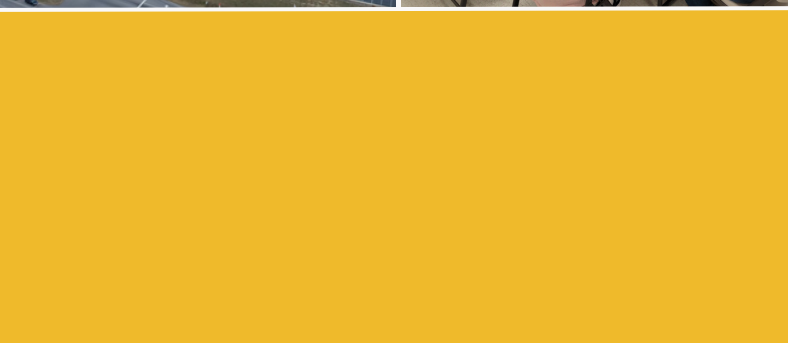




ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR JULY 1, 2023 – JUNE 30, 2024

Home of the Council - Manager Form of Government



CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2024

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2024

TABLE OF CONTENTS

INTRODUCTORY SECTION

Council, Officials, and School Board	i
Organizational Chart	ii
Certificate of Achievement for Excellence in Financial Reporting	iii
Letter of Transmittal	iv-xii

FINANCIAL SECTION

Independent Auditor's Report	Page 1-4
-------------------------------------	--------------------

Management's Discussion and Analysis	5a-5o
---	-------

Basic Financial Statements:

Government-Wide Financial Statements:

Exhibit 1	Statement of Net Position	6
Exhibit 2	Statement of Activities	7

Fund Financial Statements:

Exhibit 3	Balance Sheet – Governmental Funds with Reconciliation	9
Exhibit 4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds with Reconciliation	11
Exhibit 5	Statement of Net Position – Proprietary Funds	13
Exhibit 6	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	14
Exhibit 7	Statement of Cash Flows – Proprietary Funds	15
Exhibit 8	Statement of Fiduciary Net Position	17
Exhibit 9	Statement of Changes in Fiduciary Net Position	18

Notes to Financial Statements	19
--------------------------------------	----

Required Supplementary Information	85
---	----

Exhibit 10	Budgetary Comparison Schedule – General Fund	86
Exhibit 11	Schedule of Changes in Net Pension Liability and Related Ratios- Primary Government	87
Exhibit 12	Schedule of Changes in Net Pension Liability and Related Ratios- Component Unit – School Nonprofessional	88
Exhibit 13	Schedule of Pension Contributions	89
Exhibit 14	Schedule of Employer's Share of Net Pension Liability – VRS Teacher Retirement Plan	90
Exhibit 15	Schedule of Pension Contributions – VRS Teacher Retirement Plan	91
Exhibit 16	Schedule of Changes in Net OPEB Liability and Related Ratios-Primary Government	92

Exhibit 17	Schedule of Changes in Net OPEB Liability and Related Ratios- School Board Component Unit	93
Exhibit 18	Schedule of OPEB Contributions-Primary Government and School Board Component Unit	95
Exhibit 19	Schedule of Employer's Share of Net OPEB Liability-VRS Plans	96
Exhibit 20	Schedule of OPEB Contributions-VRS Plans	97
	Notes to Required Supplementary Information	98
Other Supplementary Information		102
Nonmajor Governmental Funds		103
Exhibit A-1	Combining Balance Sheet – Nonmajor Governmental Funds	104
Exhibit A-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	105
Exhibit A-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-Blue Ridge Court Services Fund	106
Exhibit A-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-Grants Fund	107
Exhibit A-5	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-Community Development Fund	108
Exhibit A-6	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual- HUD Entitlement Fund	109
Exhibit A-7	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual- Debt Service Fund	110
Budget to Actual Comparison – Major Governmental Funds		111
Exhibit A-8	Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-Capital Improvements Fund	112
Internal Service Funds		113
Exhibit B-1	Combining Statement of Net Position –Internal Service Funds	114
Exhibit B-2	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	115
Exhibit B-3	Combining Statement of Cash Flows –Internal Service Funds	116
Discretely Presented Component Unit – School Board		117
Exhibit C-1	Statement of Net Position	118
Exhibit C-2	Statement of Activities	119
Exhibit C-3	Balance Sheet – Governmental Funds with Reconciliation	120
Exhibit C-4	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds with Reconciliation	122
Exhibit C-5	Combining Balance Sheet – Nonmajor Governmental Funds	124
Exhibit C-6	Combining Statement of Revenues, Expenditures, and Change in Fund Balance – Nonmajor Governmental Funds	125
Exhibit C-7	Budgetary Comparison Schedule – Education Fund	126

FINANCIAL SECTION (cont'd)	Page
Discretely Presented Component Unit – Economic Development Authority	127
Exhibit D-1 Statement of Net Position	128
Exhibit D-2 Statement of Revenues, Expenses, and Changes in Net Position	129
Exhibit D-3 Statement of Cash Flows	130
Supplementary Schedules	131
Schedule 1 Primary Government and Discretely Presented Component Unit – School Board Schedule of Revenues – Budget and Actual-General and Special Revenue Funds	132
Schedule 2 Primary Government and Discretely Presented Component Unit – School Board Schedule of Expenditures – Budget and Actual- General and Special Revenue Funds	140
STATISTICAL SECTION	145
Table 1 Net Position by Component	146
Table 2 Changes in Net Position	147
Table 3 Fund Balances, Governmental Funds	150
Table 4 Changes in Fund Balances, Governmental Funds	151
Table 5 Assessed Value and Actual Value of Taxable Property	153
Table 6 Principal Property Taxpayers	154
Table 7 Property Tax Levies and Collections	155
Table 8 Ratios of Outstanding Debt by Type	156
Table 9 Ratio of General Bonded Debt Outstanding	157
Table 10 Legal Debt Margin Information	158
Table 11 Demographic and Economic Statistics	159
Table 12 Principal Employers	160
Table 13 Full-Time Equivalent City Government Employees by Function/Program	161
Table 14 Operating Indicators by Function/Program	162
Table 15 Capital Asset Statistics by Function/Program	163
COMPLIANCE SECTION	164
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 <i>Government Auditing Standards</i>	165
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	167
Summary of Compliance Matters	170
Schedule of Findings and Questioned Costs	171
Summary Schedule of Prior Year Findings and Questioned Costs	174
Schedule of Expenditures of Federal Awards	175

INTRODUCTORY SECTION

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

As of June 30, 2024

COUNCIL

Amy G. Darby, Vice-Mayor	Stephen W. Claffey, Mayor	Adam F. Campbell
Mark A. Robertson		Brad D. Arrowood
Alice L. Woods		Michele D. Edwards

OFFICIALS

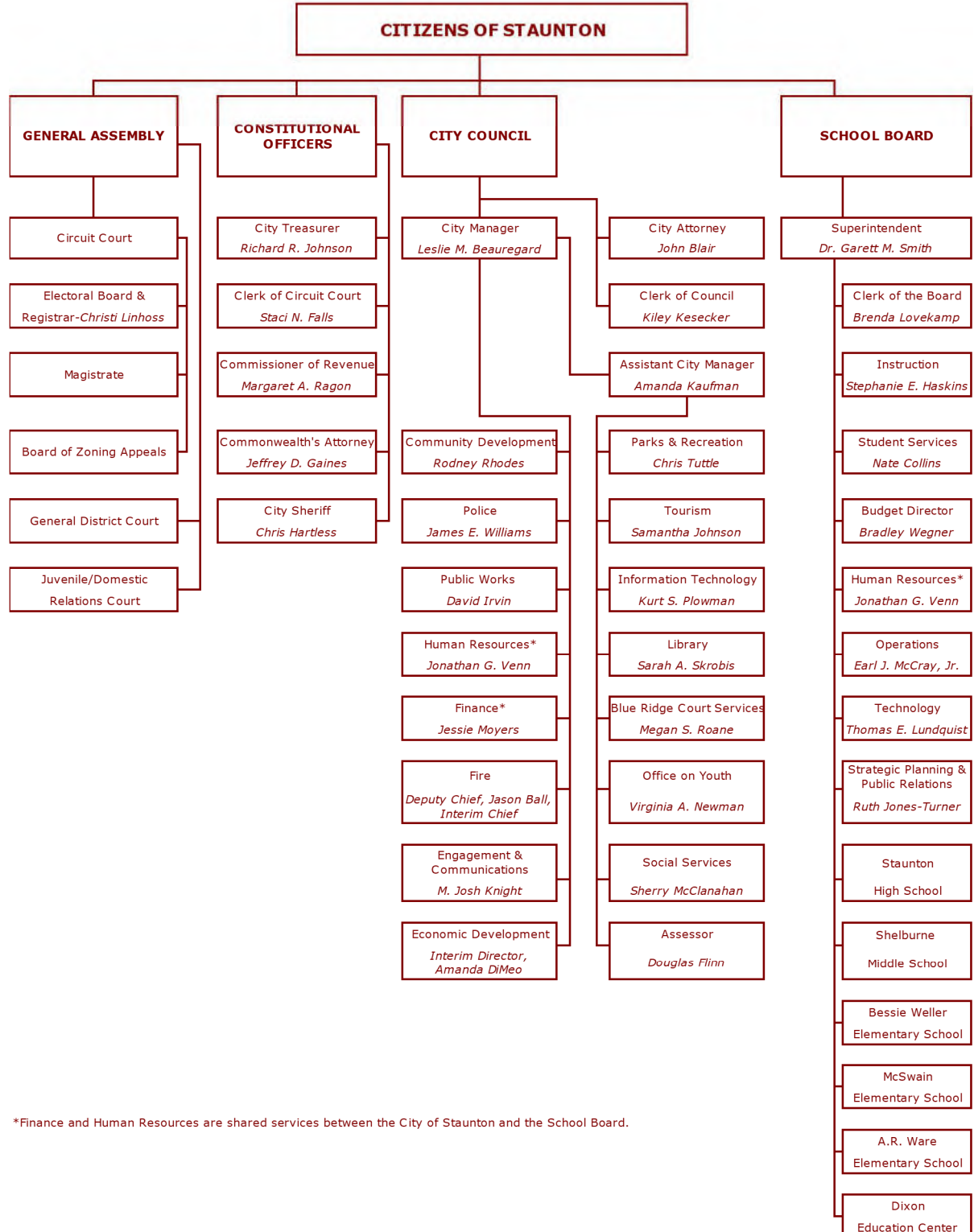
Leslie Beauregard	City Manager
John Blair	City Attorney
Jessie Moyers	Chief Finance Officer
Jonathan Venn	Chief Human Resources Officer
Richard Johnson	Treasurer
Maggie Ragon	Commissioner of Revenue
Sherry McClanahan	Director of Social Services
Dr. Garrett Smith	Superintendent of Schools
Bradley Wegner	School Budget Director

SCHOOL BOARD

	Robert Boyle, Chair	
	Fontella Brown-Bundy, Vice-Chair	
Ronald Ramsey		Stephanie Mason
Natasha McCurdy		Kristin Siegel



City of Staunton, Virginia
Organization Chart: FY 2024





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, 2023

Christopher P. Morill

Executive Director/CEO



December 3, 2024

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, 2024. 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, 2024. 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 26% 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 real estate tax rate remained at \$.89/100 of assessed value and 2024 was not an assessment year. Any increase in real estate taxes would be the result of new construction. Other local consumer-based tax revenue sources performed well compared to both the prior year and the 2024 budget. Overall, other local consumer-based tax revenue increased by 2% with the largest gain coming in meals tax, which increased \$.4 million or 6.5%. The local and state unemployment rate for June 2024 was 2.9%, which is below the national average of 4.1%. The unemployment rate for Staunton only increased slightly over 2023 and remains strong compared to the national average. 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 \$12,128,058. 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 include both 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 the Planning Commission in January each year. The Planning Commission holds a public hearing in February to get input on the plan from the public. The Planning Commission will make recommendations and accept the CIP based on the City’s Comprehensive Plan. The plan is then presented to city council at the second meeting in February. Council approves the CIP after the Planning Commission’s recommendations, and any other changes during the budget approval process in April. 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. 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

FY2024 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 2024 budget was adopted at \$153.8 million, an increase of 7.6% or \$10.8 million from the previous year. The real estate tax rate remained at \$.89/100 of assessed value. Real estate tax revenue exceeded budget by \$.8 million due mainly to new construction, as 2024 was not an assessment year. Personal property tax revenue was budgeted to decrease by \$.3 million due to used vehicle values decreasing post pandemic, however, personal property taxes only fell only slightly. Actual property tax revenues exceeded budget by 13.0% or \$.8 million. Other local taxes, including meal and sales tax were budgeted for a 10.1% or \$1.7 million increase. Actual other local taxes continued to perform well and exceeded budget by \$1.6 million or 8.3%.

Information Technology

The City upgraded the Tyler Technologies ERP system from version 2019 to 2021.7. This was a substantial upgrade taking nearly a year of preparation, setup, and testing. IT staff began work on the building security upgrade project that was funded with American Rescue Plan Act grant funds. Finally, work continues on the Staunton Augusta Waynesboro Regional radio upgrade project.

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. The construction contract was awarded to Howard Shockey & Sons, Inc in 2024. An official ground breaking ceremony was held on April 16, 2024. The City issued new debt for the construction of the courthouse in 2024 through the Virginia Resource Authority’s Spring pool. 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 (VBRSP) 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 awarded \$4.56 million in 2023 through the VBRSP for sewer infrastructure improvements on the Staunton Crossing site. Mostly recently, the city was notified in August 2024 by the VBRSP that they were awarded \$9 million to help fund the 1-million-gallon water tower and water supply lines. Construction on the water and sewer infrastructure will begin in fiscal year 2025.

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 project was VDOT administered. There was a ceremonial ribbon cutting held May 30, 2024 for the completion of Crossing Way, however, the new road wasn't officially open until later in the summer.

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.

Other Economic Development

There were several new businesses that opened in Staunton during fiscal year 2024. The long-awaited Cook-Out opened in the fall of 2023. In addition, Micah's Coffee, Planet Fitness, three new buildings for Middlebrook Mini Storage, Firestone Complete Auto Care Center, and Dunkin Donuts are other new businesses that opened in Staunton in 2024.

Planning and Community Development

HUD Entitlement

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 \$319,410 during fiscal year 2024 and \$328,268 in fiscal year 2025. 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.

Small Area Plans

There were two small area plans funded by American Rescue Plan Act funds. The Uniontown Neighborhood Action Plan was adopted by city council in December 2023. The West End Revitalization Strategies Plan work started in July 2023 and it expected to be adopted by city council in 2025.

Several new multi-family units were started in 2024. There are 72 apartments being built at 1013 Seth Dr, 82 units are being built at 601 Moore St, 48 units have been built at 914 Middlebrook Trace II, and the Old Staunton Steam Laundry Building and Armory Building were renovated to include 48 apartments.

Stormwater projects

Work began on the Gypsy Hill Park Stream Restoration project in the spring of 2024. The project will help improve the health of the stream by repairing the damaged channel, stabilizing the stream banks, and planting native vegetation. It is also expected that the improvements will help with slow down the flow of water during heavy rains, ultimately reducing the risk of flooding in the park. The project was funded with American Rescue Plan Act funds and a Stormwater Local Assistance Fund grant and is expected to be completed in the spring of 2025.

Parks and Recreation

The Parks and Recreation department has also been working on several capital improvement projects, funded in part with American Rescue Plan Act (ARPA) funds. The Montgomery Hall Park paving was completed in 2024. Other ARPA funded improvements in the parks area include improvements to bathroom and bathhouses at both the Montgomery Hall and Gypsy Hill park locations. These projects were still in process at the end of fiscal year 2024. There were also three locally funded lighting projects completed in 2024, including the Montgomery Hall Park tennis courts and soccer fields and the dog park at Gypsy Hill Park.

Public Works

The City continues work 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.

AWARDS AND ACKNOWLEDGEMENTS

Tourism

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

- 13 Best Small Towns in Virginia for Retirees – World Atlas
- 7 Best Road Trips from NYC for an Epic Family Adventure! – Momtastic
- 15 Most Charming Small Towns to Visit – MSN.com
- 7 Ideal Destinations for a 3-Day Weekend in the Mid-Atlantic – World Atlas
- 9 Oldest Founded Towns to Visit in Virginia – World Atlas
- 13 Towns in the Mid-Atlantic That Have the Best Main Streets – World Atlas
- There's a New Way to See Virginia's Shenandoah by Rail – World Atlas
- 9 Towns in Virginia Have the Best Main Streets – World Atlas
- 12 Picture-Perfect Towns in Virginia – World Atlas
- 11 Best Towns in Virginia for a Winter Getaway – World Atlas
- 5 Best Mountain Towns for Retirement – Insider Monkey
- 12 Must-See Historic Towns in Virginia – World Atlas
- Staunton Wins Spot in USA TODAY'S 10 Best Small-Town Beer Scenes in the US – Yahoo! News
- 20 Most Scenic Train Rides in the South – Southern Living
- #6 Best Small-Town Cultural Scene – USA Today

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 28th 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 20 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

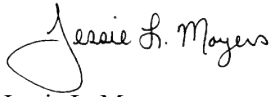
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City of Staunton, Virginia, for its fiscal year 2024 budget. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 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 eighth 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 2023, a total of 38 years. A Certificate of Achievement for Excellence in Financial reporting 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,

A handwritten signature in black ink, reading "Jessie L. Moyers". The signature is written in a cursive style with a large, stylized initial "J".

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents 47%, 36%, and 10%, 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.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 3, 2024 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 3, 2024

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, 2024. The MD&A is in addition to the transmittal letter, located on pages iv-xii 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 \$170.20 million (*net position*). Of this amount, \$68.1 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$15.40 million due to a combination of factors including increases in property tax revenues of \$1.5 million, an increase in operating grants of \$2.2 million, an increase in investment income of \$3.1 million, and an increase of \$5.5 million in capital grants. The majority of the capital grants were for the American Rescue Plan Act funds spent on capital expenditures.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$67.5 million, an increase of \$21.0 million in comparison with the prior year. Approximately 8% of the combined fund balances (\$5.7 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 \$20.8 million, or approximately 33% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$13.9 million due to a combination of factors, including normal scheduled debt reduction, as well as, a new debt issuance of \$18.8 million, including the bond premium, for the construction of Staunton's Juvenile & Domestic Relations District Courthouse.

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 19-84 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 85-101 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 102-116 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, 2024 and 2023						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 105,086,022	\$ 87,667,691	\$ 41,913,877	\$ 40,336,963	\$ 146,999,899	\$ 128,004,654
Capital assets	<u>95,134,652</u>	<u>91,883,884</u>	<u>71,924,614</u>	<u>68,178,538</u>	<u>167,059,266</u>	<u>160,062,422</u>
Total assets	<u>200,220,674</u>	<u>179,551,575</u>	<u>113,838,491</u>	<u>108,515,501</u>	<u>314,059,165</u>	<u>288,067,076</u>
Total deferred outflows of resources	<u>4,828,060</u>	<u>5,051,986</u>	<u>782,864</u>	<u>773,481</u>	<u>5,610,924</u>	<u>5,825,467</u>
Liabilities:						
Long-term liabilities	101,424,769	85,313,522	23,752,076	24,748,254	125,176,845	110,061,776
Other liabilities	<u>10,434,198</u>	<u>12,991,055</u>	<u>4,627,293</u>	<u>4,429,495</u>	<u>15,061,491</u>	<u>17,420,550</u>
Total liabilities	<u>111,858,967</u>	<u>98,304,577</u>	<u>28,379,369</u>	<u>29,177,749</u>	<u>140,238,336</u>	<u>127,482,326</u>
Total deferred inflows of resources	<u>8,755,042</u>	<u>10,738,247</u>	<u>472,521</u>	<u>823,476</u>	<u>9,227,563</u>	<u>11,561,723</u>
Net Position:						
Net investment in capital assets	39,934,250	35,867,733	59,118,729	56,402,246	99,052,979	92,269,979
Restricted	3,005,306	967,138	-	-	3,005,306	967,138
Unrestricted	<u>41,495,169</u>	<u>38,725,866</u>	<u>26,650,736</u>	<u>22,885,511</u>	<u>68,145,905</u>	<u>61,611,377</u>
Total net position	<u>\$ 84,434,725</u>	<u>\$ 75,560,737</u>	<u>\$ 85,769,465</u>	<u>\$ 79,287,757</u>	<u>\$ 170,204,190</u>	<u>\$ 154,848,494</u>

At the close of fiscal year 2024, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$170.2 million.

By far, the largest portion of the City's net position (\$99.1 million or 58.2%) is the investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure) net of accumulated depreciation and amortization, 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, \$3.0 million, represents resources that are subject to external restrictions on how they may be used. The increase of \$2.0 million is due to excess Virginia Department of Transportation maintenance funds that will be carried over into FY2025. The remaining balance of \$68.1 million or 40.0% 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 City's overall net position increased \$15.4 million from the prior fiscal year. The reasons for the overall increase for fiscal year 2024 are discussed in the following sections for governmental and business-type activities.

