,824,168
Total primary government expenses	\$ 87,021,526	\$ 84,038,713	\$ 79,935,777	\$ 75,773,747	\$ 70,833,138	\$ 70,747,314	\$ 66,983,328	\$ 64,334,784	\$ 61,830,667	\$ 59,413,535
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 956,422	\$ 1,170,319	\$ 1,217,260	\$ 1,137,510	\$ 1,233,959	\$ 1,246,761	\$ 1,220,130	\$ 1,034,202	\$ 980,711	\$ 1,035,568
Public safety	802,235	333,784	447,179	387,061	398,704	425,342	433,289	558,495	391,728	317,028
Parks and recreation	710,959	619,936	336,721	341,168	503,846	421,828	395,378	371,053	329,414	315,569
Other activities	5,995,320	5,565,116	4,730,064	4,946,877	4,802,989	4,649,306	4,856,611	4,753,222	3,115,420	562,709
Operating grants and contributions	14,625,615	12,704,274	13,097,805	12,968,537	13,514,588	11,748,393	11,227,647	16,839,852	11,676,827	10,694,950
Capital grants and contributions	852,215	732,190	1,555,416	1,805,565	39,868	1,356,628	2,215,355	1,105,977	546,586	683,527
Total governmental activities program revenues	23,942,766	21,125,619	21,384,445	21,586,718	20,493,954	19,848,258	20,348,410	24,662,801	17,040,686	13,609,351

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,398	\$ 103,868	\$ 118,900	\$ 120,931	\$ 137,413
Water	4,653,366	4,740,183	4,766,119	4,563,592	4,438,199	4,285,464	4,146,683	3,744,712	3,590,380	3,598,658
Sewer	3,865,902	3,868,588	4,110,682	3,929,505	4,154,640	3,976,558	3,918,835	3,946,570	3,908,059	3,908,330
Stormwater	796,103	784,682	772,573	765,821	766,487	767,497	781,950	760,611	788,237	715,878
Environmental	3,624,444	3,296,529	3,202,367	2,912,708	2,655,567	2,660,459	2,510,471	2,397,526	2,312,748	1,953,912
Parking	288,710	329,324	472,152	358,004	422,709	444,622	431,015	407,383	396,382	302,234
Operating grants and contributions	81,112	97,732	70,392	5,928	6,359	6,092	9,704	14,389	65,031	13,374
Capital grants and contributions	1,050,522	126,800	-	826,387	-	785,443	252,436	139,445	686,595	-
Total business-type activities program revenues	14,360,159	13,243,838	13,394,285	13,361,945	12,443,961	13,016,533	12,154,962	11,529,536	11,868,363	10,629,799
Total primary government program revenues	<u>\$ 38,302,925</u>	<u>\$ 34,369,457</u>	<u>\$ 34,778,730</u>	<u>\$ 34,948,663</u>	<u>\$ 32,937,915</u>	<u>\$ 32,864,791</u>	<u>\$ 32,503,372</u>	<u>\$ 36,192,337</u>	<u>\$ 28,909,049</u>	<u>\$ 24,239,150</u>
Net (expense)/revenue										
Governmental activities	\$ (50,022,475)	\$ (50,641,231)	\$ (46,832,566)	\$ (42,265,662)	\$ (38,971,993)	\$ (38,684,673)	\$ (35,798,779)	\$ (28,944,997)	\$ (34,218,291)	\$ (34,980,016)
Business-type activities	1,303,874	971,975	1,675,519	1,440,578	1,076,770	802,150	1,318,823	802,550	1,296,673	(194,369)
Total primary government net expense	<u>\$ (48,718,601)</u>	<u>\$ (49,669,256)</u>	<u>\$ (45,157,047)</u>	<u>\$ (40,825,084)</u>	<u>\$ (37,895,223)</u>	<u>\$ (37,882,523)</u>	<u>\$ (34,479,956)</u>	<u>\$ (28,142,447)</u>	<u>\$ (32,921,618)</u>	<u>\$ (35,174,385)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 33,705,419	\$ 29,245,433	\$ 28,445,542	\$ 27,354,266	\$ 26,405,015	\$ 25,335,057	\$ 24,281,660	\$ 23,798,051	\$ 22,339,862	\$ 22,333,005
Sales tax	5,962,604	5,484,719	5,018,212	4,855,331	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,729,201
Hotel and meals tax	7,546,243	7,018,241	5,429,170	5,333,457	5,602,271	4,796,184	4,032,180	3,651,814	3,546,923	3,141,504
Business license	3,038,126	2,741,890	2,619,066	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,197,306
Utility tax	1,188,262	1,183,396	1,178,438	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,123,536
Local communication tax	970,142	999,140	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,430,821
Other taxes	1,444,127	1,511,985	1,357,054	1,168,090	1,210,199	1,135,829	1,026,652	1,023,050	1,000,048	728,998
Unrestricted investment earnings (loss)	316,678	(73,084)	83,775	958,576	385,545	155,183	133,649	68,532	11,241	11,370
Grants and contributions not restricted to a specific program	3,188,120	2,946,726	7,189,047	2,994,099	2,910,432	2,881,272	2,862,470	2,805,667	2,805,165	2,827,514
Miscellaneous	90,702	21,553	57,036	23,865	21,942	18,684	57,572	29,086	25,089	8,783
Transfers	(1,227,894)	(81,657)	(24,528)	-	(189,316)	(1,066,603)	(1,041,073)	(236,488)	12,752	(224,400)
Total governmental activities	56,222,529	50,998,342	52,382,209	47,459,824	45,493,685	42,038,900	39,968,210	39,789,790	38,397,131	37,307,638

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Business-type activities:										
Unrestricted investment earnings (loss)	\$ 510,920	\$ (188,556)	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192	\$ 39,790	\$ 57,073
Transfers	1,227,894	81,657	-	189,316	1,066,603	1,041,073	236,488	(12,752)	224,400	641,360
Total business-type activities	<u>1,738,814</u>	<u>(106,899)</u>	<u>263,369</u>	<u>460,505</u>	<u>1,158,784</u>	<u>1,077,528</u>	<u>287,146</u>	<u>16,440</u>	<u>264,190</u>	<u>698,433</u>
Total primary government	<u>\$ 57,961,343</u>	<u>\$ 50,891,443</u>	<u>\$ 52,645,578</u>	<u>\$ 47,920,329</u>	<u>\$ 46,652,469</u>	<u>\$ 43,116,428</u>	<u>\$ 40,255,356</u>	<u>\$ 39,806,230</u>	<u>\$ 38,661,321</u>	<u>\$ 38,006,071</u>
Change in Net Position										
Governmental activities	\$ 6,200,054	\$ 357,111	\$ 5,549,643	\$ 5,194,162	\$ 6,521,692	\$ 3,354,227	\$ 4,169,431	\$ 10,844,793	\$ 4,178,840	\$ 2,327,622
Business-type activities	<u>3,042,688</u>	<u>865,076</u>	<u>1,938,888</u>	<u>1,901,083</u>	<u>2,235,554</u>	<u>1,879,678</u>	<u>1,605,969</u>	<u>818,990</u>	<u>1,560,863</u>	<u>504,064</u>
Total primary government	<u>\$ 9,242,742</u>	<u>\$ 1,222,187</u>	<u>\$ 7,488,531</u>	<u>\$ 7,095,245</u>	<u>\$ 8,757,246</u>	<u>\$ 5,233,905</u>	<u>\$ 5,775,400</u>	<u>\$ 11,663,783</u>	<u>\$ 5,739,703</u>	<u>\$ 2,831,686</u>

TABLE 3

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Nonspendable	\$ 121,993	\$ 111,400	\$ 103,947	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252	\$ 78,126	\$ 95,561
Restricted	967,138	1,002,931	230,914	242,949	250,953	15,219	25,401	15,825	117,646	122,452
Committed	11,523,414	10,756,835	9,571,866	8,738,079	8,891,250	8,489,250	8,137,500	7,295,960	6,607,250	5,777,532
Assigned	2,970,571	2,724,344	2,792,804	2,118,052	2,346,271	2,221,017	2,516,915	2,790,139	2,762,575	2,152,899
Unassigned	<u>9,554,873</u>	<u>6,479,724</u>	<u>9,587,197</u>	<u>6,366,059</u>	<u>4,630,500</u>	<u>4,605,965</u>	<u>2,632,596</u>	<u>2,106,836</u>	<u>2,364,510</u>	<u>3,386,768</u>
Total General Fund	<u>\$ 25,137,989</u>	<u>\$ 21,075,234</u>	<u>\$ 22,286,728</u>	<u>\$ 17,565,187</u>	<u>\$ 16,216,604</u>	<u>\$ 15,529,941</u>	<u>\$ 13,787,510</u>	<u>\$ 12,312,012</u>	<u>\$ 11,930,107</u>	<u>\$ 11,535,212</u>
All Other Governmental Funds										
Nonspendable	\$ 1,732	\$ -	\$ 33,058	\$ -	\$ -	\$ -	\$ 49,571	\$ -	\$ -	\$ -
Restricted	-	-	6,656	18,219	14,987	16,046	16,068	11,641	3,490	-
Assigned	<u>21,353,658</u>	<u>20,485,296</u>	<u>16,474,390</u>	<u>25,660,708</u>	<u>57,540,218</u>	<u>10,561,334</u>	<u>10,109,522</u>	<u>9,415,644</u>	<u>10,561,433</u>	<u>9,453,593</u>
Total all other governmental funds	<u>\$ 21,355,390</u>	<u>\$ 20,485,296</u>	<u>\$ 16,514,104</u>	<u>\$ 25,678,927</u>	<u>\$ 57,555,205</u>	<u>\$ 10,577,380</u>	<u>\$ 10,175,161</u>	<u>\$ 9,427,285</u>	<u>\$ 10,564,923</u>	<u>\$ 9,453,593</u>

Notes:

Includes only the primary government

TABLE 4

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
General property taxes	\$ 33,278,054	\$ 29,012,709	\$ 28,526,046	\$ 27,227,252	\$ 26,357,304	\$ 25,439,640	\$ 24,368,117	\$ 23,036,507	\$ 22,789,212	\$ 22,544,761
Sales and use tax	5,962,604	5,484,719	5,018,212	4,855,330	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,760,505
Meals tax	6,253,785	5,809,981	4,715,726	4,547,853	4,727,323	4,118,267	3,391,337	3,203,638	3,099,130	2,868,910
Utility taxes	1,188,262	1,183,396	1,178,438	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,406,473
Business license tax	3,038,126	2,741,890	2,619,066	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,092,817
Local communication tax	970,142	999,140	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,127,910
Other local taxes	2,736,585	2,720,245	2,070,498	1,953,694	2,085,147	1,813,746	1,667,495	1,471,226	1,447,840	1,178,087
Permits, privilege fees, and regulatory licenses	274,672	209,732	229,999	210,011	254,962	287,878	204,627	340,019	194,875	157,536
Fines and forfeitures	184,149	209,021	139,437	201,199	254,056	134,887	94,155	97,667	96,231	102,876
Charges for services	1,937,209	2,035,797	1,906,357	1,777,240	2,004,950	1,946,372	1,954,079	1,728,423	1,608,212	1,622,035
Intergovernmental	16,217,336	15,536,281	20,908,074	16,855,771	15,628,576	14,605,541	15,077,113	14,217,692	13,964,649	14,003,453
Investment earnings	293,172	(63,787)	83,506	872,221	359,855	152,529	124,450	74,703	11,826	9,238
Other revenues	2,739,731	1,525,848	1,558,210	1,604,833	1,488,076	2,066,758	3,264,835	1,191,662	1,189,448	693,820
Total revenues	75,073,827	67,404,972	69,982,966	64,877,544	62,307,846	59,348,912	58,761,308	54,011,615	53,057,474	51,568,421
EXPENDITURES										
General government administration	6,146,734	6,517,597	6,408,267	5,898,682	5,639,449	5,491,832	5,323,924	5,256,366	4,995,152	4,612,315
Judicial administration	2,767,988	2,643,015	2,324,509	2,204,747	1,991,569	1,986,549	1,887,175	1,908,434	1,819,367	1,741,001
Public safety	16,849,955	14,574,449	14,232,738	14,321,917	12,416,082	11,988,429	11,840,326	10,983,509	10,995,906	10,921,912
Public works	8,276,475	6,534,366	5,285,259	6,702,453	7,120,877	6,783,337	6,545,773	6,406,425	6,048,808	5,467,440
Health and welfare	5,905,625	6,080,600	7,178,788	7,199,240	6,906,155	6,973,721	6,217,517	5,953,836	6,418,179	6,063,427
Education	15,122,917	13,680,524	13,687,550	13,905,956	13,449,048	12,799,048	12,570,848	12,188,148	11,896,270	11,780,170
Parks, recreation and cultural	4,749,075	3,914,034	3,117,194	3,556,916	3,602,905	3,462,734	3,386,445	3,495,384	3,235,318	3,107,917
Community development	3,351,051	3,368,350	5,156,963	2,340,385	2,217,450	1,601,234	1,954,345	1,639,414	1,723,742	1,778,665
Capital outlay	503,515	1,639,709	11,290,409	34,611,823	3,691,767	2,050,884	1,798,102	2,969,485	339,235	1,868,965
Debt service:										
Principal retirement	3,184,429	1,726,393	3,491,743	2,684,965	2,597,575	2,877,922	2,827,195	2,546,046	2,500,449	2,466,353
Interest and fiscal charges	2,392,886	2,520,930	2,228,732	2,050,800	964,810	1,024,272	1,117,284	1,205,009	1,289,295	1,372,263
Bond issue costs	-	268,887	-	92,920	114,508	-	-	-	-	-
Total expenditures	69,250,650	63,468,854	74,402,152	95,570,804	60,712,195	57,039,962	55,468,934	54,552,056	51,261,721	51,180,428
Excess (deficiency) of revenues over (under) expenditures	5,823,177	3,936,118	(4,419,186)	(30,693,260)	1,595,651	2,308,950	3,292,374	(540,441)	1,795,753	387,993

(Continued)

TABLE 4

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OTHER FINANCING SOURCES (USES)										
Issuance of lease/subscription	45,665	12,485	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	43,760,000	-	-	-	-	-
Refunding bonds issued	-	17,625,000	-	14,660,000	-	-	-	-	-	15,000,000
Premium on general obligation bonds	-	3,113,224	-	-	2,329,862	-	-	-	-	-
Payment to refunding bond escrow agent*	-	(21,924,772)	-	(14,494,435)	-	-	-	-	-	(15,000,000)
Transfers in	7,317,641	12,101,465	8,359,415	7,030,058	8,538,800	5,065,250	6,491,550	5,391,619	5,992,012	8,933,104
Transfers out	(8,366,625)	(12,103,822)	(8,383,511)	(7,030,058)	(8,559,825)	(5,229,550)	(7,560,550)	(5,606,911)	(6,281,540)	(9,157,504)
Total other financing sources (uses)	<u>(1,003,319)</u>	<u>(1,176,420)</u>	<u>(24,096)</u>	<u>165,565</u>	<u>46,068,837</u>	<u>(164,300)</u>	<u>(1,069,000)</u>	<u>(215,292)</u>	<u>(289,528)</u>	<u>(224,400)</u>
Net change in fund balance	<u>\$ 4,819,858</u>	<u>\$ 2,759,698</u>	<u>\$ (4,443,282)</u>	<u>\$ (30,527,695)</u>	<u>\$ 47,664,488</u>	<u>\$ 2,144,650</u>	<u>\$ 2,223,374</u>	<u>\$ (755,733)</u>	<u>\$ 1,506,225</u>	<u>\$ 163,593</u>
Debt service as a percentage of noncapital expenditures	8.35%	6.90%	9.19%	8.02%	6.30%	7.20%	7.40%	7.40%	7.57%	7.92%

Notes:

Includes only the primary government

TABLE 5

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Assessed Value and Actual Value of Taxable Property
Last Ten Calendar Years
UNAUDITED

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Taxable and Actual Assessed Value</u>	<u>Total Direct Tax Rate</u>
2023	\$ 2,370,791,180	\$ 428,928,476	\$ 71,416,841	\$ 2,871,136,497	\$ 0.89
2022	1,830,427,930	378,480,049	68,472,523	2,277,380,502	0.92
2021	1,820,534,547	371,298,912	68,478,417	2,260,311,876	0.95
2020	1,644,769,211	340,675,697	66,389,723	2,051,834,631	0.95
2019	1,621,878,694	336,856,775	66,235,743	2,024,971,212	0.97
2018	1,492,968,667	319,767,739	64,834,593	1,877,570,999	0.97
2017	1,480,970,446	317,552,066	64,858,693	1,863,381,205	0.95
2016	1,441,318,317	309,192,006	55,452,633	1,805,962,956	0.95
2015	1,431,614,975	309,735,756	52,469,958	1,793,820,689	0.95
2014	1,423,202,760	311,476,860	53,212,038	1,787,891,658	0.90

Sources:

City of Staunton Assessor's Office.