City of Staunton
Changes in Net Position
For the Years Ended June 30, 2024 and 2023

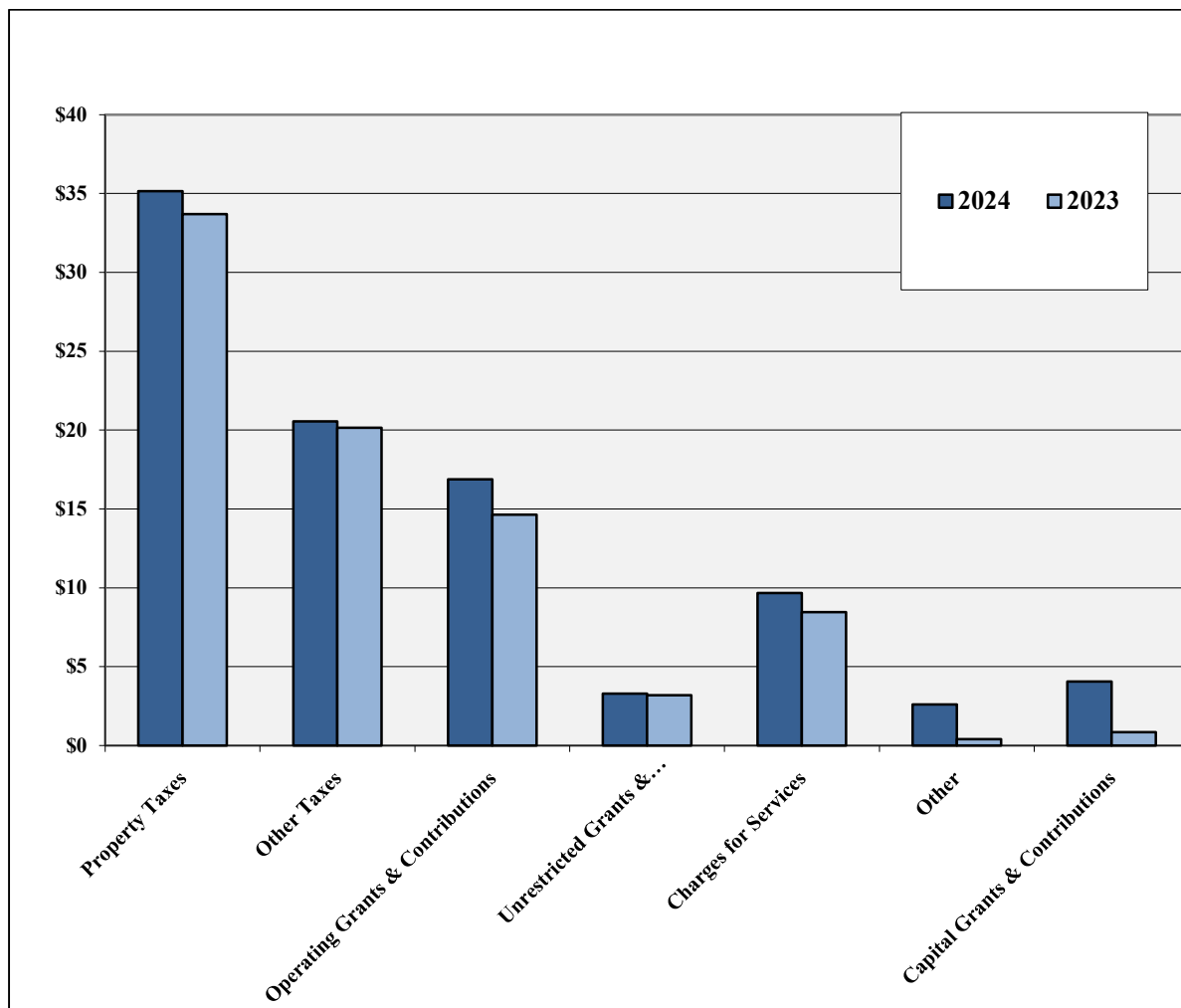
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Charges for services	\$ 9,675,364	\$ 8,464,936	\$ 13,804,591	\$ 13,228,525	\$ 23,479,955	\$ 21,693,461
Operating grants and contributions	16,874,298	14,625,615	53,580	81,112	16,927,878	14,706,727
Capital grants and contributions	4,063,691	852,215	3,348,849	1,050,522	7,412,540	1,902,737
General revenues						
Property taxes	35,156,838	33,705,419	-	-	35,156,838	33,705,419
Other taxes	20,541,718	20,149,504	-	-	20,541,718	20,149,504
Unrestricted intergovernmental	3,279,774	3,188,120	-	-	3,279,774	3,188,120
Interest and investment earnings	2,245,287	316,678	1,641,157	510,920	3,886,444	827,598
Other	358,660	90,702	-	-	358,660	90,702
Total revenues	<u>92,195,630</u>	<u>81,393,189</u>	<u>18,848,177</u>	<u>14,871,079</u>	<u>111,043,807</u>	<u>96,264,268</u>
Expenses:						
General government	14,506,060	12,315,584	-	-	14,506,060	12,315,584
Judicial administration	2,963,913	2,691,915	-	-	2,963,913	2,691,915
Public safety	18,534,737	16,576,207	-	-	18,534,737	16,576,207
Public works	8,304,728	9,408,922	-	-	8,304,728	9,408,922
Health and welfare	6,369,045	5,923,016	-	-	6,369,045	5,923,016
Education (includes payment to Schools)	21,315,094	17,013,452	-	-	21,315,094	17,013,452
Parks, recreation and culture	4,689,638	4,918,117	-	-	4,689,638	4,918,117
Community Development (includes payment to EDA)	3,526,993	3,101,197	-	-	3,526,993	3,101,197
Interest on long-term debt	1,861,434	2,016,831	-	-	1,861,434	2,016,831
Water	-	-	4,426,678	4,207,645	4,426,678	4,207,645
Sewer	-	-	4,081,189	4,031,895	4,081,189	4,031,895
Storm Water	-	-	819,281	864,660	819,281	864,660
Environmental	-	-	3,706,802	3,381,421	3,706,802	3,381,421
Parking	-	-	582,519	570,664	582,519	570,664
Total expenses	<u>82,071,642</u>	<u>73,965,241</u>	<u>13,616,469</u>	<u>13,056,285</u>	<u>95,688,111</u>	<u>87,021,526</u>
Increase (Decrease) in net position before transfers	10,123,988	7,427,948	5,231,708	1,814,794	15,355,696	9,242,742
Transfers	<u>(1,250,000)</u>	<u>(1,227,894)</u>	<u>1,250,000</u>	<u>1,227,894</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	8,873,988	6,200,054	6,481,708	3,042,688	15,355,696	9,242,742
Net position - Beginning 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>
Net position - end of year	<u>\$ 84,434,725</u>	<u>\$ 75,560,737</u>	<u>\$ 85,769,465</u>	<u>\$ 79,287,757</u>	<u>\$ 170,204,190</u>	<u>\$ 154,848,494</u>

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$92.2 million for the fiscal year ended June 30, 2024, an increase of \$10.8 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$35.2 million or 38.2% of revenue in 2024. The real estate tax rate remained at \$.89 per \$100 of assessed value between 2023 and 2024. 2024 was not an assessment year. Increases in real estate taxes were due to new construction.
- Operating grants and contributions increased \$2.2 million due to an increase in highway maintenance of \$.5 million, social service revenues of \$.5 million, \$.8 million grant for the regional radio project, \$.2 for the Blue Ridge Court Services state fund, and \$.2 million for comp board increases.
- Charges for services increased \$1.2 million over 2023 primarily due to the increase in revenues allocated for the health insurance internal service fund.
- Other revenues increased \$2.2 million primarily due to the increase in investment income earned in 2024.
- Capital grants increased \$3.2 million due to the recognition of American Rescue Plan Act funds spent in 2024.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2024 and 2023
(\$ In Millions)



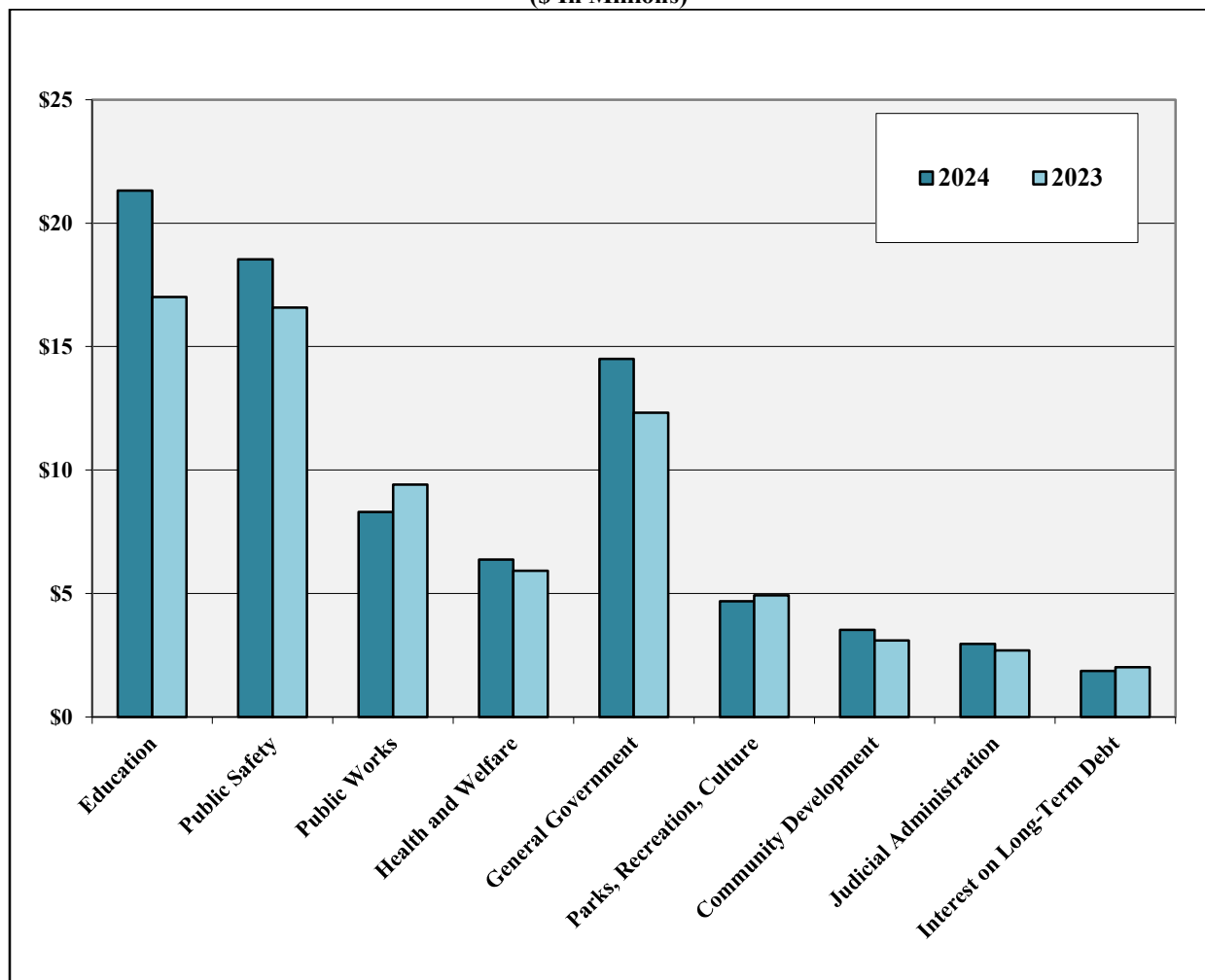
Governmental Activities - Expenses

- The total expenses from governmental activities were \$82 million for the year, an increase of \$8.1 million over the prior fiscal year.
- Education is the largest expense for the city at \$21.3 million or 26% of total governmental activities. Education expense increased from 2023 by \$4.3 million. The local contribution for operations increased by \$.9 million and the remaining \$3.4 million was an increase in contribution for school capital improvements.
- Public Works decreased \$1.1 million from the prior fiscal year mainly due to a decrease in streets maintenance expenditures compared to 2023 as a result of staffing and supply chain issues.
- General government increased by \$2.2 million or 17.7%. Salaries and benefits increased \$.7 million due to open position savings in 2023 and a \$1.6 million increase in the allocation of expenditures for the health insurance fund.
- Public Safety increased \$2.0 million from the prior fiscal year mainly due to an increase of \$.7 million in salary and benefits for public safety personnel and an increase of \$.5 million for the regional jail, detention center, and animal shelter.

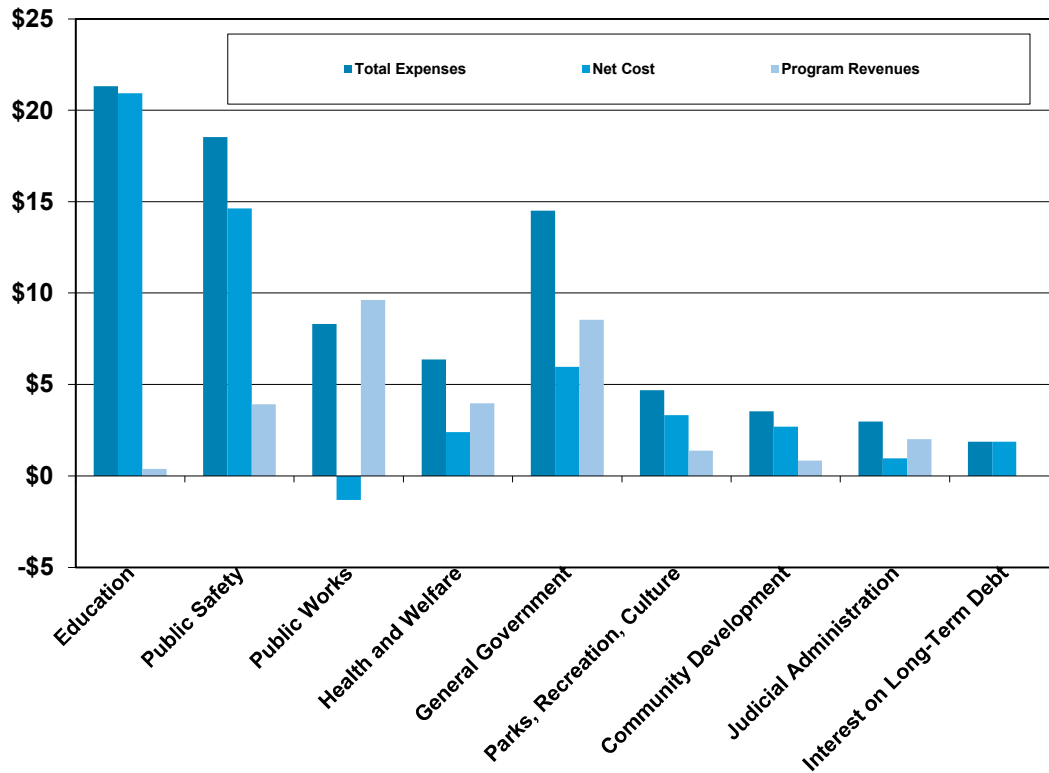
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2024 and 2023

(\$ 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 \$30.6 million and general revenues totaled \$61.6 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 40.7%, an increase of \$4.6 million over the previous year, of which \$.9 million was an increase in the local contribution for school operations and the other \$3.7 million was an increase for school capital improvements. Public works net cost of service was a negative \$1.3 million in 2024, which was a decrease of \$5.1 million from 2023. This is primarily due to capital grant funds that were spent on capitals expenditures and excess 2024 VDOT reimbursable grant funds.

Net Cost of the City of Staunton's Governmental Activities				
	2024		2023	
	Total Cost	Net Cost	Total Cost	Net Cost
Education	\$ 21,315,094	\$ 20,939,829	\$ 17,013,452	\$ 16,375,502
Public Safety	18,534,737	14,627,834	16,576,207	13,533,811
Public Works	8,304,728	(1,314,147)	9,408,922	3,797,012
Health and Welfare	6,369,045	2,399,146	5,923,016	2,207,099
General Government	14,506,060	5,971,611	12,315,584	5,184,696
Parks, Recreation, Culture	4,689,638	3,320,185	4,918,117	3,715,141
Community Development	3,526,993	2,688,634	3,101,197	2,314,025
Judicial Administration	2,963,913	963,763	2,691,915	878,358
Interest on Long-Term Debt	1,861,434	1,861,434	2,016,831	2,016,831
	\$ 82,071,642	\$ 51,458,289	\$ 73,965,241	\$ 50,022,475

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 \$85.8 million. During fiscal year 2024, revenues exceed expenditures by \$6.5 million.

During fiscal year 2024, the service rates for all services remained flat. Revenues increased \$4.0 million from 2023 primarily due to an increase in capital grants and contributions relating to the grants for the Gardner Spring Pump Station project and the Gypsy Hill Park stream restoration project. Investment income increased \$1.1 million over 2023. Total expenses were \$.6 million more than the prior fiscal year due to an increase in salaries and benefits from being more fully staffed than 2023.

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, 2024, the City's governmental funds reported combined ending fund balances of \$67.5 million, an increase of \$21.0 million in comparison with the prior year. The increase is due primarily to the issuance of debt in the CIP fund to build the new courthouse. The majority of the new debt funds were not spent as of June 30, 2024. Approximately 20.6% of the total combined ending fund balance amount (\$5.7 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 (\$3.0 million); *committed* for particular purposes (\$12.1 million); or *assigned* for particular purposes (\$46.6 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 \$5.7 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 9.1% of total general fund expenditures, while total fund balance represents approximately 38.3% of that same amount.

The fund balance of the City's general fund decreased \$1.2 million during the current fiscal year. There was an intentional effort to reduce the record high unassigned fund balance of \$9.6 million in 2023. The 2023 unassigned balance was due to increased real estate assessments of 26.1% and favorable other local taxes.

General Fund actual expenditures were \$62.3 million versus the revised budget totaling \$67.1 million. The contribution to the Component Unit School Board was the largest budgeted expenditure at \$16 million. Expenditure savings of \$4.8 million was spread through each governmental function, with the largest share of \$2.4 million for the public works function due to not spending all of the street maintenance funds due to staffing and supply chain issues. The health and welfare function was favorable by \$1 million compared to budget due to favorable spending in social services.

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 \$9.0 million in fiscal year 2024 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 \$21.8 million during the current fiscal year due to funds transferred from the General fund and the bond issuance for the new courthouse that had not been spent.

Capital projects in progress at June 30, 2024 are as follows:

PROJECT NAME	REVISED BUDGET - PROJECT TO DATE	FY2024 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
FINANCIAL SOFTWARE	\$ 1,332,482	\$ -	1,326,113	\$ 6,369
IT EQUIPMENT	350,000	122,896	122,896	227,104
COMPUTER NETWORK EQUIPMENT	195,137	-	192,404	2,733
IT FIBER LOOP PROJECT	100,000	-	-	100,000
TELEPHONE REPLACEMENT	809,798	-	536,009	273,789
AUTO EQUIPMENT	86,012	86,012	86,012	-
REPLACE-BUILDING RENOVATIONS	68,823	18,960	61,059	7,764
POLICE AUTO EQUIPMENT	331,000	85,778	332,223	(1,223)
CAD/RMS SYSTEM	100,000	-	-	100,000
E911 TELEPHONE EQUIPMENT	11,707,394	1,109,672	2,014,744	9,694,650
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	90,000	-	-	90,000
CARDIAC MONITORS	30,000	-	-	30,000
REGIONAL JAIL RESERVE	5,057,286	-	5,057,286	-
REGIONAL ANIMAL SHELTER	1,501,000	16,035	98,227	1,402,773
STREET IMPROVEMENT PROJECTS	1,755,250	4,198	1,634,881	120,369
STREET IMPROVEMENT PROJECTS-ARPA FUNDED	450,662	450,663	450,663	(1)
URBAN STREET CONSTRUCTION 2% MATCH	507,353	-	465,395	41,958
CENTRAL AVE STREETScape	2,647,015	-	2,364,053	282,962
STATE ROUTE 1426	1,789,303	-	1,789,303	-
NEW SIDEWALKS	1,000,000	11,400	25,300	974,700
BESSIE WELLER SAFE ROUTE TO SCHOOL	527,252	-	527,251	1
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	800,000	423,090	706,065	93,935
PUBLIC WORKS EQUIPMENT RESERVE ARPA	276,428	-	-	276,428
ADAPTIVE TRAFFIC CONTROL	580,000	-	-	580,000
ADA SIDEWALKS FOR VDOT PAVING	49,700	22,020	47,020	2,680
RETAINING WALLS	42,000	7,122	36,580	5,420
VDOT VHSIP PEDES	1,111,524	-	-	1,111,524
PW MAINTENANCE AUTO EQUIPMENT	170,233	52,290	170,233	-
CITY HALL HVAC SYSTEM	583,139	-	148,519	434,620
LIBRARY FACILITY	65,000	-	-	65,000
FIRE STATION ROOF	845,000	-	207,715	637,285
VDOT PRIMARY EXT PAVING	4,204,586	-	1,549,475	2,655,111
PUBLIC SAFETY BUILDING	39,339	-	39,339	-
COCHRAN JUDICIAL CENTER	606,682	313,350	570,032	36,650
PUBLIC WORKS BUILDING MAINTENANCE RESERVE	600,000	31,331	187,697	412,303
LIBRARY ROOF REPLACEMENT	395,450	395,450	395,450	-
BLDG SECURITY ENHANCEMENTS	400,000	76,473	76,473	323,527
INFRASTRUCTURE ACQUISITION	185,000	185,000	185,000	-
LIBRARY IMPROVEMENTS	287,261	-	-	287,261
HEALTH DEPARTMENT BUILDING	62,916	-	-	62,916
BLUE RIDGE COMMUNITY COLLEGE	673,886	41,048	673,880	6
SCHOOL OPS/TRANSPORTATION PROJECT	4,290,454	3,453,754	4,290,454	-
BOOKER T BUILDING	266,818	-	262,603	4,215
MONTGOMERY HALL SOCCER FIELDS	326,272	65,051	230,929	95,343
GOLF NON-CAPITAL EQUIPMENT	198,200	-	198,200	-

Capital Projects in progress at June 30, 2024 (con't):	REVISED BUDGET - PROJECT TO DATE	FY2024 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
GHP POOL RENOVATIONS	\$ 500,000	\$ -	\$ 492,565	\$ 7,435
GHP BANDSTAND PROJECT	30,000	-	30,000	-
MHP BATHROOM/WATER PARK	275,000	-	274,317	683
MHP BATHROOM ARPA FUNDED	300,000	31,939	31,939	268,061
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	440,000	256	42,125	397,875
GHP TOT PLAYGROUND	75,000	32,846	72,846	2,154
GHP PUMP HOUSE RENOVATIONS	225,000	65,798	65,798	159,202
DOG PARK LIGHTS	100,000	32,764	32,764	67,236
PARKS AND REC PUBLIC USE FACILITIES	1,780,811	-	-	1,780,811
MOXIE FIELD RENOVATIONS	59,400	54,808	54,808	4,592
GHP BATHHOUSE UPGRADES	200,000	30,267	30,267	169,733
MHP BATHHOUSE UPGRADES	200,000	31,938	31,938	168,062
CORRIDOR OVERLAY INCENTIVES	25,000	-	1,350	23,650
BIKE & PEDESTIRAN PATH	500,000	15,156	34,831	465,169
COMPREHENSIVE PLAN	100,000	-	-	100,000
PLANNING AND INSPECTION SOFTWARE	150,000	15,651	15,651	134,349
COUNTY COURTS PROJECT	72,504	13,944	122,504	(50,000)
WEST END REVITIZATION	287,261	-	-	287,261
UNIONTOWN IMPROVEMENTS	287,261	-	-	287,261
ECONOMIC DEVELOPMENT RESERVE	1,243,811	-	1,229,079	14,732
ENTERPRISE ZONE PROGRAM	360,521	-	262,834	97,687
STAUNTON CROSSING DEVELOPMENT	3,806,200	111,022	3,682,842	123,358
STAUNTON CROSSING DEVELOPMENT-VDEP	85,000	-	85,000	-
STAUNTON CROSSING DEVELOPMENT	107,500	40,213	87,963	19,537
FRONTIER CULTURE PROJECT	88,051	-	88,051	-
CIP UNDESIGNATED	145,588	-	-	145,588
HIGH SCHOOL RENOVATION PROJECT	48,542,920	-	48,542,900	-
J&DR COURTHOUSE PROJECT	28,828,844	5,016,852	5,041,292	23,787,552
COMPLETED PROJECTS	10,853,294	-	10,853,294	-
TOTALS	\$ 155,967,114	\$ 12,465,047	\$ 103,851,541	\$ 52,115,573

General Fund Budgetary Highlights

City Council revised the fiscal year 2024 budget three times during the year which included three amendments to the General Fund budget. These budget amendments included:

- Budget Amendment Number 1 - \$1,315,643. This amendment appropriated \$87,705 for school resource officer grant, \$27,938 for the fire program grant, and \$1,200,000 from fund balance for a transfer to the CIP fund.
- Budget Amendment Number 2 - \$7,128,364. This amendment appropriated \$6,594,518 from prior year reserves for a transfer to the CIP fund and a transfer to the Environmental fund, \$369,500 for interest income, \$109,407 for operating grants, \$11,314 for insurance recoveries, and \$24,222 for Opioid settlement funds.
- Budget Amendment Number 3 - \$3,871,671. This amendment appropriated \$2,571,050 from prior year reserves to transfer to the CIP fund for the courthouse construction project. This amendment also appropriated \$12,045 for insurance recoveries, \$109,197 for opioid settlement funds, \$1,160,058 for Highway maintenance, and \$19,321 for other smaller grants and contributions.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2024 amounts to \$167 million (net of depreciation and amortization). 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 \$95.1 million for the governmental activities, and \$71.9 million for the business-type activities. The total increase in capital assets for the current fiscal year was \$7 million or 4.4%.