Notes:

- Property in the City of Staunton is reassessed every other year.
- The City assesses all real property at 100% of actual value, therefore the actual assessed value equals the taxable assessed value.
- Tax rates are per \$100 of assessed value.
- Includes real estate and downtown service district taxes.
- This schedule includes assessments made during the calendar year, January through December. The current calendar year includes taxes assessed in May but due 75% in June and 25% in December.
- There are no overlapping governments and therefore are no overlapping tax rates.

TABLE 6

CITY OF STAUNTON, VIRGINIA

**Revenue Capacity Information
Principal Property Taxpayers
Current Year and Nine Years Ago
UNAUDITED**

Taxpayer Name	2023			2014		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Big Sky LLC	\$ 27,450,600	1	0.96%	\$ 9,628,200	5	0.54%
JECO Corporation	14,702,400	2	0.51%			
Staunton Station LLC	11,820,200	3	0.41%			
Walmart Real Estate	11,740,200	4	0.41%	11,638,200	3	0.65%
ETCL Staunton LLC	11,150,400	5	0.39%			
Statler Station LLC	10,807,400	6	0.38%			
Lrc Willow View LP	10,428,300	7	0.36%			
Woodcrest Properties	9,866,100	8	0.34%			
BH Brightview Baldwin Park	9,022,600	9	0.31%	9,214,830	7	0.52%
Frontier Preservation Associates LLC	8,020,900	10	0.28%			
One Industry Way Co-Owners, LLC	-		-	14,014,000	1	0.78%
FAP Properties/Art Fisher	-		-	11,810,235	2	0.66%
Gypsy Hill Investments LLC	-		-	10,888,800	4	0.61%
RCC Statler Square LLC	-		-	9,333,800	6	0.52%
Staunton Plaza LLC	-		-	9,096,980	8	0.51%
LSK Properties, LLC	-		-	8,356,240	9	0.47%
IDA/Hotel Developer	-		-	7,812,440	10	0.44%
Totals	<u>\$ 125,009,100</u>		<u>4.35%</u>	<u>\$ 101,793,725</u>		<u>5.70%</u>

Source: City Assessor

Notes:

Real Estate Only

TABLE 7

CITY OF STAUNTON, VIRGINIA

Revenue Capacity Information
Property Tax Levies and Collections
Last Ten Calendar Years
UNAUDITED

Calendar Year	Taxes Levied for the Calendar Year		Collected within the		Collections in Subsequent Calendar Years	Total Collections		
			Calendar Year of the Levy			To Date		
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy		
2023	(1) \$	25,553,120	(2) \$	-	0.00%	\$	-	0.00%
2022		20,951,903		20,054,185	95.72%		20,054,185	95.72%
2021		20,634,866		19,980,498	96.83%	282,304	20,262,802	98.20%
2020		19,325,700		18,621,456	96.36%	446,663	19,068,119	98.67%
2019		19,261,803		18,481,911	95.95%	424,532	18,906,443	98.16%
2018		18,239,912		17,452,121	95.68%	489,228	17,941,349	98.36%
2017		18,025,255		17,170,918	95.26%	590,794	17,761,712	98.54%
2016		17,097,175		16,281,518	95.23%	576,130	16,857,648	98.60%
2015		16,968,376		16,082,668	94.78%	649,384	16,732,052	98.61%
2014		16,887,817		15,988,802	94.68%	678,441	16,667,243	98.69%

Sources: City of Staunton Assessor and Finance Department

Includes real estate and downtown service district taxes

(1) Taxes levied for the current calendar year are levied in May and are due 75% in June and 25% in December.

(2) Collections made during the current calendar year for any tax year are not shown because the calendar year is not complete.

TABLE 8

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Governmental Activities				Business - type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	VRA Loans	Literary Loans	Leases	General Obligation Bonds	VRA Loans	Leases			
2023	\$ 43,518,045	\$ 18,149,071	\$ -	\$ 187,936	\$ -	\$18,724,696	\$ 78,856	\$ 80,658,604	8.32%	\$ 3,132
2022	44,400,707	20,608,506	-	214,960	-	11,362,373	88,868	76,675,414	8.52%	3,109
2021	67,894,141	-	200,000	-	-	12,486,112	-	80,580,253	6.98%	3,298
2020	71,263,546	-	400,000	-	-	14,580,113	-	86,243,659	6.32%	3,527
2019	66,043,499	-	8,100,000	-	-	16,580,246	-	90,723,745	5.71%	3,738
2018	21,161,511	-	9,050,000	-	540,047	18,441,805	-	49,193,363	10.52%	2,030
2017	23,080,231	-	10,000,000	-	772,426	17,897,090	-	51,749,747	9.29%	2,124
2016	24,947,870	-	10,950,000	-	996,003	19,570,861	-	56,464,734	8.25%	2,293
2015	26,534,048	-	11,900,000	-	1,211,072	21,433,518	-	61,078,638	7.37%	2,489
2014	28,074,301	-	12,850,000	-	1,723,328	23,469,544	-	66,117,173	6.63%	2,692

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Table 11 for personal income and population data.

TABLE 9

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Literary Loans	VRA Loans	Less Accumulated Reserves	Net Bonded Debt		
2023	\$ 43,518,045	\$ -	\$ 36,873,767	\$ (4,844,415)	\$ 75,547,397	2.63%	\$ 2,934
2022	44,400,707	-	31,970,879	(4,968,261)	71,403,325	3.57%	2,896
2021	67,894,141	200,000	12,486,112	(5,753,588)	74,826,665	4.20%	3,298
2020	71,263,546	400,000	14,580,113	(5,661,948)	80,581,711	4.48%	3,527
2019	66,043,499	8,100,000	16,580,246	(5,045,776)	85,677,969	2.62%	3,738
2018	21,701,558	9,050,000	18,441,805	(3,453,242)	45,740,121	2.78%	2,030
2017	23,852,657	10,000,000	-	(2,981,579)	30,871,078	3.10%	2,124
2016	25,943,873	10,950,000	-	(1,825,129)	35,068,744	3.40%	2,293
2015	27,745,120	11,900,000	-	(1,957,957)	37,687,163	3.67%	2,489
2014	29,797,629	12,850,000	-	(1,958,474)	40,689,155	3.95%	2,692

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) Property values data can be found in Table 5.

(b) Population data can be found in Table 11.

Leases and subscriptions are not included in this schedule because they are not considered bonded debt

TABLE 10

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Legal Debt Margin Information
Last Ten Fiscal Years
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 287,113,650	\$ 227,738,050	\$ 226,031,188	\$ 205,183,463	\$ 202,497,121	\$ 187,757,100	\$ 186,338,121	\$ 180,596,296	\$ 179,382,069	\$ 178,789,166
Total net debt applicable to limit	75,547,397	76,371,586	80,520,253	86,243,659	90,723,745	49,193,363	51,749,747	55,997,284	61,078,638	66,117,173
Legal debt margin	<u>\$ 211,566,253</u>	<u>\$ 151,366,464</u>	<u>\$ 145,510,935</u>	<u>\$ 118,939,804</u>	<u>\$ 111,773,376</u>	<u>\$ 138,563,737</u>	<u>\$ 134,588,374</u>	<u>\$ 124,599,012</u>	<u>\$ 118,303,431</u>	<u>\$ 112,671,993</u>
Legal debt margin as a percentage of the debt limit	73.69%	66.47%	57.97%	55.20%	73.80%	72.23%	68.99%	68.99%	65.95%	63.02%

TABLE 11

CITY OF STAUNTON, VIRGINIA

Demographic and Economic Information
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median age (1)	School enrollment (3)	Unemployment rate (4)
2023	25,750	\$ 6,707,675	\$ 52,910	40.9	2,531	2.7%
2022	24,660	6,535,799	51,965	41.5	2,575	3.0%
2021	24,432	5,621,379	45,658	42.8	2,435	4.2%
2020	24,453	5,151,146	44,316	42.5	2,595	8.4%
2019	24,273	5,177,207	42,436	42.0	2,578	2.9%
2018	24,234	5,177,207	42,436	44.2	2,563	3.2%
2017	24,363	4,808,881	40,000	44.0	2,534	3.8%
2016	24,416	4,620,405	38,579	43.4	2,535	3.9%
2015	24,538	4,501,809	37,664	42.3	2,590	5.1%
2014	24,350	4,343,540	36,597	42.3	2,535	5.6%

Sources:

- (1) U. S. Census
- (2) Bureau of Economic Analysis - Regional Data for the County of Augusta and the Cities of Staunton and Waynesboro. The most recent data is for 2021.
- (3) Staunton City School Board
- (4) Va Employment Commission

TABLE 12

CITY OF STAUNTON, VIRGINIA

Demographic and Economic Information
Principal Employers
Current Year
UNAUDITED

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	5.95%	500-999	1	4.99%
Staunton City School Board	250-499	2	2.98%	500-999	2	4.99%
Brightview Senior Living LLC	250-499	3	2.98%			
City of Staunton	250-499	4	2.98%	250-499	4	3.41%
Federated Auto Parts (Fisher Auto Parts Inc)	250-499	5	2.98%			
Mary Baldwin University	100-249	6	1.39%	250-499	3	3.41%
WalMart Associates Inc	100-249	7	1.39%	250-499	5	3.41%
VDOT	100-249	8	1.39%	100-249	8	1.59%
Graphic Packaging (Specialty Blades)	100-249	9	1.39%			
Best Buy	100-249	10	1.39%	100-249	9	1.59%
Virginia School for the Deaf and Blind				100-249	7	1.59%
Care Advantage Inc				100-249	6	1.59%
Envoy-Staunton				100-249	10	1.59%
Total	2000-4240		24.79%	2550-5240		28.16%

Source: Virginia Employment Commission (VEC)

Notes:

Percentage of Total City employment (2023) is based on the midpoints in the ranges given.

TABLE 13

CITY OF STAUNTON, VIRGINIA

Operating Information
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	Full Time Equivalent Employees authorized as of June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	39	39	38	38	38	33	33	35	35	32
Judicial	27	26	26	25	22	22	22	22	21	21
Public Safety	109	109	109	109	109	103	103	103	99	99
Public Works	35	41	42	42	41	41	40	40	40	38
Parks, Recreation, and Culture	29	28	28	28	27	25	24	24	24	24
Community Development	10	9	9	9	9	8	8	7	7	7
Blue Ridge Courts	13	13	13	12	12	12	12	12	12	11
Golf Fund	0	0	0	0	0	1	1	1	1	1
Water Fund	28	28	28	28	26	26	26	26	25	25
Sewer Fund	5	5	5	5	5	5	5	5	5	5
Environmental Fund	18	16	18	18	18	18	18	18	18	18
Stormwater Fund	2	2	1	1	1	1	1	1	1	1
Total	315	316	317	315	308	295	290	291	285	279

na-not available

Source: Finance Department-fiscal year budget document

Notes:

A full time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).