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

- Addition of \$1.8 million for the land parcel purchase for the new courthouse site, \$.7 million for the roof replacement on the library and courthouse, \$.4 million traffic detection equipment, \$.3 for large public works equipment, and \$.2 million for the purchase of land beside the public works complex. In addition, construction in progress increased \$1 million for the new Juvenile & Domestic Relations District courthouse.

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

- Addition of \$.2 million of the purchase of a knuckle boom. In addition, construction in progress increased \$4.4 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 and Amortization

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 6,718,755	\$ 2,216,579	\$ 8,935,334	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760
Landfill	-	434,132	434,132	-	646,541	646,541
Buildings	53,886,709	22,037,022	75,923,731	54,823,705	22,918,872	77,742,577
Lease assets-Buildings	113,273	-	113,273	152,876	-	152,876
Improvements	5,012,524	2,933,825	7,946,349	4,892,842	3,145,014	8,037,856
Lease assets-Improvements	-	67,277	67,277	-	74,236	74,236
Equipment	7,924,455	3,669,068	11,593,523	8,219,561	4,075,059	12,294,620
Lease assets-Equipment	31,592	624	32,216	31,763	2,285	34,048
Subscription Assets	330,587	-	330,587	263,215	-	263,215
Infrastructure	17,749,844	29,872,472	47,622,316	18,466,277	31,420,377	49,886,654
Construction in Progress	3,366,913	10,693,615	14,060,528	271,464	3,743,575	4,015,039
Total	<u>\$ 95,134,652</u>	<u>\$ 71,924,614</u>	<u>\$ 167,059,266</u>	<u>\$ 91,883,884</u>	<u>\$ 68,178,538</u>	<u>\$ 160,062,422</u>

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 \$287.3 million for the City. The City currently has net bonded debt payable of \$89.5 million (bonded debt of \$94.3 million less accumulated reserves of \$4.8 million). The current legal margin for creating additional debt for the City of Staunton is \$212.3 million.
- Additional information regarding outstanding debt can be found in Note 6 in the notes to the financial statements.

City of Staunton Outstanding Bonded Debt (net of premium)

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 42,590,382	\$ -	\$ 42,590,382	\$ 43,518,045	\$ -	\$ 43,518,045
Virginia Revolving Loan	34,418,230	17,254,116	51,672,346	18,149,071	18,724,696	36,873,767
Total	<u>\$ 77,008,612</u>	<u>\$ 17,254,116</u>	<u>\$ 94,262,728</u>	<u>\$ 61,667,116</u>	<u>\$ 18,724,696</u>	<u>\$ 80,391,812</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The fiscal year 2025 general fund budget was adopted at \$73.5 million, an increase of \$3.7 million from the \$69.8 million budget for fiscal year 2024. Budgeted property tax revenues increased \$1.2 million, other local taxes increased by \$1.2 million, interest income increased by \$.5 million, and state revenues increased by \$.4 million.
- The real estate tax rate remained unchanged at \$.89/\$100 of assessed value and the personal property tax rate is \$2.90/\$100 of assessed value. There were not across the board real estate assessments in 2024. The next real estate assessment will take place in January 2025. Property taxes in total are budgeted to increase by \$1.2 million.
- Meals and sales tax are projected to increase \$1.0 million compared to fiscal year 2024.
- Intergovernmental revenue constitutes 19.8% of the total general fund budget and is projected to increase just \$.4 million over 2024, from \$14.2 million to \$14.6 million. The largest categories of state funding are personal property tax relief, health and welfare and, children's services act.
- The fiscal year 2025 adopted budget supports employees and continuity of quality city programs and services and recognizes and values the retention of existing staff. It includes a 3% pay increase effective July 1, 2024 to help the City remain market competitive as an employer in the Shenandoah Valley.
- There were five new positions added to the Sheriff's budget to support the new Juvenile & Domestic Relations District courthouse that is scheduled to open in the fall of 2025.
- City Council approved the Capital Improvement Plan for fiscal years 2025-2029 on April 25, 2024. The City will transfer \$861,783 to the City Capital Improvement Fund for FY25 from the general fund and the remaining will be funded with potential fiscal year 2024 reserves.
- The General Fund transfer to the Education Fund totals \$17.3 million, or 23.5% of the total general fund budget. This is an increase of \$1.3 million over the prior fiscal year.
- As of September 2024, the unemployment rate for the City of Staunton was 3.1%. Staunton's rate is slightly higher than the state's average unemployment rate of 2.9% and well below the national average of 4.1%.

All these factors were considered in preparing the fiscal year 2025 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.

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BASIC FINANCIAL STATEMENTS

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 56,388,071	\$ 21,981,036	\$ 78,369,107	\$ 13,603,669	\$ 115,625
Investments (Note 2)	4,695,392	8,069,458	12,764,850	408,750	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	6,405,946	-	6,405,946	-	-
Accounts	1,957,344	2,315,415	4,272,759	8,876	673,561
Interest	29,679	49,412	79,091	-	-
Lease receivable (Note 18)	369,417	130,153	499,570	-	481,145
Due from other governments (Note 3 and 14)	3,270,212	866,779	4,136,991	6,048,478	-
Due from component unit (Note 17)	12,750,000	-	12,750,000	-	-
Inventory (Notes 1, 17)	416,874	-	416,874	-	12,970,053
Prepaid items	144,579	10,054	154,633	2,017	-
Security deposit	-	-	-	7,500	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	18,658,508	7,350,565	26,009,073	26,956	-
Due from other governments (Note 3)	-	1,141,005	1,141,005	-	-
Capital assets: (Note 5)					
Nondepreciable	10,085,668	12,910,194	22,995,862	3,408,168	793,946
Depreciable, net	85,048,984	59,014,420	144,063,404	12,691,484	5,228,896
Total assets	200,220,674	113,838,491	314,059,165	36,205,898	20,263,226
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	3,228,805	520,211	3,749,016	7,668,564	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,599,255	240,613	1,839,868	2,127,039	-
Deferred charges on refunding	-	22,040	22,040	-	-
Total deferred outflows of resources	4,828,060	782,864	5,610,924	9,795,603	-
LIABILITIES					
Accounts payable	3,558,825	916,952	4,475,777	3,275,562	690,728
Retainage payable	66,793	287,580	354,373	129,710	-
Accrued liabilities	1,249,476	391,382	1,640,858	2,131,974	-
Due to primary government (Note 17)	-	-	-	-	12,750,000
Unearned revenue (Note 1)	5,506,333	2,562,260	8,068,593	-	-
Amounts held for others	45,771	-	45,771	5,131	-
Deposits payable	7,000	469,119	476,119	-	-
Noncurrent liabilities:					
Due within one year: Bonds, leases, claims compensated absences, landfill closure (Note 6)	6,895,329	1,776,953	8,672,282	380,707	-
Due in more than one year:					
Bonds, leases, claims, compensated absences landfill closure/postclosure (Note 6)	73,684,386	18,854,698	92,539,084	835,345	-
Net pension liability (Notes 7, 8, and 11)	15,839,128	2,344,577	18,183,705	21,954,823	-
Net OPEB liability (Notes 9, 10, and 11)	5,005,926	775,848	5,781,774	5,513,901	-
Total liabilities	111,858,967	28,379,369	140,238,336	34,227,153	13,440,728
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	1,096,614	201,146	1,297,760	2,576,881	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	903,689	141,222	1,044,911	953,924	-
Lease related (Note 18)	369,417	130,153	499,570	-	481,145
Property taxes (Note 13)	6,385,322	-	6,385,322	-	-
Total deferred inflows of resources	8,755,042	472,521	9,227,563	3,530,805	481,145
NET POSITION					
Net investment in capital assets	39,934,250	59,118,729	99,052,979	15,795,601	-
Restricted for:					
Programs	2,982,553	-	2,982,553	844,564	-
Donor purposes	22,753	-	22,753	105,530	-
Unrestricted (deficit)	41,495,169	26,650,736	68,145,905	(8,502,152)	6,341,353
Total net position	\$ 84,434,725	\$ 85,769,465	\$ 170,204,190	\$ 8,243,543	\$ 6,341,353

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 14,506,060	\$ 8,041,594	\$ 492,855	\$ -
Judicial administration	2,963,913	294,312	1,705,838	-
Public safety	18,534,737	440,308	3,106,666	359,929
Public works	8,304,728	-	6,044,990	3,573,885
Health and welfare	6,369,045	-	3,969,899	-
Education	21,315,094	-	375,265	-
Parks, recreation, and culture	4,689,638	879,675	425,901	63,877
Community development	3,526,993	19,475	752,884	66,000
Interest on long-term debt	1,861,434	-	-	-
Total governmental activities	82,071,642	9,675,364	16,874,298	4,063,691
Business-type activities:				
Water	4,426,678	4,819,879	515	3,073,296
Sewer	4,081,189	4,276,142	29	59,857
Storm Water	819,281	779,328	15,742	215,696
Environmental	3,706,802	3,673,901	37,294	-
Parking	582,519	255,341	-	-
Total business-type activities	13,616,469	13,804,591	53,580	3,348,849
Total primary government	\$ 95,688,111	\$ 23,479,955	\$ 16,927,878	\$ 7,412,540
Component Units:				
School Board	\$ 46,404,216	\$ 415,140	\$ 20,772,683	\$ 416,435
Economic Development Authority	956,890	19,690	702,420	-
Total component units	\$ 47,361,106	\$ 434,830	\$ 21,475,103	\$ 416,435

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
- 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		
\$ (5,971,611)		\$ (5,971,611)		
(963,763)		(963,763)		
(14,627,834)		(14,627,834)		
1,314,147		1,314,147		
(2,399,146)		(2,399,146)		
(20,939,829)		(20,939,829)		
(3,320,185)		(3,320,185)		
(2,688,634)		(2,688,634)		
(1,861,434)		(1,861,434)		
(51,458,289)		(51,458,289)		
-	\$ 3,467,012	3,467,012		
-	254,839	254,839		
-	191,485	191,485		
-	4,393	4,393		
-	(327,178)	(327,178)		
-	3,590,551	3,590,551		
(51,458,289)	3,590,551	(47,867,738)		
			\$ (24,799,958)	\$ -
			-	(234,780)
			(24,799,958)	(234,780)
35,156,838	-	35,156,838	-	-
6,023,554	-	6,023,554	-	-
7,938,699	-	7,938,699	-	-
3,080,097	-	3,080,097	-	-
1,157,759	-	1,157,759	-	-
911,682	-	911,682	-	-
1,429,927	-	1,429,927	-	-
2,245,287	1,641,157	3,886,444	446,145	21,517
3,279,774	-	3,279,774	12,557,729	-
358,660	-	358,660	-	-
-	-	-	19,374,512	-
(1,250,000)	1,250,000	-	-	-
60,332,277	2,891,157	63,223,434	32,378,386	21,517
8,873,988	6,481,708	15,355,696	7,578,428	(213,263)
75,560,737	79,287,757	154,848,494	665,115	6,554,616
\$ 84,434,725	\$ 85,769,465	\$ 170,204,190	\$ 8,243,543	\$ 6,341,353

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2024**

	General	Capital Projects Fund Capital Improvements	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 21,483,794	\$ 26,243,491	\$ 5,212,374	\$ 52,939,659
Investments	4,563,978	131,414	-	4,695,392
Receivables (net of allowances for uncollectibles):				
Taxes	6,405,946	-	-	6,405,946
Accounts	1,914,057	-	36,578	1,950,635
Interest	29,679	-	-	29,679
Lease receivable	369,417	-	-	369,417
Due from other governments	2,872,018	239,033	159,161	3,270,212
Due from other funds	18,254	-	-	18,254
Prepaid items	117,733	-	-	117,733
Restricted assets:				
Cash and cash equivalents	7,000	18,651,508	-	18,658,508
Total assets	\$ 37,781,876	\$ 45,265,446	\$ 5,408,113	\$ 88,455,435
Liabilities				
Accounts payable	\$ 2,075,024	\$ 1,353,374	\$ 103,517	\$ 3,531,915
Retainage payable	-	66,793	-	66,793
Accrued liabilities	427,889	-	20,819	448,708
Accrued leave payable	770	-	-	770
Due to other funds	-	-	18,254	18,254
Unearned revenue	20,357	5,485,976	-	5,506,333
Amounts held for others	26,119	-	-	26,119
Deposits payable	7,000	-	-	7,000
Total liabilities	2,557,159	6,906,143	142,590	9,605,892
Deferred Inflows of Resources				
Lease related	369,417	-	-	369,417
Unavailable revenue-other	1,483,746	-	-	1,483,746
Unavailable revenue-property taxes	9,482,358	-	-	9,482,358
Total deferred inflows of resources	11,335,521	-	-	11,335,521
Fund Balances				
Nonspendable	117,733	-	-	117,733
Restricted	3,005,306	-	-	3,005,306
Committed	12,128,058	-	-	12,128,058
Assigned	2,943,527	38,359,303	5,265,523	46,568,353
Unassigned	5,694,572	-	-	5,694,572
Total fund balances	23,889,196	38,359,303	5,265,523	67,514,022
Total liabilities, deferred inflows of resources and fund balances	\$ 37,781,876	\$ 45,265,446	\$ 5,408,113	\$ 88,455,435

CITY OF STAUNTON, VIRGINIA

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

June 30, 2024

Total Fund Balances - Governmental Funds \$ 67,514,022

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	\$ 182,133,019	
Less: accumulated depreciation/amortization	<u>(86,998,367)</u>	
		95,134,652

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)	(6,513,612)
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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.

2,939,279

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	29,680	
Miscellaneous reimbursement	59,703	
Opioid settlement	720,982	
Jail buy in	656,714	
Real estate taxes	<u>3,097,036</u>	
		17,330,782

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

Deferred outflows	\$ 3,228,805	
Deferred inflows	(1,096,614)	
Net pension liability	<u>(15,839,128)</u>	(13,706,937)

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

Deferred outflows	\$ 1,599,255	
Deferred inflows	(903,689)	
Net OPEB liability	<u>(5,005,926)</u>	(4,310,360)

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	\$ (70,495,000)	
Lease obligations	(157,118)	
Subscription obligations	(316,805)	
Accrued interest payable	(800,768)	
Claims payable (net of amount reported as claims payable in internal service fund \$913,000)	(24,326)	
Compensated absences (net of amount reported as accrued liability in funds \$770)	<u>(2,159,084)</u>	<u>(73,953,101)</u>

Total Net Position - Governmental Activities	<u><u>\$ 84,434,725</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, 2024**

	General	Capital Projects	Nonmajor Governmental	Total Governmental
Revenues				
General property taxes	\$ 35,194,157	\$ -	\$ -	\$ 35,194,157
Other local taxes	20,541,718	-	-	20,541,718
Permits, privilege fees, and regulatory licenses	316,806	-	-	316,806
Fines and forfeitures	210,597	-	-	210,597
Revenues from use of money and property	840,992	1,125,346	171,677	2,138,015
Charges for services	2,108,738	-	132,516	2,241,254
Miscellaneous	602,949	-	133,465	736,414
Recovered costs	1,352,423	559,437	-	1,911,860
Intergovernmental:				
Federal	1,243,569	4,687,975	732,594	6,664,138
Commonwealth	14,288,026	139,033	1,168,166	15,595,225
Total revenues	76,699,975	6,511,791	2,338,418	85,550,184
Expenditures				
Current:				
General government administration	6,761,149	122,896	-	6,884,045
Judicial administration	3,128,373	86,012	-	3,214,385
Public safety	16,514,358	990,408	1,553,311	19,058,077
Public works	6,192,640	4,265,765	-	10,458,405
Health and welfare	6,344,801	-	-	6,344,801
Education	15,979,171	3,494,802	-	19,473,973
Parks, recreation, and cultural	4,479,539	215,736	-	4,695,275
Community development	2,740,064	195,986	614,374	3,550,424
Capital projects	-	3,093,442	-	3,093,442
Debt service:				
Principal retirement	186,351	-	3,165,635	3,351,986
Interest and fiscal charges	6,483	-	2,228,760	2,235,243
Total expenditures	62,332,929	12,465,047	7,562,080	82,360,056
Excess (deficiency) of revenues over (under) expenditures	14,367,046	(5,953,256)	(5,223,662)	3,190,128
Other financing sources (uses)				
Issuance of debt	-	16,745,000	-	16,745,000
Premium on issuance of debt	-	2,068,594	-	2,068,594
Issuance of lease	11,091	-	-	11,091
Issuance of subscription	255,830	-	-	255,830
Transfers in	-	9,010,749	5,665,723	14,676,472
Transfers out	(15,882,760)	(43,712)	-	(15,926,472)
Total other financing sources (uses)	(15,615,839)	27,780,631	5,665,723	17,830,515
Net change in fund balance	(1,248,793)	21,827,375	442,061	21,020,643
Fund balance - beginning of year	25,137,989	16,531,928	4,823,462	46,493,379
Fund balance - end of year	<u>\$ 23,889,196</u>	<u>\$ 38,359,303</u>	<u>\$ 5,265,523</u>	<u>\$ 67,514,022</u>

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

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, 2024

Net changes in fund balances - Governmental Funds	\$ 21,020,643
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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/amortization	\$ (4,844,681)	
Capital expenditures	8,106,803	
Contributed Capital-Net from Water	<u>955</u>	3,263,077

In the statement of activities, only the gain or 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.

(7,676)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ (37,319)	
Interest	15,537	
Opioid settlement	314,215	
Other operating revenues	<u>(4,881)</u>	287,552

Payments on loans receivable are revenues in the governmental funds, but decrease long term assets in Jail buy in

(642,765)

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.

Proceeds from the issuance of debt	\$ (16,745,000)	
Premium on debt issuance	(2,068,594)	
GO bond payments	3,135,000	
Proceeds from the issuance of subscription	(255,830)	
Subscription payments	175,077	
Proceeds from the issuance of lease	(11,091)	
Lease payments	<u>41,909</u>	(15,728,529)

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.

36,711

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	\$ 95,271	
OPEB expense	<u>310,463</u>	405,734

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	\$ (872,078)	
Pension expense	<u>1,894,269</u>	1,022,191

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	\$ (104,012)	
Amortization of bond premium	<u>337,098</u>	233,086

The net income of internal service funds is reported within governmental activities on the statement of activities.

(1,016,036)

Change in net position - Governmental Activities

\$ 8,873,988

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2024

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 9,023,904	\$ 4,065,144	\$ 5,410,147	\$ 3,305,837	\$ 176,004	\$ 21,981,036	\$ 3,448,412
Investments	4,189,825	2,639,676	-	1,239,957	-	8,069,458	-
Receivable:							
Accounts (net of allowance for uncollectibles)	768,128	765,995	118,601	646,437	16,254	2,315,415	6,709
Interest	24,380	18,132	-	6,900	-	49,412	-
Lease Receivable	130,153	-	-	-	-	130,153	-
Due from other governmental units	699,897	-	166,882	-	-	866,779	-
Inventory	-	-	-	-	-	-	416,874
Prepaid items	-	-	10,054	-	-	10,054	26,846
Restricted assets:							
Cash and cash equivalents	5,472,944	-	250,000	1,621,464	6,157	7,350,565	-
Due from other governments	-	942,598	-	-	-	942,598	-
Total current assets	20,309,231	8,431,545	5,955,684	6,820,595	198,415	41,715,470	3,898,841
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	198,407	-	-	-	198,407	-
Total restricted assets	-	198,407	-	-	-	198,407	-
Capital assets:							
Nondepreciable	7,422,851	510,476	852,484	3,090,134	1,034,249	12,910,194	-
Depreciable, net	18,209,847	28,595,047	6,205,021	1,562,400	4,442,105	59,014,420	45,742
Total capital assets, net	25,632,698	29,105,523	7,057,505	4,652,534	5,476,354	71,924,614	45,742
Total noncurrent assets	25,632,698	29,303,930	7,057,505	4,652,534	5,476,354	72,123,021	45,742
Total assets	45,941,929	37,735,475	13,013,189	11,473,129	5,674,769	113,838,491	3,944,583
Deferred outflows of resources							
Deferred outflows related to pensions	261,098	14,842	27,136	217,135	-	520,211	-
Deferred outflows related to other postemployment benefits	126,990	7,599	13,604	92,420	-	240,613	-
Deferred charge on refunding	15,505	6,535	-	-	-	22,040	-
Total deferred outflows of resources	403,593	28,976	40,740	309,555	-	782,864	-
Liabilities							
Current liabilities:							
Accounts payable	430,978	209,737	97,076	177,135	2,026	916,952	26,910
Retainage payable	277,303	-	10,277	-	-	287,580	-
Accrued liabilities	317,171	29,848	2,954	23,487	17,922	391,382	-
Compensated absences	115,512	3,768	5,921	72,206	-	197,407	-
Claims and judgements	-	-	-	-	-	-	913,000
Unearned revenue	-	-	1,738,772	823,488	-	2,562,260	-
Held for others	-	-	-	-	-	-	19,652
Deposits payable	212,962	-	250,000	-	6,157	469,119	-
Landfill closure/postclosure-current	-	-	-	57,377	-	57,377	-
Lease payable-current	422	422	-	-	8,653	9,497	-
Bonds payable-current	605,003	777,917	-	-	129,752	1,512,672	-
Total current liabilities	1,959,351	1,021,692	2,105,000	1,153,693	164,510	6,404,246	959,562
Noncurrent liabilities:							
Due in more than one year:							
Bonds, leases, claims, compensated absences	9,966,213	4,307,964	1,110	405	1,534,358	15,810,050	-
Landfill closure/postclosure	-	-	-	3,044,648	-	3,044,648	-
Net pension liability	1,280,833	72,832	133,132	857,780	-	2,344,577	-
Net OPEB liability	397,673	23,753	42,557	311,865	-	775,848	-
Total noncurrent liabilities	11,644,719	4,404,549	176,799	4,214,698	1,534,358	21,975,123	-
Total liabilities	13,604,070	5,426,241	2,281,799	5,368,391	1,698,868	28,379,369	959,562
Deferred Inflows of Resources							
Lease related	130,153	-	-	-	-	130,153	-
Deferred inflows related to pensions	88,669	5,036	9,216	98,225	-	201,146	-
Deferred inflows related to other post employment benefits	71,782	4,290	7,683	57,467	-	141,222	-
Total deferred inflows of resources	290,604	9,326	16,899	155,692	-	472,521	-
Net Position							
Net investment in capital assets	19,703,027	24,005,642	6,953,935	4,652,534	3,803,591	59,118,729	45,742
Unrestricted	12,747,821	8,323,242	3,801,296	1,606,067	172,310	26,650,736	2,939,279
Total net position	\$ 32,450,848	\$ 32,328,884	\$ 10,755,231	\$ 6,258,601	\$ 3,975,901	\$ 85,769,465	\$ 2,985,021