Full time equivalent employment is calculated by dividing total labor hours by 2,088. City firefighters' time is based on 2,766 hours per year.

TABLE 14

CITY OF STAUNTON, VIRGINIA

Operating Information
Operating Indicators by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety:										
Police:										
Arrests	2,515	2,501	2,421	2,568	2,671	2,660	2,560	2,542	2,363	2,438
Parking tickets	1,481	1,985	3,829	3,735	4,674	5,269	4,618	4,855	4,813	4,931
Traffic citations	3,923	4,155	3,348	3,811	4,831	3,381	2,541	3,143	3,066	4,263
Fire:										
Incident responses	3,880	3,175	2,619	3,089	3,681	3,245	2,693	3,200	3,176	3,087
Fires extinguished	21	65	43	63	64	67	65	50	78	50
Inspections	1,342	1,687	972	1,571	1,921	1,910	1,611	1,311	1,250	1,193
Inspections:										
Building permits issued	665	948	1,100	843	1,035	945	588	960	907	957
Building inspections conducted	2,674	2,564	2,805	2,902	3,302	3,339	2,615	3,054	2,352	2,353
Public Works:										
Refuse:										
Recycling collected (tons per day)	0.81	1.00	1.10	1.81	2.34	2.20	2.26	2.28	2.73	2.27
Refuse collected (tons per day)	33.13	65.6	68.1	67.8	68.4	64.9	59.6	61.0	57.4	59.6
Other public works:										
Lane miles paved	13.8	6.7	9.86	13.4	18.17	6.42	10.5	12	13.7	11.1
Parks and Recreation:										
Total membership	123	180	26	21	22	26	27	38	na	na
Rounds of golf	11,711	11,044	11,015	8,334	7,101	5,804	6,871	7,796	8,555	9,040
Library:										
Volumes in collection	117,309	116,095	111,840	112,577	119,763	130,039	145,943	163,930	172,836	174,577
Total volumes borrowed	141,421	201,746	132,989	171,426	378,818	373,359	401,074	388,795	379,306	393,416
Utility:										
New connections-water	12	24	25	17	10	11	13	4	8	8
Active customers-water	9,825	9,792	9,604	9,653	9,612	9,572	9,520	9,454	9,401	9,351

Sources: Various city departments; regional landfill

na- data not available

TABLE 15

CITY OF STAUNTON, VIRGINIA

Operating Information
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	34	32	24	23	24	21	21	18	18	19
Units-unmarked	19	13	31	31	29	26	26	20	20	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	8	7	7	7	7	7	7	7	8	8
Recycling trucks	4	3	3	4	3	3	3	3	3	3
Other Public Works										
Lane miles of streets	301.35	300.08	300.57	300.57	300.57	300.57	300.52	300.19	300.28	299.72
Traffic Signals-signals and flashers	65	65	65	65	65	65	65	65	65	65
Parks and Recreation										
Acreage	482	482	482	482	482	482	482	482	482	482
Number of Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
# of baseball/softball games played	325	1,000	200	198	1,452	820	1,580	1,670	1,798	1,619
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	230	200	100	98	376	350	195	385	196	211
Water										
Miles of water mains	184.99	184.82	184.76	184.52	184.09	183.44	181.97	181.41	181.27	181.11
Fire Hydrants	1099	1113	1111	1094	1086	1072	1065	1062	964	957
Storage capacity (thousands of gal)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Sewer										
Miles of sanitary sewers	135.37	135.20	135.13	135.10	134.62	134.47	133.85	133.41	133.39	132.8

Sources: Various City departments

na - data not available.

COMPLIANCE SECTION

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

To the Honorable Members of City Council
City of Staunton, Virginia

We have audited, 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; the *Specifications for Audits of Counties, Cities, and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2023.

Our report includes reference to other auditors who audited the financial statements of the Augusta Regional Landfill as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.**

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2023

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

To the Honorable Members of City Council
City of Staunton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the City of Staunton, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2023

CITY OF STAUNTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Sheriff Internal Controls

Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education

Urban Highway Maintenance

Stormwater Management Program

Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

Name of Program	Assistance Listing Number
Title 1	84.010
Special Education Cluster – Grants to States	84.027
Special Education Cluster – Preschool Grants	84.173
COVID-19 Governor's Emergency Education Relief Fund	84.425C
COVID-19 Elementary and Secondary School Emergency Relief	84.425D
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U
American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W

8. The **threshold** for distinguishing Type A and B programs was **\$750,000**.
9. The City was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-001: Highway Maintenance Testing - City

Condition:

Of the seven work orders tested, we noted three instances where the payroll wage rate was not updated to reflect on work orders.

Recommendation:

We recommend reviewing or otherwise reconciling work orders to the payroll records to ensure that hours charged and rates used are appropriate.

Views of Responsible Officials and Planned Corrective Action:

We concur with this condition. At the beginning of each month, the payroll update process will be run in the work order system to ensure the most recent pay rates are used. When reviewing the work orders entered by Public Works, finance personnel will spot-check pay rates used to ensure that the work orders reflect the most recent pay rates.