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2024**

Business-Type Activities – Enterprise Funds						Governmental Activities –
Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
\$ -	\$ -	\$ -	\$ -	\$ 19,930	\$ 19,930	\$ -
4,754,958	4,274,615	779,328	3,664,707	235,411	13,709,019	11,588,584
64,921	-	-	1,156	-	66,077	-
515	29	15,742	37,294	-	53,580	-
-	1,527	-	7,072	-	8,599	-
4,820,394	4,276,171	795,070	3,710,229	255,341	13,857,205	11,588,584
1,408,677	538,432	198,411	1,771,852	113,640	4,031,012	-
-	-	-	-	-	-	10,291,465
2,284	1,919	103	106	-	4,412	-
-	-	-	-	-	-	653,528
-	-	-	-	-	-	1,030,012
243,798	55,368	-	39,661	-	338,827	-
205,939	1,752,387	40,465	628,528	9,111	2,636,430	10,744
232,980	27,026	4,653	159,768	3,585	428,012	49,475
956,728	1,402,583	485,106	495,234	307,346	3,646,997	4,633
324,516	6,138	-	2,257	35,703	368,614	-
557,214	214,734	90,543	375,229	58,181	1,295,901	717,461
-	-	-	234,167	-	234,167	-
3,932,136	3,998,587	819,281	3,706,802	527,566	12,984,372	12,757,318
888,258	277,584	(24,211)	3,427	(272,225)	872,833	(1,168,734)
844,006	272,187	238,591	277,930	8,443	1,641,157	152,698
(494,542)	(104,553)	-	-	(54,953)	(654,048)	-
-	-	-	966	-	966	-
-	21,951	-	-	-	21,951	-
349,464	189,585	238,591	278,896	(46,510)	1,010,026	152,698
1,237,722	467,169	214,380	282,323	(318,735)	1,882,859	(1,016,036)
63,320	-	-	-	-	63,320	-
3,009,976	59,857	215,696	-	-	3,285,529	-
-	-	-	1,250,000	-	1,250,000	-
4,311,018	527,026	430,076	1,532,323	(318,735)	6,481,708	(1,016,036)
28,139,830	31,801,858	10,325,155	4,726,278	4,294,636	79,287,757	4,001,057
\$ 32,450,848	\$ 32,328,884	\$ 10,755,231	\$ 6,258,601	\$ 3,975,901	\$ 85,769,465	\$ 2,985,021

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2024**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 4,766,738	\$ 4,240,473	\$ 879,342	\$ 3,631,125	\$ 265,398	\$ 13,783,076	\$ 11,873,773
Cash paid to suppliers	(1,552,662)	(2,259,164)	(142,117)	(1,250,917)	(106,869)	(5,311,729)	(871,022)
Cash paid to employees	(1,492,379)	(498,273)	(192,071)	(1,723,599)	(113,925)	(4,020,247)	-
Claims paid	-	-	-	-	-	-	(10,082,465)
Administrative and stop loss fees	-	-	-	-	-	-	(1,673,844)
Operating grants received	515	29	54	47,785	-	48,383	-
Net cash provided by (used in) operating activities	1,722,212	1,483,065	545,208	704,394	44,604	4,499,483	(753,558)
NONCAPITAL FINANCING ACTIVITIES							
Transfers to/from other funds	-	-	(346,726)	(20,631)	-	(367,357)	-
Net cash used in noncapital financing activities	-	-	(346,726)	(20,631)	-	(367,357)	-
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(4,079,785)	(178,015)	(248,816)	(2,217,804)	-	(6,724,420)	-
Principal paid on long-term debt	(539,707)	(564,923)	-	-	(110,000)	(1,214,630)	-
Interest paid on long-term debt	(405,552)	(103,048)	-	-	(67,657)	(576,257)	-
Principal paid on lease liabilities	(417)	(416)	-	-	(6,291)	(7,124)	-
Interest paid on lease liabilities	(14)	(14)	-	-	(1,958)	(1,986)	-
Income received on leases	64,921	-	-	-	-	64,921	-
Interest received on leases	6,448	-	-	-	-	6,448	-
Proceeds from capital grants	2,606,803	291,903	-	-	-	2,898,706	-
Transfer from general fund for capital projects	-	-	-	1,250,000	-	1,250,000	-
Proceeds from sale of capital assets	-	-	-	23,700	-	23,700	-
Net cash used by capital and related financing activities	(2,347,303)	(554,513)	(248,816)	(944,104)	(185,906)	(4,280,642)	-
INVESTING ACTIVITIES							
Interest received	669,202	147,460	238,591	216,322	8,443	1,280,018	152,698
Net cash provided by investing activities	669,202	147,460	238,591	216,322	8,443	1,280,018	152,698
Net increase (decrease) in cash and cash equivalents	44,111	1,076,012	188,257	(44,019)	(132,859)	1,131,502	(600,860)
CASH AND CASH EQUIVALENTS							
Beginning of year	15,077,486	2,989,132	5,471,890	4,971,320	315,020	28,824,848	4,049,272
End of year	\$ 15,121,597	\$ 4,065,144	\$ 5,660,147	\$ 4,927,301	\$ 182,161	\$ 29,956,350	\$ 3,448,412
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 9,023,904	\$ 4,065,144	\$ 5,410,147	\$ 3,305,837	\$ 176,004	\$ 21,981,036	\$ 3,448,412
Investments - SNAP interest	624,749	-	-	-	-	624,749	-
Restricted cash and cash equivalents	5,472,944	-	250,000	1,621,464	6,157	7,350,565	-
Total	\$ 15,121,597	\$ 4,065,144	\$ 5,660,147	\$ 4,927,301	\$ 182,161	\$ 29,956,350	\$ 3,448,412

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, 2024**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ 888,258	\$ 277,584	\$ (24,211)	\$ 3,427	\$ (272,225)	\$ 872,833	\$ (1,168,734)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation/amortization	956,728	1,402,583	485,106	495,234	307,346	3,646,997	4,633
Inflows from leases	(64,921)	-	-	-	-	(64,921)	-
Pension and OPEB expense net of employer contributions	(65,771)	36,210	1,761	45,739	-	17,939	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	9,347	(35,669)	32,514	(5,281)	8,763	9,674	265,537
(Increase) decrease in prepaid items	-	-	(10,054)	3,728	-	(6,326)	(4,388)
(Increase) decrease in inventory	-	-	-	-	-	-	(91,031)
Increase (decrease) in amounts held for others	-	-	-	-	-	-	19,652
Increase (decrease) in accounts payable	14,069	(201,592)	3,701	6,252	(289)	(177,859)	11,773
Increase (decrease) in accrued liabilities	3,487	1,169	86	3,385	(285)	7,842	-
Increase (decrease) in unearned revenue	-	-	(15,688)	(24,009)	-	(39,697)	-
Increase (decrease) in deposits payable	2,433	-	67,500	-	1,294	71,227	-
Increase (decrease) in compensated absences	(21,418)	2,780	4,493	(871)	-	(15,016)	-
Increase (decrease) in claims payable	-	-	-	-	-	-	209,000
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	176,790	-	176,790	-
Net cash provided by (used in) operating activities	<u>\$ 1,722,212</u>	<u>\$ 1,483,065</u>	<u>\$ 545,208</u>	<u>\$ 704,394</u>	<u>\$ 44,604</u>	<u>\$ 4,499,483</u>	<u>\$ (753,558)</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from developers	\$ 63,320	\$ -	\$ -	\$ -	\$ -	\$ 63,320	\$ -
Contributions of capital assets from grants	3,009,976	59,857	215,696	-	-	3,285,529	-
Capital assets purchased on account	361,072	20,113	93,293	-	-	474,478	-
Total noncash activities	<u>\$ 3,434,368</u>	<u>\$ 79,970</u>	<u>\$ 308,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,823,327</u>	<u>\$ -</u>

CITY OF STAUNTON, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	OPEB Trust Fund	Custodial Fund VASAP
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 19,964
Assets held in trust, Investment in pooled funds, at fair value	5,420,505	-
	<u> </u>	<u> </u>
Total assets	\$ 5,420,505	\$ 19,964
	<u> </u>	<u> </u>
NET POSITION		
Restricted for:		
Other post-employment benefits	\$ 5,420,505	\$ -
Other agencies	-	19,964
	<u> </u>	<u> </u>
Total net position	<u>\$ 5,420,505</u>	<u>\$ 19,964</u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2024

	OPEB Trust Fund	Custodial Fund VASAP
ADDITIONS		
Contributions:		
Employer	\$ 1,296,892	\$ -
Plan members	103,765	-
Fees	-	54,437
Total contributions	1,400,657	54,437
Investment income (loss)		
Interest income	-	1,590
Net increase in fair value of investments	469,788	-
Investment expenses	(5,394)	-
Net investment income	464,394	1,590
Total additions	1,865,051	56,027
DEDUCTIONS		
Benefit payments	1,289,665	-
Administrative expenses	110,992	-
VASAP expenses	-	118,616
Total deductions	1,400,657	118,616
Change in net position	464,394	(62,589)
Total net position - beginning of year	4,956,111	82,553
Total net position - end of year	\$ 5,420,505	\$ 19,964

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 25,750. 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, 2024

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 \$3,286,318 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, 2024

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, 2024

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, 2024

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)	\$ 1,172,019
General Fund (other local taxes)	4,268
Water Fund (charges for services)	54,022
Sewer Fund (charges for services)	49,983
Stormwater Fund (charges for services)	22,991
Parking Fund (charges for services)	1,675
Environmental Fund (charges for services)	50,838
	\$ 1,355,796

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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.

ASSETS	Estimated Useful Life
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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024 for the general fund is \$12,128,058. 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, 2024

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 (SNAP), and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP) and the Virginia Investment Pool (VIP).

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

LGIP, SNAP and VIP are pooled investment funds and are not registered with the SEC.

LGIP and SNAP are sponsored by the Va. State Treasury Board. The Treasury Board of the Commonwealth has delegated certain functions of the LGIP to the State Treasurer. SNAP is managed by the Program investment manager. The carrying value of the position in LGIP and SNAP is the same as the value of the pool shares (i.e., the both funds maintain a stable net asset value of \$1 per share) in accordance with GASB 79.

The VIP Stable NAV Liquidity Pool is not required and chooses not to meet all the specific criteria outlined in GASB 79 Paragraph 4; therefore, investments in the pool are reported at fair value as provided in Paragraph 11 of GASB Statement 31, as amended. The VIP Stable NAV Liquidity Pool reports the fair value of investments, which approximates amortized costs, to its participants. Interpretation of GASB 31, as amended by GASB 79, means that the pool should measure all of the investments at fair value. Therefore, the City’s is considered the fair value of the investment in the pool.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 19,012,216	Not Rated
Federal Agency Bonds and Notes	5,165,841	AA+
US Treasury Bills/Notes	6,337,429	Not Rated
Va SNAP	24,667,653	AAAm
VIP	47,166,259	AAAm
LGIP	<u>792,896</u>	AAAm
Total primary government	<u>103,142,294</u>	
<u>Component Unit School Board</u>		
LGIP	<u>408,750</u>	AAAm
Total Component Unit School Board	<u>408,750</u>	
Grand total	<u><u>\$ 103,551,044</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 no investments at June 30 that exceeded 5 percent of the total investment balance.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 19,012,216	N/A
Federal Agency Bonds and Notes	5,165,841	.01
US Treasury Bills/Notes	6,337,429	.02
Va SNAP	24,667,653	N/A
VIP	47,166,259	.06
LGIP	1,201,646	N/A
	\$ 103,551,044	

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

	Primary Government	Component Units	
		School Board	EDA
Deposits and investments:			
Cash on hand	\$ 20,559	\$ -	\$ -
Deposits	13,980,177	13,630,625	115,625
Investments	103,142,294	408,750	-
	\$ 117,143,030	\$ 14,039,375	\$ 115,625
Statement of net position:			
Cash and cash equivalents	\$ 78,369,107	\$ 13,603,669	\$ 115,625
Investments	12,764,850	408,750	-
Restricted-cash and cash equivalents	26,009,073	26,956	-
	\$ 117,143,030	\$ 14,039,375	\$ 115,625

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, 2024:

	Level 2
Debt securities	
U.S. Agency securities	\$ 11,503,270

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, 2024

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	\$ 2,613,498	\$ 866,779	\$ 6,048,478
Virginia revolving loans	-	1,141,005	-
Regional jail buy-in	656,714	-	-
	<u>\$ 3,270,212</u>	<u>\$ 2,007,784</u>	<u>\$ 6,048,478</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	\$ 182,115	\$ 18,856
Amount receivable within 2 to 5 years	958,890	45,965
	<u>\$ 1,141,005</u>	<u>\$ 64,821</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	<u>\$ 656,714</u>	<u>\$ 14,250</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 4. Interfund Transfers and Obligations

Primary Government:

Transfers Out	Transfers In			
	Capital Projects Fund	Nonmajor Governmental Funds	Major Business-Type Funds	Total
General Fund	\$ 9,010,749	\$ 5,622,011	\$ 1,250,000	\$ 15,882,760
Capital Projects Fund	-	43,712	-	43,712
	<u>\$ 9,010,749</u>	<u>\$ 5,665,723</u>	<u>\$ 1,250,000</u>	<u>\$ 15,926,472</u>

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 business-type funds were to support capital related expenses.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education fund	\$ -	\$ 560,227	\$ 560,227
Nonmajor governmental funds	83,163	-	83,163
Total	<u>\$ 83,163</u>	<u>\$ 560,227</u>	<u>\$ 643,390</u>

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

Interfund Advances:

The General Fund has a receivable in the amount of \$18,254 from the state and federal grants 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.

In the School Board Component Unit, the Education Fund has a receivable in the amount of \$637,861 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, 2024

Note 5. Capital Assets

Primary Government:

Capital asset activity for the primary government is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land (including easements)	\$ 4,762,181	\$ 1,956,574	\$ -	\$ 6,718,755
Construction in progress	271,464	3,119,889	24,440	3,366,913
Total capital assets, not being depreciated	5,033,645	5,076,463	24,440	10,085,668
Capital assets, being depreciated:				
Buildings	13,478,999	776,500	-	14,255,499
Lease assets-buildings	232,082	-	-	232,082
Improvements	5,383,319	417,804	-	5,801,123
School assets**	66,882,456	-	-	66,882,456
Equipment	18,999,107	1,597,823	1,332,749	19,264,181
Lease assets-equipment	51,160	11,091	4,945	57,306
Subscription assets	421,182	260,607	56,560	625,229
Infrastructure	64,562,110	387,105	19,740	64,929,475
Total capital assets, being depreciated	170,010,415	3,450,930	1,413,994	172,047,351
Less accumulated depreciation/amortization:				
Buildings	8,246,605	306,198	-	8,552,803
Lease assets-buildings	79,206	39,603	-	118,809
Improvements	3,302,472	189,073	-	3,491,545
School assets**	11,568,742	1,890,534	-	13,459,276
Equipment	13,689,954	1,221,267	1,035,274	13,875,947
Lease assets-equipment	19,397	11,262	4,945	25,714
Subscription assets	157,967	193,235	56,560	294,642
Infrastructure	46,095,833	1,095,313	11,515	47,179,631
Total accumulated depreciation/amortization	83,160,176	4,946,485	1,108,294	86,998,367
Total capital assets, being depreciated, net	86,850,239	(1,495,555)	305,700	85,048,984
Total capital assets, net	\$ 91,883,884	\$ 3,580,908	\$ 330,140	\$ 95,134,652

Additions to accumulated depreciation and amortization 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 \$19,473 and from the reclassification of assets between types in the amount of \$77,698.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 5. Capital Assets (Continued)

Primary Government: (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land (including easements)	\$ 2,152,579	\$ 64,000	\$ -	\$ 2,216,579
Construction in progress	3,743,575	6,963,722	13,682	10,693,615
Total capital assets, not being depreciated	5,896,154	7,027,722	13,682	12,910,194
Capital assets, being depreciated:				
Landfill	3,463,259	-	33,124	3,430,135
Buildings	42,345,567	-	-	42,345,567
Improvements	5,323,855	-	-	5,323,855
Lease assets-improvements	92,796	-	-	92,796
Equipment	15,281,096	356,963	410,157	15,227,902
Lease assets-equipment	3,946	-	-	3,946
Utility lines	66,977,768	63,321	-	67,041,089
Total capital assets, being depreciated	133,488,287	420,284	443,281	133,465,290
Less accumulated depreciation/amortization				
Landfill	2,816,718	212,409	33,124	2,996,003
Buildings	19,426,695	881,850	-	20,308,545
Improvements	2,178,841	211,189	-	2,390,030
Lease assets-improvements	18,560	6,959	-	25,519
Equipment	11,206,037	740,221	387,424	11,558,834
Lease assets-equipment	1,661	1,661	-	3,322
Utility lines	35,557,391	1,611,226	-	37,168,617
Total accumulated depreciation/amortization	71,205,903	3,665,515	420,548	74,450,870
Total capital assets, being depreciated, net	62,282,384	(3,201,772)	66,192	59,014,420
Total capital assets, net	\$ 68,178,538	\$ 3,825,950	\$ 79,874	\$ 71,924,614

Additions to accumulated depreciation and amortization 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 \$18,518.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 5. Capital Assets (Continued)

Component Unit – School Board

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

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit – School Board:				
Capital assets, not being depreciated:				
Land	\$ 236,000	\$ -	\$ -	\$ 236,000
Construction in progress	289,362	2,979,434	96,628	3,172,168
Total capital assets, not being depreciated	525,362	2,979,434	96,628	3,408,168
Capital assets, being depreciated:				
Buildings	81,461,008	81,634	-	81,542,642
Lease assets-building	174,726	-	-	174,726
Improvements	3,749,017	44,070	-	3,793,087
School assets allocated to the City**	(66,882,456)	-	-	(66,882,456)
Subscription assets	87,363	58,098	13,241	132,220
Lease assets-equipment	137,031	253,873	112,473	278,431
Equipment	13,048,310	1,015,064	186,857	13,876,517
Total capital assets, being depreciated	31,774,999	1,452,739	312,571	32,915,167
Less accumulated depreciation/amortization				
Buildings	22,507,118	1,911,645	-	24,418,763
Lease assets-buildings	65,522	87,363	-	152,885
Improvements	815,738	124,145	-	939,883
School assets allocated to the City**	(11,568,742)	(1,890,534)	-	(13,459,276)
Subscription assets	37,627	43,752	13,241	68,138
Lease assets-equipment	107,474	66,452	112,473	61,453
Equipment	7,334,094	887,759	180,016	8,041,837
Total accumulated depreciation/amortization	19,298,831	1,230,582	305,730	20,223,683
Total capital assets, being depreciated, net	12,476,168	222,157	6,841	12,691,484
Total capital assets, net	<u>\$ 13,001,530</u>	<u>\$ 3,201,591</u>	<u>\$ 103,469</u>	<u>\$ 16,099,652</u>

**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, 2024

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 being depreciated:				
Land	\$ 793,946	\$ -	\$ -	\$ 793,946
Total capital assets, not being depreciated	<u>793,946</u>	<u>-</u>	<u>-</u>	<u>793,946</u>
Capital assets, being 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, being depreciated	<u>10,296,471</u>	<u>-</u>	<u>-</u>	<u>10,296,471</u>
Less accumulated depreciation/amortization				
Buildings	2,992,592	164,746	-	3,157,338
Equipment	<u>1,845,763</u>	<u>64,474</u>	<u>-</u>	<u>1,910,237</u>
Total accumulated depreciation/amortization	<u>4,838,355</u>	<u>229,220</u>	<u>-</u>	<u>5,067,575</u>
Total capital assets, being depreciated, net	<u>5,458,116</u>	<u>(229,220)</u>	<u>-</u>	<u>5,228,896</u>
Total capital assets, net	<u>\$ 6,252,062</u>	<u>\$ (229,220)</u>	<u>\$ -</u>	<u>\$ 6,022,842</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 263,796
Judicial administration	52,806
Public safety	679,360
Public works	1,604,768
Health and welfare	18,119
Education	1,890,534
Parks, recreation, and culture	306,719
Community development	28,579
Total depreciation/amortization-governmental funds	<u>4,844,681</u>
Internal service fund*	4,633
Total depreciation/amortization expense – governmental activities	<u><u>\$ 4,849,314</u></u>

Business-type activities:

Water	\$ 956,728
Sewer	1,402,583
Storm water	485,106
Environmental	495,234
Parking	<u>307,346</u>
Total depreciation/amortization expense – business-type	<u><u>\$ 3,646,997</u></u>

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

Instruction	\$ 760,928
Pupil transportation	148,342
School food service	117,388
Operation and maintenance	<u>203,924</u>
Total depreciation/amortization expense – School Board	<u><u>\$ 1,230,582</u></u>

Depreciation/amortization 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, 2024

Note 6. Long-Term Liabilities

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

Primary Government:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
General Obligation bonds	\$ 41,460,000	\$ -	\$ 850,000	\$ 40,610,000	\$ 890,000
Virginia revolving loan	15,425,000	16,745,000	2,285,000	29,885,000	3,175,000
Premium	4,782,116	2,068,594	337,098	6,513,612	475,003
Leases	187,936	11,091	41,909	157,118	54,245
Subscriptions	236,052	255,830	175,077	316,805	172,386
Compensated absences	2,070,226	1,526,530	1,436,902	2,159,854	1,214,628
Claims payable	729,392	10,501,961	10,294,027	937,326	914,067
Total long-term liabilities	<u>\$ 64,890,722</u>	<u>\$ 31,109,005</u>	<u>\$ 15,420,012</u>	<u>\$ 80,579,715</u>	<u>\$ 6,895,329</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	\$ 18,096,274	\$ -	\$ 1,393,650	\$ 16,702,624	\$ 1,435,741
Premium	628,422	-	76,930	551,492	76,931
Leases	78,856	-	7,124	71,732	9,497
Compensated absences	218,794	182,668	197,684	203,778	197,407
Landfill closure/post closure liability	2,925,235	234,167	57,377	3,102,025	57,377
Total long-term liabilities	<u>\$ 21,947,581</u>	<u>\$ 416,835</u>	<u>\$ 1,732,765</u>	<u>\$ 20,631,651</u>	<u>\$ 1,776,953</u>

Component Unit – School Board

Other liabilities:					
Compensated absences	\$ 926,604	\$ 580,694	\$ 595,297	\$ 912,001	\$ 258,013
Subscriptions	47,084	58,097	43,081	62,100	33,713
Leases	140,330	253,873	152,252	241,951	88,981
Total long-term liabilities	<u>\$ 1,114,018</u>	<u>\$ 892,664</u>	<u>\$ 790,630</u>	<u>\$ 1,216,052</u>	<u>\$ 380,707</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 40,610,000	\$ -
					<u>\$ 40,610,000</u>	<u>\$ -</u>
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase IIIA improvements	1.721%	01/2008	03/2030	9,309,033	\$ -	\$ 3,345,844
Middle River Wastewater Phase IIIB improvements	1.721%	09/2008	03/2030	2,066,747	-	743,781
2022 VRA Bonds-Water projects	3.54%	10/2023	10/2042	8,500,000	-	8,203,000
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	2,954,999
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	05/2018	10/2033	1,955,000	-	1,455,000
2024 VRA Bonds-JDR Courthouse	5.125%	5/2024	10/2038	16,745,000	16,745,000	-
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	13,140,000	-
					<u>\$ 29,885,000</u>	<u>\$ 16,702,624</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>	
2025	\$ 890,000	\$ 1,462,789	\$ 3,175,000	\$ 1,403,023	
2026	940,000	1,416,581	2,950,000	1,279,444	
2027	985,000	1,367,975	3,080,000	1,124,925	
2028	1,035,000	1,316,970	3,220,000	963,488	
2029	1,090,000	1,263,314	2,150,000	825,881	
2030-2034	6,325,000	5,443,669	8,265,000	2,849,066	
2035-2039	7,605,000	4,168,800	7,045,000	939,284	
2040-2044	8,920,000	2,847,158	-	-	
2045-2049	10,505,000	1,271,407	-	-	
2050-2054	2,315,000	38,198	-	-	
	<u>\$ 40,610,000</u>	<u>\$ 20,596,861</u>	<u>\$ 29,885,000</u>	<u>\$ 9,385,111</u>	

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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,				
2025	\$ 54,245	\$ 2,427	\$ 172,386	\$ 9,678
2026	53,455	1,438	109,099	4,389
2027	43,105	497	25,412	963
2028	4,137	28	9,908	251
2029	2,176	-	-	-
	<u>\$ 157,118</u>	<u>\$ 4,390</u>	<u>\$ 316,805</u>	<u>\$ 15,281</u>
Business-Type Activities				
	Virginia Revolving Loan		Leases	
	Principal	Interest	Principal	Interest
2025	\$ 1,435,741	\$ 552,581	\$ 9,497	\$ 2,363
2026	1,483,023	505,217	9,606	2,040
2027	1,536,499	455,842	9,287	1,714
2028	1,584,174	404,449	9,621	1,379
2029	1,634,052	351,775	9,967	1,033
2030-2034	4,458,135	1,120,875	23,754	994
2035-2039	2,359,000	606,207	-	-
2040-2044	2,212,000	160,077	-	-
	<u>\$ 16,702,624</u>	<u>\$ 4,157,023</u>	<u>\$ 71,732</u>	<u>\$ 9,523</u>
Component Unit -School Board				
Year Ending	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
June 30,				
2025	\$ 88,981	\$ 6,706	\$ 33,713	\$ 2,230
2026	68,945	4,242	28,387	716
2027	70,116	1,818	-	-
2028	13,909	84	-	-
	<u>\$ 241,951</u>	<u>\$ 12,850</u>	<u>\$ 62,100</u>	<u>\$ 2,946</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2022 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	328
Inactive members:	
Vested inactive members	62
Non-vested inactive members	101
Inactive members active elsewhere in VRS	145
Total inactive members	308
Active members	288
Total covered employees	924

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 7. Defined Benefit Pension Plan (Continued)

	School Non-Professional
Inactive members or their beneficiaries currently receiving benefits	49
Inactive members:	
Vested inactive members	11
Non-vested inactive members	43
Inactive members active elsewhere in VRS	18
Total inactive members	72
Active members	46
Total covered employees	167

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 City's and School Division's contractually required contribution rate for the year ended June 30, 2024 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 City were \$3,262,793 and \$2,918,911 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the pension plan from the School Division were \$138,827 and \$127,219 for the years ended June 30, 2024 and June 30, 2023, 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 the City and School Division non-professional employees, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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

Inflation	2.50%
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*

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience; 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, 2024

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	6.14 %	2.09 %
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00 %		5.75 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		8.25 %

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.14%, including expected inflation of 2.5%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

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 Fiscal Year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2022	\$ 94,710,197	\$ 77,023,408	\$ 17,686,789
Changes for the year:			
Service cost	1,939,421	-	1,939,421
Interest	6,342,402	-	6,342,402
Differences between expected and actual experience	692,356	-	692,356
Changes in assumptions	-	-	-
Contributions – employer	-	2,823,081	(2,823,081)
Contributions – employee	-	798,035	(798,035)
Net investment income	-	4,924,616	(4,924,616)
Benefit payments, including refunds of employee contributions	(5,376,220)	(5,376,220)	-
Administrative expenses	-	(49,428)	49,428
Other changes	-	1,984	(1,984)
Net changes	3,597,959	3,122,068	475,891
Balances at June 30, 2023	\$ 98,308,156	\$ 80,145,476	\$ 18,162,680

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2022	\$ 4,987,817	\$ 4,753,182	\$ 234,635
Changes for the year:			
Service cost	126,244	-	126,244
Interest	333,281	-	333,281
Differences between expected and actual experience	158,975	-	158,975
Change in assumptions	-	-	-
Contributions – employer	-	111,350	(111,350)
Contributions – employee	-	68,673	(68,673)
Net investment income	-	301,130	(301,130)
Benefit payments, including refunds of employee contributions	(353,142)	(353,142)	-
Administrative expenses	-	(3,069)	3,069
Other changes	-	121	(121)
Net changes	265,358	125,063	140,295
Balances at June 30, 2023	\$ 5,253,175	\$ 4,878,245	\$ 374,930

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	\$ 30,625,563	\$ 18,162,680	\$ 8,041,001
School nonprofessional employees net pension liability (asset)	\$ 924,288	\$ 374,930	\$ (100,596)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2024, the City recognized pension expense of \$2,172,078. At June 30, 2024, 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	\$ 439,671	\$ 25,773
Net difference between projected and actual earnings on pension plan investments	-	1,231,704
Employer contributions subsequent to the measurement date	<u>3,262,793</u>	<u>-</u>
Total	<u>\$ 3,702,464</u>	<u>\$ 1,257,477</u>

For the year ended June 30, 2024, the school division recognized pension expense of \$125,839 for nonprofessional employees. At June 30, 2024, 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	\$ 78,088	\$ -
Net difference between projected and actual earnings on pension plan investments	-	80,053
Employer contributions subsequent to the measurement date	<u>138,827</u>	<u>-</u>
Total	<u>\$ 216,915</u>	<u>\$ 80,053</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$3,262,793 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, 2025. 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 Ending June 30,	Effect on Pension Expense
2025	\$ (659,650)
2026	(1,310,518)
2027	1,109,638
2028	42,724
2029	-

The \$138,827 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, 2025. 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 Ending June 30,	Effect on to Pension Expense
2025	\$ 22,108
2026	(95,620)
2027	68,795
2028	2,752
2029	-

Pension Plan Data

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

Payables to the Pension Plan-City

At June 30, 2024, approximately \$268,057 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2024, approximately \$7,880 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 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, 2024 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 \$3,818,076 and \$3,504,027 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Division’s proportionate share is reflected in grants and contributions not restricted to a specific program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2024, the School Division reported a liability of \$21,579,893 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .21351% as compared to .21072% at June 30, 2022.

For the year ended June 30, 2024, the School Division recognized pension expense of \$2,186,278. 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, 2024, 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	\$ 1,853,731	\$ 842,140
Difference between projected and actual investment earnings	-	1,403,128
Changes in assumptions	978,292	-
Changes in proportionate share	801,550	251,560
Employer contributions subsequent to the measurement date	3,818,076	-
Total	<u>\$ 7,451,649</u>	<u>\$ 2,496,828</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 \$3,818,076 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, 2025. 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 Ending June 30,	Effect on to Pension Expense
2025	\$ (279,811)
2026	(1,031,445)
2027	1,980,963
2028	467,038
2029	-

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, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 57,574,609
Plan fiduciary net position	<u>47,467,405</u>
Employers' net pension liability	<u><u>\$ 10,107,204</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.45

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, 2024

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	\$ 38,253,453	\$ 21,579,893	\$ 7,872,854

Pension Plan Fiduciary Net Position

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

Payables to the Teacher Cost Sharing Pension Plan

At June 30, 2024, approximately \$92,484 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 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, 2024

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, 2024 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	41
Active members	281
Total covered employees	322

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	10
Active members	386
Total covered employees	396

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 2024, the City paid an average of 85% 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 \$655,000 to the City's healthcare plan for health insurance and contributed \$0 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 \$576,000 for fiscal year 2024 by \$79,000. 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 2024, the School Board paid approximately 76% of the existing rate for subscriber only coverage and the retiree paid the remaining 24% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2024, the School Board contributed \$711,000 to the School Board's healthcare plan for health insurance and contributed \$0 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 \$246,000 for fiscal year 2024 by \$465,000. 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 \$4,866,000 and \$1,705,000, respectively, were measured as of July 1, 2023 and was determined by an actuarial valuation performed as of July 1, 2023.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	6.5% for fiscal year 2024, then decreasing .25% per year to an ultimate rate of 4.5%
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, 2024

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, 2022	\$ 7,063,000	\$ 2,456,000	\$ 4,607,000
Changes for the year:			
Service cost	136,000	-	136,000
Interest	512,000	-	512,000
Difference between expected and actual			
Experience	466,000	-	466,000
Assumption changes	109,000	-	109,000
Contributions – employer	-	719,000	(719,000)
Contributions – employee	-	61,000	(61,000)
Net investment income	-	187,000	(187,000)
Benefit payments	(749,000)	(749,000)	-
Administrative expense	-	(3,000)	3,000
Net changes	474,000	215,000	259,000
Balances at June 30, 2023	<u>\$ 7,537,000</u>	<u>\$ 2,671,000</u>	<u>\$ 4,866,000</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, 2022	\$ 3,606,000	\$ 2,103,000	\$ 1,503,000
Changes for the year:			
Service cost	100,000	-	100,000
Interest	265,000	-	265,000
Difference between expected and actual			
Experience	291,000	-	291,000
Assumption changes	73,000	-	73,000
Contributions – employer	-	333,000	(333,000)
Contributions – employee	-	36,000	(36,000)
Net investment income	-	160,000	(160,000)
Benefit payments	(345,000)	(345,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	384,000	182,000	202,000
Balances at June 30, 2023	<u>\$ 3,990,000</u>	<u>\$ 2,285,000</u>	<u>\$ 1,705,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 5,512,000	\$ 4,866,000	\$ 4,292,000
School Board net OPEB liability	\$ 2,032,000	\$ 1,705,000	\$ 1,408,000

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 6.5%, 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 (5.5%) or one percentage point higher (7.5%) than the current rate:

	1.00% Decrease (5.5%)	Current Healthcare Cost Trend Rates Rate (6.5%)	1.00% Increase (7.5%)
City's net OPEB liability	\$ 4,226,000	\$ 4,866,000	\$ 5,606,000
School Board net OPEB liability	\$ 1,358,000	\$ 1,705,000	\$ 2,101,000

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$317,000. At June 30, 2024, 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	\$ 517,000	\$ 489,000
Change in assumptions	314,000	397,000
Net difference between projected and actual earnings on OPEB plan investments	127,000	-
Employer contributions subsequent to the measurement date	655,000	-
Total	\$ 1,613,000	\$ 886,000

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 \$655,000 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, 2025. 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 Ending June 30,	Effect on OPEB Expense
2025	\$ (149,000)
2026	(90,000)
2027	112,000
2028	49,000
2029	73,000
Thereafter	77,000

For the year ended June 30, 2024, the School Board recognized OPEB expense of \$121,000. At June 30, 2024, 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	\$ 344,000	\$ 405,000
Change in assumptions	208,000	168,000
Net difference between projected and actual earnings on OPEB plan investments	97,000	-
Employer contributions subsequent to the measurement date	711,000	-
Total	<u>\$ 1,360,000</u>	<u>\$ 573,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 \$711,000 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, 2025. 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 Ending June 30,	Effect on OPEB Expense
2025	\$ (97,000)
2026	(65,000)
2027	68,000
2028	38,000
2029	74,000
Thereafter	58,000

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, 2024

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 defined benefit plan. The School division non-professional employees are covered in this plan, but the political subdivision employees are not.

As of the June 30, 2023 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	28
Inactive members:	
Vested inactive members	2
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>18</u>
Total inactive members	20
Active members	<u>46</u>
Total covered employees	<u><u>94</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2021. 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, 2024 Contribution	\$102,381
June 30, 2023 Contribution	\$ 92,030

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, 2024 Contribution	\$133,371
June 30, 2023 Contribution	\$122,338

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session. Our proportionate share is reflected in Note 10 of the financial statements.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2024 Contribution	\$277,971
June 30, 2023 Contribution	\$255,107

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. Our proportionate share is reflected in note 10 of the financial statements.

General Employee Health Insurance Credit Program-School Division

Governed by:	<i>Code of Virginia 51.1-1400 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	.71% of covered employee compensation.
June 30, 2024 Contribution	\$12,050
June 30, 2023 Contribution	\$11,042

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2024 proportionate share of liability	\$867,703
June 30, 2023 proportion	.07235%
June 30, 2022 proportion	.07310%
June 30, 2024 expense	\$38,594

Group Life Insurance Program-School Division Professional employees

June 30, 2024 proportionate share of liability	\$1,074,225
June 30, 2023 proportion	.08957%
June 30, 2022 proportion	.09005%
June 30, 2024 expense	\$39,405

Group Life Insurance Program-School Division Non-professional employees

June 30, 2024 proportionate share of liability	\$79,155
June 30, 2023 proportion	.00660%
June 30, 2022 proportion	.00645%
June 30, 2024 expense	\$5,156

Teacher Health Insurance Credit Program

June 30, 2024 proportionate share of liability	\$2,561,421
June 30, 2023 proportion	.21144%
June 30, 2022 proportion	.21002%
June 30, 2024 expense	\$183,854

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2022	\$ 117,972	\$ 23,261	\$ 94,711
Changes for the year:			
Service cost	1,527	-	1,527
Interest	7,717	-	7,717
Differences between expected and actual experience	2,560	-	2,560
Contributions – employer	-	11,042	(11,042)
Net investment income	-	1,139	(1,139)
Benefit payments, including refunds of employee contribution	(10,335)	(10,335)	-
Administrative expenses	-	(20)	20
Other changes	-	254	(254)
Net changes	1,469	2,080	(611)
Balances at June 30, 2023	\$ 119,441	\$ 25,341	\$ 94,100

The School Division recognized OPEB expense of \$13,522 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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

At June 30, 2024, 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	\$ 86,662	\$ 26,339
Change in assumptions	18,548	60,118
Net difference between projected and actual earnings on OPEB plan investments	-	34,869
Changes in proportion	11,148	27,741
Employer contributions subsequent to the measurement date	102,381	-
Total	<u>\$ 218,739</u>	<u>\$ 149,067</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,195	\$ 35,011
Change in assumptions	24,654	79,911
Net difference between projected and actual earnings on OPEB plan investments	-	46,349
Changes in proportion	40,289	29,421
Employer contributions subsequent to the measurement date	133,371	-
Total	<u>\$ 313,509</u>	<u>\$ 190,692</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ -	\$ 112,741
Change in assumptions	59,626	2,581
Net difference between projected and actual earnings on OPEB plan investments	1,285	-
Changes in proportion	87,193	73,397
Employer contributions subsequent to the measurement date	277,971	-
Total	<u>\$ 426,075</u>	<u>\$ 188,719</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,999	\$ 1,513
Change in assumptions	7,313	-
Net difference between projected and actual earnings on OPEB plan investments	93	-
Employer contributions subsequent to the measurement date	12,050	-
Total	<u>\$ 27,455</u>	<u>\$ 1,513</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 Ending June 30,	Effect on OPEB Expense
2025	\$ (7,409)
2026	(41,366)
2027	7,854
2028	1,208
2029	7,004
Thereafter	-

Group Life Insurance Program-School Division

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (11,566)
2026	(45,780)
2027	24,856
2028	11,239
2029	10,697
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (23,159)
2026	(16,250)
2027	(1,097)
2028	(2,624)
2029	3,077
Thereafter	(562)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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

General Employee Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ 5,457
2026	4,349
2027	3,995
2028	91

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

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, 2024

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, 2023, 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	\$ 3,907,052	\$ 1,475,471
Plan fiduciary net position	\$ 2,707,739	\$ 264,054
Employers' net OPEB liability (asset)	\$ 1,199,313	\$ 1,211,417
Plan fiduciary net position as a percentage of total OPEB liability	69.3%	17.9%

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, 2024

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

Long-Term Expected Rate of Return

Group Life Insurance, Health Insurance Credit Programs, and Virginia Local Disability 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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	6.14 %	2.09 %
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00 %		5.75 %
Inflation		2.50 %	
*Expected arithmetic nominal return		8.25 %	

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2023, 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 which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 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 eligible 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	\$ 1,286,207	\$ 867,703	\$ 529,340
GLI Net OPEB liability-School Division Nonprofessional	\$ 117,332	\$ 79,155	\$ 48,288
GLI Net OPEB liability-School Division professional	\$ 1,592,337	\$ 1,074,225	\$ 655,328
Teacher HIC Net OPEB liability	\$ 2,897,253	\$ 2,561,421	\$ 2,276,832
General Employee HIC Net OPEB liability – School Division	\$ 104,563	\$ 94,100	\$ 85,057

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 2023 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2024, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

• Group Life Insurance-City	\$ 8,405
• Group Life Insurance-School Division-nonprofessional	520
• Group Life Insurance-School Division-professional	3,005
• Teacher Employee Health Insurance Credit	6,733
• General Employee Health Insurance Credit	684

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 3,228,805	\$ 473,659	\$ 3,702,464	\$ -
Net deferred Outflows from Augusta County Service Authority	-	46,552	46,552	-
VRS-School Non-professional	-	-	-	216,915
VRS-School Professional	-	-	-	7,451,649
Total deferred outflows of resources - Pensions	<u>\$ 3,228,805</u>	<u>\$ 520,211</u>	<u>\$ 3,749,016</u>	<u>\$ 7,668,564</u>
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,408,343	\$ 204,657	\$ 1,613,000	\$ 1,360,000
Net OPEB Outflows from Augusta Regional Landfill	-	8,129	8,129	-
VRS Group Life plan	190,912	27,827	218,739	313,509
VRS Health insurance credit plan-Professional	-	-	-	426,075
VRS Health insurance credit plan-Non-professional	-	-	-	27,455
Total deferred outflows of resources - OPEB	<u>\$ 1,599,255</u>	<u>\$ 240,613</u>	<u>\$ 1,839,868</u>	<u>\$ 2,127,039</u>
Net pension liability:				
VRS-City	\$ 15,839,128	\$ 2,323,552	\$ 18,162,680	\$ -
Net Pension liability from Augusta County Service Authority	-	21,025	21,025	-
VRS-School Non-professional	-	-	-	374,930
VRS-School Professional	-	-	-	21,579,893
Total net pension liability	<u>\$ 15,839,128</u>	<u>\$ 2,344,577</u>	<u>\$ 18,183,705</u>	<u>\$ 21,954,823</u>
Net OPEB liability:				
OPEB Local Health plan	\$ 4,248,602	\$ 617,398	\$ 4,866,000	\$ 1,705,000
Net OPEB Liability from Augusta Regional Landfill	-	48,071	48,071	-
VRS Group Life plan	757,324	110,379	867,703	1,153,380
VRS Health insurance credit plan-Professional	-	-	-	2,561,421
VRS Health insurance credit plan-Non-professional	-	-	-	94,100
Total net OPEB liability	<u>\$ 5,005,926</u>	<u>\$ 775,848</u>	<u>\$ 5,781,774</u>	<u>\$ 5,513,901</u>
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 1,096,614	\$ 160,863	\$ 1,257,477	\$ -
Net deferred inflow from Augusta County Service Authority	-	40,283	40,283	-
VRS-School Non-professional	-	-	-	80,053
VRS-School Professional	-	-	-	2,496,828
Total deferred inflows of resources - Pensions	<u>\$ 1,096,614</u>	<u>\$ 201,146</u>	<u>\$ 1,297,760</u>	<u>\$ 2,576,881</u>
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 773,585	\$ 112,415	\$ 886,000	\$ 573,000
Net OPEB inflow from Augusta Regional Landfill	-	9,844	9,844	-
VRS Group Life plan	130,104	18,963	149,067	190,692
VRS Health insurance credit plan-Professional	-	-	-	188,719
VRS Health insurance credit plan-Non-professional	-	-	-	1,513
Total deferred inflows of resources - OPEB	<u>\$ 903,689</u>	<u>\$ 141,222</u>	<u>\$ 1,044,911</u>	<u>\$ 953,924</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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	\$ 1,894,269	\$ 277,809	\$ 2,172,078	\$ -
Pension expense from Augusta Regional Landfill	-	8,767	8,767	-
VRS-School Non-professional	-	-	-	125,839
VRS-School Professional	-	-	-	2,186,278
Total pension expense (income)	<u>\$ 1,894,269</u>	<u>\$ 286,576</u>	<u>\$ 2,180,845</u>	<u>\$ 2,312,117</u>
OPEB expense:				
Local OPEB	\$ 276,779	\$ 40,221	\$ 317,000	\$ 121,000
OPEB expense from Augusta Regional Landfill	-	(3)	(3)	-
VRS OPEB - City	33,684	4,910	38,594	-
VRS OPEB School Non-professional	-	-	-	18,678
VRS OPEB School Professional	-	-	-	223,259
Total OPEB expense	<u>\$ 310,463</u>	<u>\$ 45,128</u>	<u>\$ 355,591</u>	<u>\$ 362,937</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, 2024

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 \$24,965,046 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	\$ 5,079,252	\$ 192,182
Sewer fund	5,968	8,174
Storm Water fund	1,561,279	22,608
Environmental fund	-	316,223
General fund	-	782,543
Capital Improvements Fund	18,305,680	11,414,313
Nonmajor governmental funds	12,867	159,538
	<u>\$ 24,965,046</u>	<u>\$ 12,895,581</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, 2023 and due December 5, 2023 as well as the portion of the January 1, 2024 assessment due June 20, 2024 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, 2023 and 2024 levies were \$.89 and \$.89 per \$100 of assessed value, respectively. Real estate taxes receivable, assessed as of January 1, 2024 and due December 5, 2024, are reflected in the accompanying financial statements as a receivable and are offset by deferred inflows of resources, in the amount of \$2,873,447, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2024 are also included in deferred inflows of resources, in the amount of \$3,511,875 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 2024, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2023 assessment due December 5, 2023, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2023 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2023 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, 2024

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	\$ 469,119
Receivable for share of debt	-	1,141,005
SNAP principal account	18,651,508	5,259,982
Landfill sinking fund*	-	1,621,464
Total	<u>\$ 18,658,508</u>	<u>\$ 8,491,570</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, 2024, 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 \$24,326.

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 \$913,000. Changes in the claims liability amounts in fiscal years 2022, 2023 and 2024 were as follows:

Year Ended June 30,	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
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
2024	\$ 729,392	\$ 10,501,961	\$ 10,294,027	\$ 937,326

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 23.93% 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 \$2,004,659 reported as landfill closure liability at June 30, 2024 represents the cumulative amount reported to date based on the use of 90.47% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 93.3% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$1,097,366 reported as post-closure monitoring liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill and 90.4% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 93.3% 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, 2024 for both joint ventures are \$3,102,025.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$176,740 for Permit #585 (phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$61,746 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 2023.

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, \$1,621,464, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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, 2024.