2023-002: Conflict of Interest Statements - City

Condition:

Several conflict-of-interest disclosure statements were not filed timely.

Recommendation:

We recommend implementing procedures to ensure that all conflict-of-interest statements are filed timely for the annual filing requirement in February and for any incoming members that took positions after the deadline.

Views of Responsible Officials and Planned Corrective Action:

We concur with this condition that also existed in the prior fiscal year. We implemented the following procedures, but even with our best efforts, we were unable to make the appointed personnel submit the filings on time. First, new board and commission members are notified that completed conflict-of-interest disclosure statements are required to be filed by February 1st every year of their term on the board. Second, new board and commission members are advised that they will be notified at least 20 days prior to the deadline and they will be provided with the correct forms to complete. Third, new board and commission members appointed after the filing deadline are provided the appropriate instructions and form(s) to complete, upon their appointment, to meet the filing requirements. Fourth, potential board and commission members will be advised that filing the conflict-of-interest disclosure statements in a timely manner is a requirement of accepting the position on the board or commission.

CITY OF STAUNTON, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2022-001: Emergency Connectivity Funds ALN 32.009

Condition:

The inventory provided was incomplete, vague, or otherwise lacked some or all of the required data. The inventory also made it difficult to determine if ECF devices were allotted to multiple individuals, or if devices funded by other sources were included and not appropriately removed from the lists.

Criteria:

Emergency Connectivity Fund (“ECF”) Program participants are required to maintain asset and service inventories of the devices and services purchased with ECF Program support. For each connected device or services provided, the inventory must include, but is not limited to: the device type, make/model, serial number, full name of person the equipment was provided to and dates of service the device was loaned out and returned. Additionally, those inventories must identify ECF funded equipment in the event of sale or disposal to remain in compliance with the program requirements.

Cause:

Controls or reviews do not appear to be in place to ensure the equipment inventory contains all the necessary data, is up to date, and accurate.

Effect:

Inaccurate and incomplete inventory lists.

Recommendation:

We recommend that controls be put in place to ensure that the School IT department is following proper grant requirements. Furthermore, equipment lists should differentiate between federally funded devices with restrictions on disposals, along with applicable program information, from devices funded by other sources. Finally, the equipment lists should be updated, with old equipment no longer in service being removed, and current equipment showing the time and date of assignment to students or faculty.

Current Status:

This program was not tested in FY23.

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Conflict of Interest Statements - City

Condition:

A conflict-of-interest disclosure statement was not filed timely.

Recommendation:

We recommend implementing procedures to ensure that all conflict-of-interest statements are filed timely for the annual filing requirement in February and for any incoming members that took positions after the deadline.

Current Status:

Still applicable. See current year comment at 2023-001.

2022-003: Annual School Report

Condition:

The Annual School Report was not filed timely.

Recommendation:

We recommend implementing procedures to ensure that the Annual School Report is filed by September 15, or if extended, by September 30, each year.

Current Status:

No longer applicable.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Agriculture:</u>				
Child Nutrition Cluster:				
National School Lunch Program - Non Cash Commodities	10.555	N/A	\$ 149,948	
<u>Virginia Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	202221N11994 1; 202323N11994 1	708,184	
National School Lunch Program	10.555	202222N89034 1; 202322N89034 1	1,393,812	
Summer Food Service Program for Children	10.559	202121N11994 1	49,900	
Total Child Nutrition Cluster				\$ 2,301,844
		202121N20204;202121H17064;202121		
Child and Adult Care Food Program	10.558	N11994		
Pandemic EBT Administrative Cost	10.649	202222S900941		3,135
<u>Virginia Department of Social Services:</u>				
Food Stamp Cluster:				
State Administrative Matching Grants for the Food Stamp Program:				
Cost Allocations - Food Stamps		84322	4,806	4,806
Total Department of Agriculture				2,309,785
<u>DEPARTMENT OF EDUCATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Education:</u>				
Title 1, Part A Cluster:				
1003A School Improvement Grant	84.010	S010A210046	93,926	
Title 1 - Local Education Agency	84.010	S010A200046; S010A210046	932,957	
Funds for Delinquent Children-Basic	84.010	S010A200046; S010A210046	72,083	1,098,966
Title I, Part D - Neglected & Delinquent Children	84.013	S013A200046; S013A210046		131,979
Special Education Cluster				
IDEA - Part B Section 611-Special Education	84.027	H027A200107; H027A210107	1,002,328	
IDEA - Part B Section 611-Special Education ARP Flowthrough	84.027X	H027X210107	123,554	
Title VIB - Special Education Regional Programs	84.027	H027A200107	8,836	
IDEA - Part B Sect 619 - Special Education Preschool	84.173	H173A200112; H173A210112	40,584	
IDEA - Part B 619 ARP Flowthrough	84.173X	H173X210112	(59)	
Total Special Education (IDEA) Cluster				1,175,243
Perkins CTE-Vocational Education Basic Grant	84.048	V048A210046; V048A220046		68,566
Title II, Part A - Improving Teacher Quality	84.367	S367A210044; S367A220044		172,316
Title IV Part A - Student Support and Academic Enrichment Grants	84.424	S424A210048		38,326
GEER WIFI & MIFI Access - CARES Acct ESSERF	84.425C	S425C200042		36,603
CRRSA ESSER II	84.425D	S425D210008		652,414
ARP ESSER III	84.425U	S425U210008		1,333,518
ARP ESSER III - Mentor Teacher ESSER Funding	84.425U	S425U210008		1,189
ESSR III - Summer School	84.425 U	S425U210008		43,152
ARP Homeless Children and Youth	84.425W	S425W210048		16,213
Title III Part A - Language Acquisition State Grant	84.365	S365A200046		9,265
Drug Free Schools and Communities-Mental Health Development	84.184	S184X190023		2,750
<u>Federal Communications Commission</u>				
		ECF2190005002;ECF2190007928;ECF2		
Emergency Connectivity Fund	32.009	190007963		3,060
Total Department of Education				4,783,560