In fiscal year 2024, 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 2024, the monthly rental payment was \$3,991. During fiscal year 2024, \$20,995 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, 2024

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 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, 2024 was \$44,450 in governmental activities and \$71,369 in business-type activities. As of June 30, 2024, the City's lease receivable for these payments in governmental activities totals \$369,417 and in business-type activities totals \$130,153.

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, 2024 was \$25,000. As of June 30, 2024, the Authority's lease receivable for these payments totals \$ 481,145.

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 2024, 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 \$180,921. For purposes of discounting future payments, the City imputed interest rates of 1.88 to 3.67%.

School SBITA

During 2024, 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 \$45,058. 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, 2024

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2024:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>School Board Component Unit</u>
Nonspendable				
Prepays	\$ 117,733	\$ -	\$ -	\$ -
Restricted:				
Donor purposes	\$ 22,753	\$ -	\$ -	\$ 105,530
Programs	2,982,553	-	-	844,564
Total restricted	<u>\$ 3,005,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,094</u>
Committed:				
Stabilization arrangement	<u>\$ 12,128,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:				
Accrued leave	\$ 2,159,084	\$ -	\$ -	\$ -
Capital projects	-	8,572,517	-	8,714,233
Debt service	-	-	4,836,479	-
General government	298,967	-	-	-
Judicial administration	64	-	-	-
Public safety	61,543	10,241,413	159,405	-
Public works	264,092	19,275,106	-	-
Parks and recreation	77,865	70,984	-	-
Community development	81,912	199,283	269,639	-
Education	-	-	-	2,236,105
Textbooks	-	-	-	1,257,445
Transportation	-	-	-	269,151
Food service	-	-	-	776,943
Total assigned	<u>\$ 2,943,527</u>	<u>\$ 38,359,303</u>	<u>\$ 5,265,523</u>	<u>\$ 13,253,877</u>
Unassigned	<u>\$ 5,694,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

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 2024 Taxes Abated</u>
Economic Development Incentive Programs	
Incremental taxes-Staunton Frontier	\$ 557,526
Incremental taxes-Villages	58,995
Real estate tax abatement-Villages	85,899
Total	<u>\$ 702,420</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 party obligor. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in its financial statements. \$8,760,000 of such conduit bonds were outstanding at June 30, 2024.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2024

Note 22. New Accounting Standards

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.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 33,252,511	\$ 33,252,511	\$ 35,194,157	\$ 1,941,646
Other local taxes	18,976,022	18,976,022	20,541,718	1,565,696
Permits, privilege fees, and regulatory licenses	200,650	200,650	316,806	116,156
Fines and forfeitures	208,500	208,500	210,597	2,097
Revenue from use of money and property	109,200	478,700	840,992	362,292
Charges for services	1,685,786	1,685,786	2,108,738	422,952
Miscellaneous	29,000	178,169	602,949	424,780
Recovered costs	1,154,000	1,177,359	1,352,423	175,064
Intergovernmental:				
Federal	1,239,852	1,275,364	1,243,569	(31,795)
Commonwealth	12,983,352	14,313,561	14,288,026	(25,535)
Total revenues	69,838,873	71,746,622	76,699,975	4,953,353
EXPENDITURES				
Current:				
General government administration	7,276,489	7,481,275	6,761,149	720,126
Judicial administration	2,872,144	3,121,480	3,128,373	(6,893)
Public safety	16,027,624	16,920,245	16,514,358	405,887
Public works	6,545,554	8,547,509	6,192,640	2,354,869
Health and welfare	7,372,608	7,309,692	6,344,801	964,891
Education	15,979,171	15,979,171	15,979,171	-
Parks, recreation, and cultural	4,307,141	4,602,111	4,479,539	122,572
Community development	3,004,456	3,182,612	2,740,064	442,548
Debt service				
Principal retirement	-	-	186,351	(186,351)
Interest and fiscal charges	-	-	6,483	(6,483)
Total expenditures	63,385,187	67,144,095	62,332,929	4,811,166
Excess of revenues over expenditures	6,453,686	4,602,527	14,367,046	9,764,519
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	11,091	11,091
Issuance of subscription	-	-	255,830	255,830
Appropriation of prior year reserves/encumbrances	-	11,280,233	-	(11,280,233)
Transfers out	(6,453,686)	(15,882,760)	(15,882,760)	-
Total other financing sources (uses)	(6,453,686)	(4,602,527)	(15,615,839)	(11,013,312)
Net change in fund balance	\$ -	\$ -	\$ (1,248,793)	\$ (1,248,793)

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2024

	Plan Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 1,939,421
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	6,342,402
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)	692,356
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)	(5,376,220)
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	3,597,959
Total pension liability - beginning	69,544,178	72,024,154	73,634,335	75,562,781	76,795,210	78,783,057	84,239,437	88,061,168	91,927,190	94,710,197
Total pension liability - ending	72,024,154	73,634,335	75,562,781	76,795,210	78,783,057	84,239,437	88,061,168	91,927,190	94,710,197	98,308,156
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	2,823,081
Contributions - employee	632,939	636,054	655,097	688,105	679,027	721,122	744,911	712,807	751,790	798,035
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)	4,924,616
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)	(5,376,220)
Administrative expenses	(39,137)	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)	(42,541)	(43,608)	(49,454)	(49,428)
Other	379	(504)	(399)	(5,847)	(3,884)	(2,580)	(1,439)	1,623	1,810	1,984
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)	3,122,068
Plan fiduciary net position - beginning	46,061,614	52,391,583	54,075,028	54,411,596	59,827,456	62,572,769	64,631,420	63,802,070	79,167,172	77,023,408
Plan fiduciary net position - ending	52,391,583	54,075,028	54,411,596	59,827,456	62,572,769	64,631,420	63,802,070	79,167,172	77,023,408	80,145,476
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	\$ 18,162,680
Add Net Pension Liability (asset) from Augusta Regional landfill	23,723	29,260	48,902	23,253	17,478	26,919	64,870	(15,407)	3,044	21,025
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>	<u>\$ 18,183,705</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>	<u>82%</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>	<u>\$ 16,901,627</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>	<u>107%</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 2023 information was presented in the entity's fiscal year 2024 financial report.

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, 2024

	Plan Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service cost	\$ 88,093	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830	\$ 111,069	\$ 104,071	\$ 110,129	\$ 126,244
Interest on total pension liability	289,866	290,196	289,147	295,498	303,757	300,368	289,766	298,501	325,482	333,281
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	158,975
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)	(353,142)
Net change in total pension liability	95,179	(15,214)	99,302	42,480	(28,933)	(15,774)	136,952	287,011	102,515	265,358
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	4,987,817
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	5,253,175
Plan Fiduciary Net Position										
Contributions - employer	102,300	102,963	115,259	82,788	86,071	77,730	77,979	77,792	91,622	111,350
Contributions - employee	41,269	44,375	49,030	49,531	51,516	56,748	54,036	53,818	62,548	68,673
Net investment income (loss)	547,950	173,171	63,623	448,101	296,521	269,021	79,188	1,090,247	(2,584)	301,130
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)	(353,142)
Administrative expenses	(3,047)	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)	(2,820)	(2,851)	(3,118)	(3,069)
Other	29	(36)	(28)	(393)	(260)	(168)	(92)	102	112	121
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)	125,063
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	4,753,182
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	4,878,245
Net pension liability (asset) - ending	\$ 421,472	\$ 405,189	\$ 603,994	\$ 412,167	\$ 292,033	\$ 248,054	\$ 513,740	\$ (66,243)	\$ 234,635	\$ 374,930
Plan fiduciary net position as a percentage of total pension liability	90%	91%	86%	91%	93%	94%	89%	101%	95%	93%
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	\$ 1,555,244
Net pension liability as a percentage of covered payroll	51%	44%	58%	39%	26%	22%	43%	-6%	17%	24%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year
- i.e., plan year 2023 information was presented in the entity's fiscal year 2024 financial report.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2024

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					
2024	\$ 3,262,793	\$ 3,262,793	\$ -	\$ 18,892,836	17.27%
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					
2024	\$ 138,827	\$ 138,827	\$ -	\$ 1,697,149	8.18%
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%

*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, 2024

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
2023	0.21351%	\$ 21,579,893	\$ 21,083,195	102.36%	82.45%
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%

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, 2024

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
2024	\$ 3,818,076	\$ 3,818,076	\$ -	\$ 22,972,781	16.62%
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%

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2024

	Local Plan							
	2016	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability								
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000	\$ 158,000	\$ 164,000	\$ 146,000	\$ 136,000
Interest	-	571,000	588,000	522,000	547,000	527,000	526,000	512,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)	(394,000)	(346,000)	172,000	466,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)	(749,000)
Assumption changes	-	-	-	(810,000)	213,000	190,000	(278,000)	109,000
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)	474,000
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	7,063,000
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	7,537,000
Plan Fiduciary Net Position								
Contributions - employer	648,000	712,000	643,000	527,000	643,000	599,000	781,000	719,000
Contributions - employee	-	-	69,000	74,000	64,000	55,000	58,000	61,000
Net investment income (loss)	(2,730)	100,000	101,000	60,000	46,000	524,000	(239,000)	187,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)	(749,000)
Administrative expenses	(1,000)	-	-	-	-	(2,000)	(3,000)	(3,000)
Net change in plan fiduciary net position	137,270	299,000	247,000	247,000	177,000	851,000	(139,000)	215,000
Plan fiduciary net position - beginning	636,680	773,950	1,073,000	1,320,000	1,567,000	1,744,000	2,595,000	2,456,000
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	2,671,000
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	\$ 4,866,000
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%	35.44%
Covered employee payroll	\$ 11,179,000	\$ 13,777,000	\$ 14,264,210	\$ 14,945,099	\$ 15,661,241	\$ 15,488,772	16,367,903	17,217,978
Net OPEB liability as a percentage of covered employee payroll	59.45%	49.76%	46.35%	36.85%	33.71%	29.94%	28.15%	28.26%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%	-9.04%	-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, 2024

	Local Plan							
	2016	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability								
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 105,000	\$ 110,000	\$ 100,000	\$ 100,000
Interest	1,000	304,000	318,000	252,000	263,000	256,000	250,000	265,000
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(318,000)	(187,000)	(234,000)	(299,000)	134,000	291,000
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	103,000	97,000	57,000	73,000
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)	(345,000)
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	384,000
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	3,606,000
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	3,990,000
Plan Fiduciary Net Position								
Contributions - employer	339,000	433,000	293,000	452,000	267,000	214,000	364,000	333,000
Contributions - employee	-	-	118,000	91,000	68,000	53,000	46,000	36,000
Net investment income (loss)	(2,719)	90,000	90,000	55,000	41,000	491,000	(204,000)	160,000
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)	(345,000)
Administrative expenses	(995)	-	-	-	-	(2,000)	(3,000)	(2,000)
Other changes	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	60,286	260,000	264,000	196,000	219,000	586,000	(116,000)	182,000
Plan fiduciary net position - beginning	634,029	694,315	954,000	1,218,000	1,414,000	1,633,000	2,219,000	2,103,000
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	2,285,000
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>	<u>\$ 1,705,000</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>	<u>57.27%</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>	<u>\$ 23,528,861</u>
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>	<u>7.25%</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%	-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, 2024

	VRS Health Insurance-School Non professional						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 2,087	\$ 1,766	\$ 1,883	\$ 2,211	\$ 1,826	\$ 1,514	\$ 1,527
Interest	6,865	6,669	6,631	6,305	6,834	6,587	7,717
Changes in benefit terms	-	-	-	4,557	-	-	-
Difference between expected and actual experience	-	1,259	(673)	6,655	(4,156)	8,901	2,560
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)	(10,335)
Other changes	-	-	-	-	-	-	-
Net change in total pension liability	(2,190)	(446)	(551)	7,839	(4,983)	15,770	1,469
Total OPEB liability - beginning	<u>102,533</u>	<u>100,343</u>	<u>99,897</u>	<u>99,346</u>	<u>107,185</u>	<u>102,202</u>	<u>117,972</u>
Total OPEB liability - ending	<u>100,343</u>	<u>99,897</u>	<u>99,346</u>	<u>107,185</u>	<u>102,202</u>	<u>117,972</u>	<u>119,441</u>
Plan Fiduciary Net Position							
Contributions - employer	7,031	7,334	7,484	7,692	8,162	9,617	11,042
Contributions - employee	-	-	-	-	-	-	-
Net investment income (loss)	2,786	1,774	1,489	438	4,614	56	1,139
Benefit payments, including refunds of employee contributions	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)	(12,268)	(10,335)
Administrative expenses	(41)	(38)	(31)	(37)	(46)	(34)	(20)
Other changes	149	(149)	(2)	-	-	4,760	254
Net change in plan fiduciary net position	1,026	(1,219)	(1,398)	(3,796)	841	2,131	2,080
Plan fiduciary net position - beginning	<u>25,676</u>	<u>26,702</u>	<u>25,483</u>	<u>24,085</u>	<u>20,289</u>	<u>21,130</u>	<u>23,261</u>
Adjustment to beginning balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>26,702</u>	<u>25,483</u>	<u>24,085</u>	<u>20,289</u>	<u>21,130</u>	<u>23,261</u>	<u>25,341</u>
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>	<u>\$ 94,100</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>	<u>21.22%</u>
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>	<u>\$ 1,555,244</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>	<u>6.05%</u>

Annual money-weighted rate of return, net of investment expense

na 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, 2024

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:					
2024	\$ 576,000	\$ 655,000	\$ (79,000)	\$ 19,162,834	3.42%
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:					
2024	\$ 246,000	\$ 711,000	\$ (465,000)	\$ 25,580,866	2.78%
2023	209,000	370,000	(161,000)	23,528,861	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:					
2024	\$ 12,050	\$ 12,050	\$ -	\$ 1,697,149	0.71%
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, 2024

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					
2023	0.07235%	\$ 867,703	\$ 17,042,645	5.09%	69.30%
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					
2023	0.21144%	\$ 2,561,421	\$ 21,083,195	12.15%	17.90%
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					
2023	0.90230%	\$ 1,153,380	\$ 22,655,257	5.09%	69.30%
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, 2024

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					
2024	\$ 102,381	\$ 102,381	\$ -	\$ 18,959,493	0.54%
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					
2024	\$ 277,971	\$ 277,971	\$ -	\$ 22,972,784	1.21%
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					
2024	\$ 133,371	\$ 133,371	\$ -	\$ 24,698,401	0.54%
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, 2024

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, 2024

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:

Non-Hazardous Duty:

- 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 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.

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 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 Sca6e 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 Sca6e 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-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 through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- 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 Improvement 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 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

The last full actuarial valuation for both the City and School Board was performed as of July 1, 2023.

The following items were updated for the current year:

- The discount rate used is 7.5%.
- Medical trend rates are 6.5% for 2024, then decreasing .25% per year to an ultimate rate of 4.5%.
- RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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.

State and Federal 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 federal US Department of Housing and Urban development Entitlement funds. Expenditures are restricted by terms of the grant to include programs that provide quality affordable housing, suitable living environment, and expanding economic opportunities for low and moderate income persons.

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, 2024**

	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	\$ 130,698	\$ -	\$ 203,978	\$ 41,219	\$ 4,836,479	\$ 5,212,374
Receivables, net	36,578	-	-	-	-	36,578
Due from other governmental units	34,480	18,254	29,857	76,570	-	159,161
Total assets	<u>\$ 201,756</u>	<u>\$ 18,254</u>	<u>\$ 233,835</u>	<u>\$ 117,789</u>	<u>\$ 4,836,479</u>	<u>\$ 5,408,113</u>
Liabilities						
Accounts payable	\$ 22,987	\$ -	\$ 26,407	\$ 54,123	\$ -	\$ 103,517
Accrued liabilities	19,364	-	-	1,455	-	20,819
Due to other funds	-	18,254	-	-	-	18,254
Total liabilities	<u>42,351</u>	<u>18,254</u>	<u>26,407</u>	<u>55,578</u>	<u>-</u>	<u>142,590</u>
Fund balances						
Assigned	159,405	-	207,428	62,211	4,836,479	5,265,523
Total fund balances	<u>159,405</u>	<u>-</u>	<u>207,428</u>	<u>62,211</u>	<u>4,836,479</u>	<u>5,265,523</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 201,756</u>	<u>\$ 18,254</u>	<u>\$ 233,835</u>	<u>\$ 117,789</u>	<u>\$ 4,836,479</u>	<u>\$ 5,408,113</u>

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024**

	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	\$ 1,853	\$ -	\$ 8,134	\$ -	\$ 161,690	\$ 171,677
Charges for services	132,516	-	-	-	-	132,516
Miscellaneous	133,465	-	-	-	-	133,465
Intergovernmental:						
Federal	-	178,378	156,212	398,004	-	732,594
Commonwealth	1,118,166	-	50,000	-	-	1,168,166
Total revenues	<u>1,386,000</u>	<u>178,378</u>	<u>214,346</u>	<u>398,004</u>	<u>161,690</u>	<u>2,338,418</u>
EXPENDITURES						
Current:						
Public safety	1,374,933	178,378	-	-	-	1,553,311
Community development	-	-	205,712	408,662	-	614,374
Debt service:						
Principal retirement	30,635	-	-	-	3,135,000	3,165,635
Interest and fiscal charges	2,258	-	-	-	2,226,502	2,228,760
Total expenditures	<u>1,407,826</u>	<u>178,378</u>	<u>205,712</u>	<u>408,662</u>	<u>5,361,502</u>	<u>7,562,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,826)</u>	<u>-</u>	<u>8,634</u>	<u>(10,658)</u>	<u>(5,199,812)</u>	<u>(5,223,662)</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	73,820	5,591,903	5,665,723
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,820</u>	<u>5,591,903</u>	<u>5,665,723</u>
Net change in fund balance (deficit)	<u>(21,826)</u>	<u>-</u>	<u>8,634</u>	<u>63,162</u>	<u>392,091</u>	<u>442,061</u>
Fund balances (deficit) - beginning of year	181,231	-	198,794	(951)	4,444,388	4,823,462
Fund balances - ending of year	<u>\$ 159,405</u>	<u>\$ -</u>	<u>\$ 207,428</u>	<u>\$ 62,211</u>	<u>\$ 4,836,479</u>	<u>\$ 5,265,523</u>

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, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 1,853	\$ 1,853
Charges for services	140,000	132,516	(7,484)
Miscellaneous	198,191	133,465	(64,726)
Intergovernmental:			
Commonwealth	1,083,252	1,118,166	34,914
Total revenues	<u>1,421,443</u>	<u>1,386,000</u>	<u>(35,443)</u>
EXPENDITURES			
Current:			
Public safety	1,421,513	1,374,933	46,580
Debt Service:			
Principal	-	30,635	(30,635)
Interest and fiscal charges	-	2,258	(2,258)
Total expenditures	<u>1,421,513</u>	<u>1,407,826</u>	<u>13,687</u>
Deficiency of revenues under expenditures	<u>(70)</u>	<u>(21,826)</u>	<u>(21,756)</u>
Net change in fund balance	<u>\$ (70)</u>	<u>\$ (21,826)</u>	<u>\$ (21,756)</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, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 170,446	\$ 178,378	\$ 7,932
Total revenues	<u>170,446</u>	<u>178,378</u>	<u>7,932</u>
EXPENDITURES			
Current:			
Public Safety	<u>170,446</u>	<u>178,378</u>	<u>(7,932)</u>
Total expenditures	<u>170,446</u>	<u>178,378</u>	<u>(7,932)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 8,134	\$ 8,134
Intergovernmental:			
Federal	222,196	156,212	(65,984)
Commonwealth	-	50,000	50,000
	<u>222,196</u>	<u>214,346</u>	<u>(7,850)</u>
Total revenues			
	<u>222,196</u>	<u>214,346</u>	<u>(7,850)</u>
EXPENDITURES			
Current:			
Community Development	439,392	205,712	233,680
	<u>439,392</u>	<u>205,712</u>	<u>233,680</u>
Total expenditures			
	<u>439,392</u>	<u>205,712</u>	<u>233,680</u>
Excess (deficiency) of revenues over (under) expenditures	(217,196)	8,634	225,830
	<u>(217,196)</u>	<u>8,634</u>	<u>225,830</u>
Net change in fund balance	<u>\$ (217,196)</u>	<u>\$ 8,634</u>	<u>\$ 225,830</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HUD ENTITLEMENT FUND
Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 1,060,984	\$ 398,004	\$ (662,980)
Total revenues	<u>1,060,984</u>	<u>398,004</u>	<u>(662,980)</u>
EXPENDITURES			
Current:			
Community Development	1,176,994	408,662	768,332
Total expenditures	<u>1,176,994</u>	<u>408,662</u>	<u>768,332</u>
Deficiency of revenues under expenditures	<u>(116,010)</u>	<u>(10,658)</u>	<u>105,352</u>
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	30,018	30,108	90
Transfer from CIP fund	<u>43,712</u>	<u>43,712</u>	<u>-</u>
Total other financing sources	<u>73,730</u>	<u>73,820</u>	<u>90</u>
Net change in fund balance	<u>\$ (42,280)</u>	<u>\$ 63,162</u>	<u>\$ 105,442</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 161,690	\$ 161,690
Total revenues	<u>-</u>	<u>161,690</u>	<u>161,690</u>
EXPENDITURES			
Current:			
Debt Service			
Principal	3,027,277	3,135,000	(107,723)
Interest and fiscal charges	<u>3,135,000</u>	<u>2,226,502</u>	<u>908,498</u>
Total expenditures	<u>6,162,277</u>	<u>5,361,502</u>	<u>800,775</u>
Deficiency of revenues under expenditures	<u>(6,162,277)</u>	<u>(5,199,812)</u>	<u>962,465</u>
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	<u>5,591,903</u>	<u>5,591,903</u>	<u>-</u>
Total other financing sources	<u>5,591,903</u>	<u>5,591,903</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (570,374)</u></u>	<u><u>\$ 392,091</u></u>	<u><u>\$ 962,465</u></u>

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, 2024

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 1,124,379	\$ 1,125,346	\$ 2,249,725	\$ 2,354,583
Recovered costs	2,387,297	559,437	2,946,734	8,560,715
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	1,941,997	4,687,975	6,629,972	13,722,031
Commonwealth of Virginia	4,484,678	139,033	4,623,711	5,753,141
City of Staunton School Board	1,915,000	-	1,915,000	1,915,000
Total revenues	<u>11,877,801</u>	<u>6,511,791</u>	<u>18,389,592</u>	<u>32,315,920</u>
EXPENDITURES				
Capital outlay:				
General government administration	2,054,526	122,896	2,177,422	2,787,417
Judicial administration	-	86,012	86,012	86,012
Public safety	8,772,388	1,230,445	10,002,833	23,589,887
Public works	12,615,486	6,989,239	19,604,725	51,934,015
Health and welfare	-	-	-	62,916
Education	50,012,452	3,494,802	53,507,254	53,507,260
Parks, recreation, and culture	1,664,229	345,667	2,009,896	5,887,616
Community development	5,414,119	195,986	5,610,105	7,113,109
CIP Undesignated	-	-	-	145,588
Debt service:				
Bond issuance costs	114,508	-	114,508	114,508
Total expenditures	<u>80,647,708</u>	<u>12,465,047</u>	<u>93,112,755</u>	<u>145,228,328</u>
Deficiency of revenues under expenditures	<u>(68,769,907)</u>	<u>(5,953,256)</u>	<u>(74,723,163)</u>	<u>(112,912,408)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	43,760,000	16,745,000	60,505,000	60,505,000
Premium on issuance of debt	2,329,862	2,068,594	4,398,456	4,398,456
Transfers in	52,842,478	9,010,749	61,853,227	61,853,277
Transfers out	<u>(7,656,943)</u>	<u>(43,712)</u>	<u>(7,700,655)</u>	<u>(7,700,655)</u>
Total other financing sources (uses)	<u>91,275,397</u>	<u>27,780,631</u>	<u>119,056,028</u>	<u>119,056,078</u>
Net change in fund balance		<u>\$ 21,827,375</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, 2024