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>CENTERS FOR DISEASE CONTROL AND PREVENTION:</u>				
<u>Pass-Through Programs:</u>				
Virginia Department of Health:				
Epidemiology and Laboratory Capacity for Infections Diseases	93.323	STNSST610-GY23		16,526
Total Centers for Disease Control and Prevention				16,526
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Social Services:</u>				
Temporary Assistance for Needy Families:	93.558			
TANF-Manual checks		80801	\$	(1,253)
VIEW Component and Component-Related Activities		87201		95
VIEW-Supportive Services		87202		2,443
VIEW Transitional transportation		87204		(27)
VIEW-Transportation		87207		7,718
VIEW-Transitional Support		87211		(71)
VIEW-Other activities		87212		42
Refugee and Entrant Assistance:	93.566			
Refugee and entrant assistance		81901		22,159
Child Care and Development Block Grant:	93.575			
Discretionary recoupment for VACMS		88801	(627)	
Total CCDF Cluster				(627)
Child Care and Development Fund:-Mandatory and Matching Funds	93.596			
Child Care Mandatory/Matching		88901		(334)
Foster Care - Title IV-E:	93.658			
Children's Residential Facility		81107		4,340
Licensed Child Placing Agency-Basic Maintenance		81108		60,268
Local Agency Foster Home-Basic Maintenance		81110		24,681
Licensed Child Placing Agency-Enhanced Maintenance for		81112		55,087
Local agency		81113		15,361
Fostering Futures IL Basic Maintenance		81403		7,556
Central Service Cost Allocation - IV-E serv		84319		1,293
Adoption Assistance:	93.659			
Subsidized Adoption Assistance-Basic Maintenance		81201		418,632
Nonrecurring Adoption Assistance		81202		5,100
Federal Adoption Assistance-Enhanced Maintenance for		81203		435,101
Central Service Cost Allocation-IVE Adoption		84324		158
Social Services Block Grant:	93.667			
State Adoption Assistance Purchase of Service		81701		41,378
Home Based Homemaker (State Supplement)		83304		5,987
Prevention Services		83306		704
Adult Protective Services		89501		896
Medical Assistance Program (Title XIX)	93.778			
Central Service Cost Allocation-Medicaid		84323	2,307	
Total Medicaid Cluster				2,307
Adult Protective Services CRRSA	93.747			
APS COVID-19 Relief-Purchase of Services		89601		8,597
APS ARPA – Purchase of Services		89801		395
APS ARPA – Home Based Chore		89804		12
APS ARPA – Home Based Companion		89805		10,791
<u>Comprehensive Services for At Risk Youth and Families</u>				
Social Services Block Grant:	93.667	na		137,171
Total Department of Health and Human Services				1,265,960

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass-Through Programs:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	23-O1038VW19		62,033
Edward Byrne Memorial Justice Assistance Grant Program	16.738	9196;85487;497473;505381		10,682
Total Department of Justice				<u>72,715</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Emergency Management</u>				
2020 State Homeland Security Program	97.067	8546		41,385
Total Department of Homeland Security				<u>41,385</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Highway Safety Cluster:</u>				
<u>Virginia Department of Motor Vehicles</u>				
Selective Enforcement - Speed	20.600	FSC-2022-52054-22054; BSC-2023-	11,102	11,102
<u>Virginia Department of Transportation:</u>				
Highway Planning and Construction	20.205	UPC 109024		61,660
Total Department of Transportation				<u>72,762</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
<u>Direct Programs:</u>				
Brownsfield Multipurpose, Assessment Revolving Loan Fund and	66.818	96388901		64,524
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>Direct Programs:</u>				
		B-19-MC-51-0034; B20-MC-51-0034; B-21-MC-0034; B-20-MW-0034; B-22-MC0034		
Community Development Block Grants: Entitlement Grants	14.218		434,638	
Total CDBG Entitlement Grants Cluster				434,638
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
Community Development Block Grant - VIDA Program	14.228	18-LI22		12,000
Total Department of Housing and Urban Development				<u>446,638</u>
<u>DEPARTMENT OF THE TREASURY</u>				
<u>Direct Payments</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	na		211,292
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
CSLFRF ARPA-Industrial Revitalization Fund (IRF) Planning Grant	21.027	11-IRFPG-03		51,227
<u>Virginia Department of Criminal Justice Services</u>				
CSLFRF ARPA-Law Enforcement Equipment	21.027	518516		172,530
<u>Virginia Department of Education</u>				
CSLFRF ARPA-Pandemic bonus	21.027	SLFRP1026		274,755
<u>Virginia Tourism Corporation</u>				
CSLFRF Virginia ARPA Tourism Recovery Program	21.027	na		25,000
Total Department of the Treasury				<u>734,804</u>
Total Expenditures of Federal Awards				<u>\$ 9,808,659</u>

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
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Notes to the Schedule of Expenditure of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Staunton, Virginia reporting entity and is presented on the modified accrual basis of accounting.

Note 2. Indirect Cost Rate

The City did not elect to use the 10% de minimus indirect cost rate.

Note 3. Outstanding Loan Balances

At June 30, 2023, the City had no outstanding loan balances requiring continuing disclosure.