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,116,135	\$ 332,277	\$ 3,448,412
Receivables, net	378	6,331	6,709
Inventory	-	416,874	416,874
Prepaid items	-	26,846	26,846
Total current assets	3,116,513	782,328	3,898,841
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	45,742	45,742
Total capital assets, net	-	45,742	45,742
Total noncurrent assets	-	45,742	45,742
Total assets	3,116,513	828,070	3,944,583
LIABILITIES			
Current liabilities:			
Accounts payable	22,691	4,219	26,910
Claims and judgements	913,000	-	913,000
Held for others	19,652	-	19,652
Total current liabilities	955,343	4,219	959,562
Total liabilities	955,343	4,219	959,562
NET POSITION			
Net investment in capital assets	-	45,742	45,742
Unrestricted	2,161,170	778,109	2,939,279
Total net position	\$ 2,161,170	\$ 823,851	\$ 2,985,021

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2024**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 10,795,201	\$ 793,383	\$ 11,588,584
Total operating revenues	10,795,201	793,383	11,588,584
OPERATING EXPENSES			
Claims paid	10,291,465	-	10,291,465
Administrative charges	653,528	-	653,528
Stop loss fees	1,030,012	-	1,030,012
Contractual services	-	10,744	10,744
Materials and supplies	-	49,475	49,475
Depreciation	-	4,633	4,633
Other expenses	-	717,461	717,461
Total operating expenses	11,975,005	782,313	12,757,318
Operating income (loss)	(1,179,804)	11,070	(1,168,734)
NONOPERATING REVENUES (EXPENSES)			
Interest income	136,151	16,547	152,698
Total nonoperating revenues	136,151	16,547	152,698
Net Income (loss)	(1,043,653)	27,617	(1,016,036)
Total net position - beginning of year	3,204,823	796,234	4,001,057
Total net position - end of year	\$ 2,161,170	\$ 823,851	\$ 2,985,021

EXHIBIT B-3

**CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2024**

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 11,078,895	\$ 794,878	\$ 11,873,773
Cash paid to suppliers	-	(871,022)	(871,022)
Claims paid	(10,082,465)	-	(10,082,465)
Administrative and stop loss fees	(1,673,844)	-	(1,673,844)
Net cash used in operating activities	(677,414)	(76,144)	(753,558)
INVESTING ACTIVITIES			
Interest received	136,151	16,547	152,698
Net cash provided by investing activities	136,151	16,547	152,698
Net decrease in cash and cash equivalents	(541,263)	(59,597)	(600,860)
CASH AND CASH EQUIVALENTS			
Beginning of year	3,657,398	391,874	4,049,272
End of year	\$ 3,116,135	\$ 332,277	\$ 3,448,412
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (1,179,804)	\$ 11,070	\$ (1,168,734)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	-	4,633	4,633
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	264,042	1,495	265,537
Decrease (increase) in prepaid items	-	(4,388)	(4,388)
Decrease (increase) in inventory	-	(91,031)	(91,031)
Increase (decrease) in accounts payable	9,696	2,077	11,773
Increase (decrease) in amounts held for others	19,652	-	19,652
Increase (decrease) in claims payable	209,000	-	209,000
Net cash used in operating activities	\$ (677,414)	\$ (76,144)	\$ (753,558)

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

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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, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,603,669
Investments	408,750
Accounts receivable	8,876
Due from other governmental units	6,048,478
Prepaid items	2,017
Restricted cash and cash equivalents	26,956
Security Deposit	7,500
Capital assets:	
Land	3,408,168
Other capital assets, net of accumulated depreciation	12,691,484
Total assets	<u>36,205,898</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,668,564
Deferred outflows related to other post employment benefits	2,127,039
	<u>9,795,603</u>
LIABILITIES	
Accounts payable	3,275,562
Retainage payable	129,710
Accrued liabilities	2,131,974
Amounts held for others	5,131
Noncurrent liabilities:	
Due within one year	380,707
Due in more than one year	
Net pension liability	21,954,823
Net other post employment benefit liability	5,513,901
Other debt	835,345
Total liabilities	<u>34,227,153</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,576,881
Deferred inflows related to other postemployment benefits	953,924
Total deferred inflows of resources	<u>3,530,805</u>
NET POSITION	
Net investment in capital assets	15,795,601
Restricted for:	
Programs	844,564
Donor purposes	105,530
Unrestricted (deficit)	<u>(8,502,152)</u>
Total net position	<u>\$ 8,243,543</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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	\$ 32,781,763	\$ 398,472	\$ 16,060,611	\$ -	\$ (16,322,680)
Administration, attendance, and health	2,605,816	-	3,738	-	(2,602,078)
Pupil transportation	1,686,688	-	14,790	23,175	(1,648,723)
Food service	2,292,325	16,668	1,947,270	119,153	(209,234)
Operations	5,160,932	-	-	-	(5,160,932)
Facilities	89,867	-	-	274,107	184,240
Technology	1,776,298	-	2,746,274	-	969,976
Interest on debt	10,527	-	-	-	(10,527)
Total School Board	<u>\$ 46,404,216</u>	<u>\$ 415,140</u>	<u>\$ 20,772,683</u>	<u>\$ 416,435</u>	(24,799,958)
General revenues:					
Unrestricted investment earnings					446,145
Grants and contributions not restricted to specific programs					12,557,729
Net payment from City of Staunton					19,374,512
Total general revenues					<u>32,378,386</u>
Change in net position					7,578,428
Net position - beginning of year					<u>665,115</u>
Net position - end of year					<u>\$ 8,243,543</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2024

	Education	Other Governmental	Total Governmental
Assets			
Cash and cash equivalents	\$ 201,019	\$ 13,402,650	\$ 13,603,669
Investments	-	408,750	408,750
Accounts receivable	6,915	1,961	8,876
Prepaid items	-	2,017	2,017
Due from other governmental units	4,730,238	1,318,240	6,048,478
Due from other funds	637,861	-	637,861
Deposit	7,500	-	7,500
Restricted cash and cash equivalents	-	26,956	26,956
Total assets	\$ 5,583,533	\$ 15,160,574	\$ 20,744,107
Liabilities			
Accounts payable	\$ 471,583	\$ 2,803,978	\$ 3,275,561
Retainage payable	-	129,710	129,710
Accrued liabilities	1,918,023	213,952	2,131,975
Due to other funds	-	637,861	637,861
Held for others	2,184	2,947	5,131
Total liabilities	2,391,790	3,788,448	6,180,238
Deferred Inflows of Resources			
Unavailable revenue	359,898	-	359,898
Fund Balances			
Restricted			
Programs	793,235	51,329	844,564
Donor	66,973	38,557	105,530
Assigned	1,971,637	11,282,240	13,253,877
Total fund balances	2,831,845	11,372,126	14,203,971
Total liabilities, deferred inflows of resources and fund balances	\$ 5,583,533	\$ 15,160,574	\$ 20,744,107

CITY OF STAUNTON, VIRGINIA

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

June 30, 2024

Total Fund Balances – Component Unit School Board		\$ 14,203,971
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	\$ 36,323,335	
Less: accumulated depreciation/amortization	<u>(20,223,683)</u>	16,099,652
Receivables that are not available to pay for current period expenditures are not reported in the funds.		
		359,898
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 7,668,564	
Deferred inflows	(2,576,881)	
Net pension liability	<u>(21,954,823)</u>	(16,863,140)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 2,127,039	
Deferred inflows	(953,924)	
Net OPEB liability	<u>(5,513,901)</u>	(4,340,786)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Leases	\$ (241,951)	
Subscriptions	(62,100)	
Compensated absences	<u>(912,001)</u>	<u>(1,216,052)</u>
Total Net Position – Component Unit School Board		<u><u>\$ 8,243,543</u></u>

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, 2024

	Education	Other Governmental	Total Governmental
REVENUES			
Revenues from use of money and property	\$ 44,365	\$ 413,300	\$ 457,665
Charges for services	69,276	334,344	403,620
Miscellaneous	71,656	167,320	238,976
Recovered costs	74,816	108	74,924
Intergovernmental:			
Federal	3,244,873	4,585,079	7,829,952
Commonwealth	22,080,848	3,037,899	25,118,747
City of Staunton	15,970,171	3,453,754	19,423,925
Total revenues	<u>41,556,005</u>	<u>11,991,804</u>	<u>53,547,809</u>
EXPENDITURES			
Current:			
Education	41,511,673	10,130,579	51,642,252
Debt Service:			
Principal retirement	179,240	16,093	195,333
Interest and fiscal charges	9,049	1,478	10,527
Total expenditures	<u>41,699,962</u>	<u>10,148,150</u>	<u>51,848,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(143,957)</u>	<u>1,843,654</u>	<u>1,699,697</u>
OTHER FINANCING SOURCES (USES)			
Issuance of lease	253,873	-	253,873
Issuance of subscription	58,097	-	58,097
Transfers in	83,163	560,227	643,390
Transfers out	(560,227)	(83,163)	(643,390)
Total other financing sources (uses)	<u>(165,094)</u>	<u>477,064</u>	<u>311,970</u>
Net change in fund balances	(309,051)	2,320,718	2,011,667
Fund balances - beginning of year	3,140,896	9,051,408	12,192,304
Fund balances - end of year	<u><u>\$ 2,831,845</u></u>	<u><u>\$ 11,372,126</u></u>	<u><u>\$ 14,203,971</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, 2024**

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	\$ 2,011,667
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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/amortization	\$ (1,230,582)	
Capital expenses	4,312,370	
Donated assets	<u>23,175</u>	3,104,963

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.	(6,841)
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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.	52,691
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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	\$ 152,252	
Proceeds from lease	(253,873)	
Subscription payments	43,081	
Proceeds from subscription	<u>(58,097)</u>	(116,637)

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	\$ 432,745	
OPEB expense	<u>362,937</u>	795,682

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	\$ 3,807,354	
State aid revenue	314,836	
Pension expense	<u>(2,312,117)</u>	1,810,073

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>(73,170)</u>
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Change in net position of governmental activities	<u>\$ 7,578,428</u>
	123

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	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	\$ 588,303	\$ 1,345,105	\$ -	\$ 267,660	\$ 11,201,582	\$ 13,402,650
Investments					408,750	408,750
Receivables:						
Accounts receivable	-	-	-	1,961	-	1,961
Prepaid expenses	-	-	-	2,017	-	2,017
Due from other governmental units	331,162	-	788,550	-	198,528	1,318,240
Restricted Cash	-	-	-	26,956	-	26,956
Total assets	<u>\$ 919,465</u>	<u>\$ 1,345,105</u>	<u>\$ 788,550</u>	<u>\$ 298,594</u>	<u>\$ 11,808,860</u>	<u>\$ 15,160,574</u>
Liabilities						
Accounts payable	\$ 18,715	\$ 87,660	\$ 522	\$ 1,315	\$ 2,695,766	\$ 2,803,978
Retainage payable	-	-	-	-	129,710	129,710
Accrued liabilities	66,732	-	147,220	-	-	213,952
Due to other funds	-	-	637,861	-	-	637,861
Held for others	-	-	2,947	-	-	2,947
Total liabilities	<u>85,447</u>	<u>87,660</u>	<u>788,550</u>	<u>1,315</u>	<u>2,825,476</u>	<u>3,788,448</u>
Fund Balance						
Restricted						
Programs	49,644	-	-	1,685	-	51,329
Donor	7,431	-	-	31,126	-	38,557
Assigned	776,943	1,257,445	-	264,468	8,983,384	11,282,240
Total fund balances	<u>834,018</u>	<u>1,257,445</u>	<u>-</u>	<u>297,279</u>	<u>8,983,384</u>	<u>11,372,126</u>
Total liabilities and fund balances	<u>\$ 919,465</u>	<u>\$ 1,345,105</u>	<u>\$ 788,550</u>	<u>\$ 298,594</u>	<u>\$ 11,808,860</u>	<u>\$ 15,160,574</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, 2024

	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	\$ 31,988	\$ 55,363	\$ -	\$ 59	\$ 325,890	\$ 413,300
Charges for services	16,668	-	-	317,676	-	334,344
Miscellaneous	23,217	-	12,960	131,143	-	167,320
Recovered costs	-	-	108	-	-	108
Intergovernmental:						
Federal	1,887,589	-	137,758	-	2,559,732	4,585,079
Commonwealth	64,573	199,422	2,499,797	-	274,107	3,037,899
City of Staunton	-	-	-	-	3,453,754	3,453,754
Total revenues	2,024,035	254,785	2,650,623	448,878	6,613,483	11,991,804
EXPENDITURES						
Current:						
Education	2,252,128	361,200	2,565,789	424,347	4,527,115	10,130,579
Debt Service:						
Principal retirement	14,486	-	1,607	-	-	16,093
Interest and fiscal charges	1,414	-	64	-	-	1,478
Total expenditures	2,268,028	361,200	2,567,460	424,347	4,527,115	10,148,150
Excess (deficiency) of revenues over (under) expenditures	(243,993)	(106,415)	83,163	24,531	2,086,368	1,843,654
OTHER FINANCING SOURCES (USES)						
Transfers in	-	135,227	-	-	425,000	560,227
Transfers out	-	-	(83,163)	-	-	(83,163)
Total other financing sources (uses)	-	135,227	(83,163)	-	425,000	477,064
Net change in fund balances	(243,993)	28,812	-	24,531	2,511,368	2,320,718
Fund balances - beginning of year	1,078,011	1,228,633	-	272,748	6,472,016	9,051,408
Fund balances - end of year	\$ 834,018	\$ 1,257,445	\$ -	\$ 297,279	\$ 8,983,384	\$ 11,372,126

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 6,000	\$ 6,000	\$ 44,365	\$ 38,365
Charges for services	63,801	63,801	69,276	5,475
Miscellaneous	117,280	129,768	71,656	(58,112)
Recovered costs	12,000	42,958	74,816	31,858
Intergovernmental:				
Federal	2,019,006	4,392,965	3,244,873	(1,148,092)
Commonwealth	21,637,526	21,499,559	22,080,848	581,289
City of Staunton	15,970,171	15,970,171	15,970,171	-
Total revenues	39,825,784	42,105,222	41,556,005	(549,217)
EXPENDITURES				
Current:				
Education	40,074,969	43,079,124	41,511,673	1,567,451
Debt Service:				
Principal retirement	-	-	179,240	(179,240)
Interest and fiscal charges	-	-	9,049	(9,049)
Total expenditures	40,074,969	43,079,124	41,699,962	1,379,162
Excess (deficiency) of revenues over (under) expenditures	(249,185)	(973,902)	(143,957)	829,945
OTHER FINANCING SOURCES (USES)				
Issuance of lease/subscription	-	-	311,970	311,970
Appropriation of prior year reserve/encumbrances	453,981	1,453,698	-	(1,453,698)
Transfers in:				
Transfer from State Operated Programs Fund	80,431	80,431	83,163	2,732
Transfers out:				
Transfer to School Textbook Fund	(135,227)	(135,227)	(135,227)	-
Transfer to School CIP Fund	(150,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	249,185	973,902	(165,094)	(1,138,996)
Net change in fund balance	\$ -	\$ -	\$ (309,051)	\$ (309,051)

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, 2024

ASSETS

Cash and cash equivalents	\$ 115,625
Accounts receivable	673,561
Lease Receivable	481,145
Inventory	12,970,053
Capital assets:	
Nondepreciable assets	793,946
Depreciable assets, net	<u>5,228,896</u>
Total assets	<u>20,263,226</u>

LIABILITIES

Accounts payable	690,728
Due to primary government	<u>12,750,000</u>
Total liabilities	<u>13,440,728</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	<u>481,145</u>
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NET POSITION

Net investment in capital assets	
Unrestricted	<u>6,341,353</u>
Total net position	<u><u>\$ 6,341,353</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2024

OPERATING REVENUES

Charges for services	\$ 5,475
Rental of property	14,215
Operating grants-City	<u>702,420</u>
Total operating revenues	<u>722,110</u>

OPERATING EXPENSES

Professional fees	250
Hotel 24 South rental payment	25,000
Villages	144,894
Staunton Frontier	557,526
Depreciation	<u>229,220</u>
Total operating expenses	<u>956,890</u>
Operating loss	<u>(234,780)</u>

NONOPERATING REVENUES

Interest income	<u>21,517</u>
Total nonoperating revenues	<u>21,517</u>
Change in net position	(213,263)
Net position - beginning of year	<u>6,554,616</u>
Net position - end of year	<u><u>\$ 6,341,353</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

OPERATING ACTIVITIES

Cash received from customers	\$ 11,975
Cash paid to suppliers/grantees	(571,886)
Other operating grants	552,207
Net cash used in operating activities	(7,704)

CAPITAL AND RELATED FINANCING ACTIVITIES

Income received on leases	8,215
Interest received on leases	16,785
Net cash provided by capital and related financing activities	25,000

INVESTING ACTIVITIES

Interest received	4,732
Net cash provided by investing activities	4,732
Net increase in cash and cash equivalents	22,028

CASH AND CASH EQUIVALENTS

Beginning of year	93,597
End of year	\$ 115,625

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (234,780)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	229,220
Inflows from leases	(8,215)
Change in assets and liabilities:	
Increase (decrease) in receivables	(149,713)
Increase (decrease) in accounts payable	155,784
Net cash used in operating activities	\$ (7,704)

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, 2024

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	\$ 24,847,498	\$ 25,635,164	\$ 787,666
Downtown development real property tax	142,213	141,759	(454)
Real and personal public service corporation property taxes	942,800	1,142,827	200,027
Personal property taxes	6,400,000	7,230,445	830,445
Machinery and tools taxes	425,000	390,396	(34,604)
Penalties and interest	495,000	653,566	158,566
Total General Property Taxes	33,252,511	35,194,157	1,941,646
Other local taxes:			
Local sales and use taxes	5,624,522	6,023,554	399,032
Consumers' utility taxes	1,183,000	1,157,759	(25,241)
Local communication tax	925,000	911,682	(13,318)
Business license taxes	2,550,000	3,080,097	530,097
Bank stock taxes	650,000	744,629	94,629
Taxes on recordation and wills	358,500	333,019	(25,481)
Lodging (Transient occupancy) taxes	1,350,000	1,279,279	(70,721)
Restaurant food (Meals) tax	5,985,000	6,659,420	674,420
Short term rental tax	25,000	31,675	6,675
Cigarette tax	325,000	320,604	(4,396)
Total Other Local Taxes	18,976,022	20,541,718	1,565,696
Permits, privilege fees, and regulatory licenses:			
Animal licenses	8,950	8,018	(932)
Permits and other licenses	191,700	308,788	117,088
Total Permits, Privilege Fees, and Regulatory Licenses	200,650	316,806	116,156
Fines and forfeitures	208,500	210,597	2,097
Revenue from use of money and property:			
Revenue from use of money	414,500	780,029	365,529
Revenue from use of property	64,200	60,963	(3,237)
Total Revenue from Use of Money and Property	478,700	840,992	362,292

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, 2024

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	\$ 8,351	\$ 1,251
Charges for Commonwealth's Attorney	4,875	6,438	1,563
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	60,000	68,485	8,485
Jail admission fee	3,650	3,766	116
Charges for publications and maps	-	475	475
Charges for parks and recreation	366,650	515,198	148,548
Charges for golf	238,000	344,443	106,443
Charges for library fines	6,500	13,139	6,639
Charges for copies	-	7	7
Property clean up fees	5,000	955	(4,045)
Administrative fees	28,000	62,639	34,639
Payments in lieu of tax from Enterprise funds	956,422	1,077,887	121,465
Charges for tax-exempt organizations	6,972	4,338	(2,634)
Total Charges for Services	1,685,786	2,108,738	422,952
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	14,000	16,812	2,812
Sale of salvage and surplus	15,000	70,256	55,256
Donations	5,000	18,708	13,708
Restitution	-	1,759	1,759
Other grants	10,750	14,000	3,250
Opioid settlement	133,419	139,686	6,267
Miscellaneous	-	341,728	341,728
Total Miscellaneous Revenue	178,169	602,949	424,780
Recovered Costs	1,177,359	1,352,423	175,064
Total Revenue from Local Sources	56,157,697	61,168,380	5,010,683
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	45,000	92,445	47,445
Rolling stock taxes	10,200	6,608	(3,592)
Auto rental taxes	112,500	183,396	70,896
Law enforcement	1,004,888	1,104,228	99,340
Grantor's tax	101,500	94,804	(6,696)
PPTRA reimbursement	1,652,200	1,652,200	-
Total Non-Categorical Aid	2,926,288	3,133,681	207,393

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, 2024

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	\$ 626,752	\$ 698,599	\$ 71,847
Sheriff	454,307	457,845	3,538
Commissioner of the revenue	148,310	156,523	8,213
Treasurer	146,401	158,652	12,251
Registrar/Electoral Board	79,463	100,404	20,941
Circuit court clerk	370,735	391,306	20,571
Circuit court clerk-technology trust fund	17,087	14,474	(2,613)
Total Shared Expenses	1,843,055	1,977,803	134,748
Health and welfare	1,371,638	1,139,603	(232,035)
Other Categorical Aid:			
Street and highway maintenance	5,510,058	5,513,430	3,372
Library	225,756	225,877	121
E911 Wireless funds	98,000	120,358	22,358
PSAP grants	3,000	40,579	37,579
Fire programs	115,938	115,938	-
Commission for the Arts	4,500	4,500	-
School Resource Officer grant	52,912	45,838	(7,074)
Comprehensive Services Act funds	2,075,405	1,874,959	(200,446)
Four-for-Life funds	23,500	23,807	307
Animal license plates	1,000	1,026	26
Victim/Witness funds	25,000	27,955	2,955
Forfeited assets	25,511	40,917	15,406
Jurors/Witness fees	12,000	1,755	(10,245)
Total Other Categorical Aid	8,172,580	8,036,939	(135,641)
Total Categorical Aid	11,387,273	11,154,345	(232,928)
Total Revenue from the Commonwealth	14,313,561	14,288,026	(25,535)
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,179,852	952,128	(227,724)
Health and welfare (ARPA)	-	3,209	3,209
Victim/Witness	60,000	70,906	10,906
State and Local Fiscal Recovery Funds (ARPA)	312	139,455	139,143
Virginia ARPA Tourism Recovery Program grant	-	35,000	35,000
US Marshall JLEO funds	20,000	28,631	8,631
Police DMV Selective enforcement grant	15,200	14,240	(960)
Total Revenue from the Federal Government	1,275,364	1,243,569	(31,795)
Total General Fund	\$ 71,746,622	\$ 76,699,975	\$ 4,953,353

(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, 2024

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	\$ -	\$ 1,853	\$ 1,853
Total Revenue from Use of Money and Property	-	1,853	1,853
Charges for services:			
Supervision fees	15,000	19,210	4,210
Drug screen fees	-	4,466	4,466
Home electronic monitoring fees	125,000	107,520	(17,480)
Group therapy fees	-	1,320	1,320
Total Charges for Services	140,000	132,516	(7,484)
Miscellaneous:			
CAPSAW	20,500	17,604	(2,896)
Augusta Health	8,900	-	(8,900)
VCSB-MH Rural Jail diversion	40,000	10,493	(29,507)
VCSB-MH Rapid diversion	33,791	38,781	4,990
VCSB-Therapeutic docket	95,000	66,587	(28,413)
Total Miscellaneous Revenue	198,191	133,465	(64,726)
Total Revenue from Local Sources	338,191	267,834	(70,357)
Revenue from the Commonwealth:			
Supreme Court - OOA Special grant	-	1,773	1,773
Supreme Court - Recovery	110,000	110,000	-
Community Corrections and Pre-trial services funds	973,252	1,006,393	33,141
Total Revenue from the Commonwealth	1,083,252	1,118,166	34,914
Total Blue Ridge Court Services Fund	\$ 1,421,443	\$ 1,386,000	\$ (35,443)
State and Federal Grants Fund:			
Revenue from the Federal Government:			
Fire LEMPG grant	-	7,500	7,500
Police DMV Selective enforcement grant	5,244	5,244	-
DCJS ARPA Equipment grant	162,637	163,114	477
DCJS Local Law Enforcement Block (LOLE) grant	2,565	2,520	(45)
Total Revenue from the Federal Government	170,446	178,378	7,932
Total Grants Fund	\$ 170,446	\$ 178,378	\$ 7,932

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, 2024

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	\$ -	\$ 8,134	\$ 8,134
Total Revenue from Local Sources	-	8,134	8,134
Revenue from the Commonwealth:			
Va Brownfields Assistance Fund grant	-	50,000	50,000
Total Revenue from the Commonwealth	-	50,000	50,000
Revenue from the Federal Government:			
HUD VIDA program	-	500	500
EPA Brownsfield Assessment Grant program	222,196	57,728	(164,468)
CSLFRF ARPA-Industrial Revitalization Fund (IRF) Planning Grant	-	97,984	97,984
Total Revenue from the Federal Government	222,196	156,212	(65,984)
Total Community Development Fund	\$ 222,196	\$ 214,346	\$ (7,850)
HUD Entitlement Fund:			
Revenue from the Federal Government:			
HUD entitlement	1,060,984	398,004	(662,980)
Total Revenue from the Federal Government	1,060,984	398,004	(662,980)
Total HUD Entitlement Fund	\$ 1,060,984	\$ 398,004	\$ (662,980)
Total Special Revenue Funds	\$ 2,875,069	\$ 2,176,728	\$ (698,341)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 74,621,691	\$ 78,876,703	\$ 4,255,012
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	\$ -	\$ 32,845	\$ 32,845
Revenue from use of property	6,000	11,520	5,520
Total Revenue from Use of Money and Property	6,000	44,365	38,365
Charges for services:			
Charges for education	14,000	8,134	(5,866)
Tuition or other payments from another county or city	49,801	61,142	11,341
Total Charges for Services	63,801	69,276	5,475
Miscellaneous revenue:			
Donations	39,277	19,570	(19,707)
Wellness program	10,000	14,251	4,251
Miscellaneous grants	67,660	17,695	(49,965)
Sale of salvage and surplus	12,831	20,140	7,309
Total Miscellaneous Revenue	129,768	71,656	(58,112)
Recovered Costs	42,958	74,816	31,858
Contribution from City of Staunton	15,970,171	15,970,171	-
Total Revenue from Local Sources	16,212,698	16,230,284	17,586

(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, 2024

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	\$ 4,477,873	\$ 4,264,966	\$ (212,907)
Basic school aid	7,822,146	7,925,236	103,090
Foster care	39,023	12,838	(26,185)
Gifted and talented-SOQ	85,138	84,360	(778)
Remedial Education-SOQ	345,112	341,961	(3,151)
ISAEF funds	16,405	16,346	(59)
Special education-SOQ	626,370	620,651	(5,719)
Special education-foster care	-	19,951	19,951
Homebound	1,422	1,660	238
Regional tuition programs	331,250	130,124	(201,126)
Primary Class size (K-3)	344,028	360,226	16,198
Vocational education-SOQ	548,834	543,823	(5,011)
Social security instructional	510,826	506,162	(4,664)
VRS retirement instructional	1,191,928	1,181,044	(10,884)
Lottery	576,377	609,984	33,607
Group Life Insurance instructional	36,488	36,154	(334)
At risk	854,736	846,696	(8,040)
VPSA Technology grants	180,000	180,000	-
At Risk - Four Year Olds (VPSI)	433,697	443,783	10,086
Compensation Supplement	1,325,546	1,311,650	(13,896)
Remedial Summer School	72,932	88,786	15,854
English as a second language	120,279	101,916	(18,363)
Early Reading Intervention	81,159	65,378	(15,781)
SOL-Algebra readiness	34,366	38,804	4,438
Grocery tax hold harmless	635,008	634,131	(877)
Rebenchmarking	425,103	425,103	-
Vision Screening	-	3,738	3,738
Vocational - Equipment	9,500	10,468	968
Project Graduation	4,568	4,568	-
Mentor Teacher Program	2,085	1,105	(980)
DMAS Medicaid	175,000	283,193	108,193
National board certification	-	2,500	2,500
Other state funds	-	34,775	34,775
Total Categorical Aid	21,499,559	22,080,848	581,289
Total Revenue from the Commonwealth	21,499,559	22,080,848	581,289

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, 2024

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):			
Categorical Aid:			
Title I	\$ 1,101,701	\$ 914,010	\$ (187,691)
Title I for Delinquent-Basic	128,397	72,482	(55,915)
School improvement grant	64,674	66,452	1,778
Title VI - B - Special Education (including ARP flowthrough)	1,707,103	873,822	(833,281)
Preschool grants (including ARP flowthrough)	51,884	10,913	(40,971)
Title II A-Improving teacher training	155,843	157,946	2,103
Title IV A-Student Support and Academic Enrichment	90,845	95,378	4,533
Title III ESEA - Limited English proficient	11,796	7,514	(4,282)
Career Tech Ed grants (BRCC)	8,572	-	(8,572)
Perkins CTE-Vocational education basic grant	59,939	74,184	14,245
CARES Act ESSERF - ESSER II	127,660	127,660	-
ARP ESSER III	767,447	723,873	(43,574)
ARP ESSER III-Summer School	74,858	74,858	-
ARP ESSER Homeless Children and Youth	12,246	12,246	-
McKinney-Vento Homeless Grant	-	1,285	1,285
Recruitment and Retention Support	30,000	30,000	-
Total Categorical Aid	4,392,965	3,244,873	(1,148,092)
Total Revenue from the Federal Government	4,392,965	3,244,873	(1,148,092)
Total Education Fund	\$ 42,105,222	\$ 41,556,005	\$ (549,217)
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ -	\$ 31,988	\$ 31,988
Charges for services:			
Charges for food service	2,500	16,668	14,168
Miscellaneous Revenue:			
Donations	500	15,909	15,409
Miscellaneous Grants	217,099	2,500	(214,599)
Other	3,600	4,808	1,208
Total Miscellaneous revenue	221,199	23,217	(197,982)
Total Revenue from Local Sources	223,699	71,873	(151,826)
Revenue from the Commonwealth:			
Meal reimbursement		15,495	15,495
State Breakfast Incentive	-	43,136	43,136
Breakfast after the Bell		5,942	5,942
Total revenue from the Commonwealth	-	64,573	64,573
Revenue from the Federal Government:			
ARP ESSER III	-	160	160
Child care food program	262,465	1,666	(260,799)
NSLP Equipment Grant	-	119,153	119,153
Pandemic EBT Administrative cost	3,256	3,256	-
National school lunch and breakfast program	1,683,073	1,762,654	79,581
Other Federal Funding	700	700	-
Total Revenue from the Federal Government	1,949,494	1,887,589	(61,905)
Total School Cafeteria Fund	\$ 2,173,193	\$ 2,024,035	\$ (149,158)

(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, 2024

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD: (cont'd)			
Special Revenue Funds: (cont'd)			
Textbook Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:	\$ -	\$ 55,363	\$ 55,363
Total Revenue from Local Sources	-	55,363	55,363
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	205,652	199,422	(6,230)
Total Textbook Fund	<u>\$ 205,652</u>	<u>\$ 254,785</u>	<u>\$ 49,133</u>
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ -	\$ 12,960	\$ 12,960
Recovered costs	-	108	108
Total Revenue from local sources	-	13,068	13,068
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	2,460,793	2,499,797	39,004
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D-Neglected and Delinquent Children	140,970	137,758	(3,212)
Total Revenue from Federal Government	140,970	137,758	(3,212)
Total State Operated Programs Fund	<u>\$ 2,601,763</u>	<u>\$ 2,650,623</u>	<u>\$ 48,860</u>
Total Special Revenue Funds	<u>\$ 4,980,608</u>	<u>\$ 4,929,443</u>	<u>\$ (51,165)</u>
Grand Total Revenues - Component Unit School Board	<u>\$ 47,085,830</u>	<u>\$ 46,485,448</u>	<u>\$ (600,382)</u>

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, 2024

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 123,831	\$ 114,464	\$ 9,367
City Council	148,335	133,903	14,432
Total Legislative	272,166	248,367	23,799
General and Financial Administration:			
City Manager	602,345	595,505	6,840
City Attorney	469,483	354,030	115,453
City Memberships	31,050	29,889	1,161
Professional Consultants	80,000	68,950	11,050
Commissioner of the Revenue	410,337	401,200	9,137
Assessor and Equalization Board	377,962	346,120	31,842
Treasurer	393,934	368,728	25,206
Finance	1,297,616	1,236,519	61,097
Information Technology	1,434,241	1,397,469	36,772
Risk Management	593,501	589,552	3,949
Human Resources	785,641	765,718	19,923
Communications Manager	136,909	121,550	15,359
Contingency	349,577	-	349,577
Total General and Financial Administration	6,962,596	6,275,230	687,366
Board of Elections:			
Electoral Board and Registrar	246,513	237,552	8,961
Total Board of Elections	246,513	237,552	8,961
Total General Government Administration	7,481,275	6,761,149	720,126
Judicial Administration:			
Courts:			
Circuit court	170,050	170,050	-
General District Court	18,512	12,018	6,494
Juvenile and Domestic Relations Court	80,092	64,294	15,798
Clerk of the Circuit Court	689,370	688,900	470
Sheriff	993,917	1,024,422	(30,505)
Victim/Witness	110,884	110,525	359
Magistrates	2,225	1,935	290
Total Courts	2,065,050	2,072,144	(7,094)
Commonwealth Attorney	1,056,430	1,056,229	201
Total Judicial Administration	3,121,480	3,128,373	(6,893)

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, 2024

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	\$ 6,719,794	\$ 6,538,191	\$ 181,603
E-911 Communications	1,198,743	1,140,666	58,077
Total Law Enforcement and Traffic Control	7,918,537	7,678,857	239,680
Fire and Rescue Services:			
Fire Department	4,166,838	4,165,769	1,069
EMS Council/Four for Life	60,001	7,291	52,710
State Fire Programs	155,527	85,593	69,934
Total Fire and Rescue Services	4,382,366	4,258,653	123,713
Correction and Detention:			
Juvenile Detention Home - Contribution	459,396	442,892	16,504
Jail Facility	3,286,318	3,286,318	-
Youth Commission	172,892	172,892	-
Total Correction and Detention	3,918,606	3,902,102	16,504
Inspections:			
Building Inspection	458,855	432,966	25,889
Other Protection:			
Animal control - Animal Care	241,581	241,580	1
Medical Examiner	300	200	100
Total Other Protection	241,881	241,780	101
Total Public Safety	16,920,245	16,514,358	405,887
Public Works:			
City Engineering	328,785	310,173	18,612
Administration	338,369	336,058	2,311
Highways, Streets, and Sidewalks	4,730,103	2,550,711	2,179,392
Traffic Engineering (lines and signs)	263,780	140,169	123,611
Traffic Signals	747,739	739,345	8,394
Total	6,408,776	4,076,456	2,332,320
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,580,208	1,561,518	18,690
Equipment Maintenance	558,525	554,666	3,859
Total Maintenance of General Buildings, Grounds, Equipment	2,138,733	2,116,184	22,549
Total Public Works	8,547,509	6,192,640	2,354,869

(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, 2024

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	\$ 235,237	\$ 235,237	\$ -
Mental Health and Mental Retardation:			
Chapter X Board	247,129	247,129	-
Total Health	482,366	482,366	-
Welfare:			
DSS-public assistance	3,000,000	2,663,171	336,829
Children Services Act	3,414,264	2,786,882	627,382
Tax Relief - Elderly and Disabled	132,000	126,706	5,294
Tax Relief - Veterans	181,000	185,616	(4,616)
Valley Children's Advocacy Center	7,116	7,116	-
CAPSAW	33,312	33,312	-
Contribution to Area Agency on Aging (VPAS)	26,000	26,000	-
BRITE Transportation	33,634	33,632	2
Total Welfare	6,827,326	5,862,435	964,891
Total Health and Welfare	7,309,692	6,344,801	964,891
Education:			
Contribution to Community College	5,000	5,000	-
Contribution to Valley Alliance for Education	4,000	4,000	-
Contribution to Component Unit - School Board	15,970,171	15,970,171	-
Total Education	15,979,171	15,979,171	-
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,307,519	1,300,027	7,492
Horticulture	288,548	249,545	39,003
Golf	191,507	190,879	628
Park Maintenance	1,375,391	1,301,632	73,759
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	3,182,965	3,062,083	120,882
Cultural Enrichment:			
Contributions to Community Organizations	15,500	15,500	-
Total Cultural Enrichment	15,500	15,500	-
Library:			
Library Administration and Operations	1,403,646	1,401,956	1,690
Total Library	1,403,646	1,401,956	1,690
Total Parks, Recreation, and Cultural	4,602,111	4,479,539	122,572

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, 2024

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
(Continued)			
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Community Development:			
Planning and Community Development:			
Economic Development	\$ 1,314,335	\$ 1,101,074	\$ 213,261
Planning and Development	550,931	418,911	132,020
Tourism Development	650,083	589,663	60,420
Staunton Welcome Center	60,399	44,441	15,958
Special Service District (SDDA)	207,650	207,113	537
Contributions to Local Agencies and Regional Programs	399,214	378,862	20,352
Total Planning and Community Development	3,182,612	2,740,064	442,548
Total Community Development	3,182,612	2,740,064	442,548
Debt Service:			
Principal retirement	-	186,351	(186,351)
Interest and fiscal charges	-	6,483	(6,483)
Total Debt Service	-	192,834	(192,834)
Total General Fund	\$ 67,144,095	\$ 62,332,929	\$ 4,811,166
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 1,123,541	\$ 1,117,681	\$ 5,860
Therapeutic Docket	96,527	79,487	17,040
MH rural jail diversion	32,512	10,493	22,019
MH rapid diversion	58,933	52,160	6,773
OOA Special Grant	-	1,773	(1,773)
Recovery Court	110,000	113,339	(3,339)
Total Correction and Detention	1,421,513	1,374,933	46,580
Total Public Safety	1,421,513	1,374,933	46,580
Debt Service			
Principal retirement	-	30,635	(30,635)
Interest and fiscal charges	-	2,258	(2,258)
Total Debt Service	-	32,893	(32,893)
Total Blue Ridge Court Services Fund	\$ 1,421,513	\$ 1,407,826	\$ 13,687
State and Federal Grants Fund:			
Public Safety			
Police department grants	\$ 170,446	\$ 170,878	\$ (432)
Fire department grants	-	7,500	(7,500)
Total Public Safety	170,446	178,378	(7,932)
Community Development Fund:			
Community Development:			
West End Brownsfield Assessment	\$ 439,392	\$ 57,728	\$ 381,664
Arcadia Project	-	50,000	(50,000)
Steam Plant Project		97,984	(97,984)
Total Community Development Fund	\$ 439,392	\$ 205,712	\$ 233,680

(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, 2024

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	\$ 1,176,994	\$ 408,662	\$ 768,332
Total Community Development	1,176,994	408,662	768,332
Total HUD Entitlement Fund	\$ 1,176,994	\$ 408,662	\$ 768,332
Total Special Revenue Funds	\$ 3,208,345	\$ 2,200,578	\$ 1,007,767
Grand Total - Expenditures -Primary Government- General and special revenue	\$ 70,352,440	\$ 64,533,507	\$ 5,818,933
COMPONENT UNIT – SCHOOL BOARD:			
Education Fund:			
Instructional Costs	\$ 32,055,412	\$ 30,608,075	\$ 1,447,337
Administration, Attendance & Health	2,886,768	2,914,392	(27,624)
Pupil Transportation	1,645,305	1,625,903	19,402
Operations and Maintenance	4,356,215	4,287,931	68,284
Technology	2,135,424	2,075,372	60,052
Total Education	43,079,124	41,511,673	1,567,451
Debt Service:			
Principal retirement	-	179,240	(179,240)
Interest and fiscal charges	-	9,049	(9,049)
Total Debt Service	-	188,289	(188,289)
Total Education Fund	\$ 43,079,124	\$ 41,699,962	\$ 1,379,162
School Cafeteria Fund:			
Food Service	\$ 2,473,253	\$ 2,252,128	\$ 221,125
Debt Service:			
Principal retirement	-	14,486	(14,486)
Interest and fiscal charges	-	1,414	(1,414)
Total Debt Service	-	15,900	(15,900)
Total School Cafeteria Fund	\$ 2,473,253	\$ 2,268,028	\$ 205,225
Textbook Fund:			
Education:			
Instructional costs	\$ 1,092,094	\$ 361,200	\$ 730,894
Total Textbook Fund	\$ 1,092,094	\$ 361,200	\$ 730,894
State Operated Programs Fund			
Education:			
Instructional costs	\$ 2,521,332	\$ 2,565,789	\$ (44,457)
Debt Service:			
Principal retirement	-	1,607	(1,607)
Interest and fiscal charges	-	64	(64)
Total Debt Service	-	1,671	(1,671)
Total State Operated Programs Fund	\$ 2,521,332	\$ 2,567,460	\$ (46,128)
Total Special Revenue Funds	\$ 6,086,679	\$ 5,196,688	\$ 889,991
Grand Total - Expenditures - Component Unit - School Board	\$ 49,165,803	\$ 46,896,650	\$ 2,269,153

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.

TABLE 1

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	<u>2024</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 39,934,250	\$ 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
Restricted	3,005,306	967,138	265,442	237,570	261,168	265,941	31,265	41,469	27,466	117,646
Unrestricted	41,495,169	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
Total governmental activities net position	<u>\$ 84,434,725</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 59,118,729	\$ 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
Restricted	-	-	15,407	-	-	-	-	-	-	-
Unrestricted	26,650,736	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
Total business-type activities net position	<u>\$ 85,769,465</u>	<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>
Primary government										
Net investment in capital assets	\$ 99,052,979	\$ 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
Restricted	3,005,306	967,138	280,849	237,570	261,168	265,941	31,265	41,469	27,466	117,646
Unrestricted	68,145,905	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
Total primary net position	<u>\$ 170,204,190</u>	<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>

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental Activities:										
General government	\$ 14,506,060	\$ 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
Judicial administration	2,963,913	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
Public safety	18,534,737	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
Public works	8,304,728	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
Health and welfare	6,369,045	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
Education	21,315,094	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
Parks, recreation and culture	4,689,638	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
Community development	3,526,993	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
Interest on long-term debt	1,861,434	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
Total governmental activities expenses	82,071,642	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
Business-Type Activities:										
Water	4,426,678	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
Sewer	4,081,189	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
Stormwater	819,281	864,660	1,015,056	995,695	808,357	1,068,398	966,907	806,458	785,238	724,382
Environmental	3,706,802	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
Golf	-	-	-	-	-	-	146,068	152,966	151,865	155,309
Parking	582,519	570,664	690,247	768,935	676,676	523,631	506,123	460,136	414,275	430,555
Total business-type activities expenses	13,616,469	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
Total primary government expenses	\$ 95,688,111	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 1,077,887	\$ 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
Public safety	440,308	802,235	333,784	447,179	387,061	398,704	425,342	433,289	558,495	391,728
Parks and recreation	879,675	710,959	619,936	336,721	341,168	503,846	421,828	395,378	371,053	329,414
Other activities	7,277,494	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
Operating grants and contributions	16,874,298	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
Capital grants and contributions	4,063,691	852,215	732,190	1,555,416	1,805,565	39,868	1,356,628	2,215,355	1,105,977	546,586
Total governmental activities program revenues	30,613,353	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

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,398	\$ 103,868	\$ 118,900	\$ 120,931
Water	4,819,879	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
Sewer	4,276,142	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
Stormwater	779,328	796,103	784,682	772,573	765,821	766,487	767,497	781,950	760,611	788,237
Environmental	3,673,901	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
Parking	255,341	288,710	329,324	472,152	358,004	422,709	444,622	431,015	407,383	396,382
Operating grants and contributions	53,580	81,112	97,732	70,392	5,928	6,359	6,092	9,704	14,389	65,031
Capital grants and contributions	3,348,849	1,050,522	126,800	-	826,387	-	785,443	252,436	139,445	686,595
Total business-type activities program revenues	17,207,020	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
Total primary government program revenues	\$ 47,820,373	\$ 38,302,925	\$ 34,369,457	\$ 34,778,730	\$ 34,948,663	\$ 32,937,915	\$ 32,864,791	\$ 32,503,372	\$ 36,192,337	\$ 28,909,049
Net (expense)/revenue										
Governmental activities	\$ (51,458,289)	\$ (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)
Business-type activities	3,590,551	1,303,874	971,975	1,675,519	1,440,578	1,076,770	802,150	1,318,823	802,550	1,296,673
Total primary government net expense	\$ (47,867,738)	\$ (48,718,601)	\$ (49,669,256)	\$ (45,157,047)	\$ (40,825,084)	\$ (37,895,223)	\$ (37,882,523)	\$ (34,479,956)	\$ (28,142,447)	\$ (32,921,618)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 35,156,838	\$ 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
Sales tax	6,023,554	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
Hotel and meals tax	7,938,699	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
Business license	3,080,097	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
Utility tax	1,157,759	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
Local communication tax	911,682	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
Other taxes	1,429,927	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
Unrestricted investment earnings (loss)	2,245,287	316,678	(73,084)	83,775	958,576	385,545	155,183	133,649	68,532	11,241
Grants and contributions not restricted to a specific program	3,279,774	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
Miscellaneous	358,660	90,702	21,553	57,036	23,865	21,942	18,684	57,572	29,086	25,089
Transfers	(1,250,000)	(1,227,894)	(81,657)	(24,528)	-	(189,316)	(1,066,603)	(1,041,073)	(236,488)	12,752
Total governmental activities	60,332,277	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

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Business-type activities:										
Unrestricted investment earnings (loss)	\$ 1,641,157	\$ 510,920	\$ (188,556)	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192	\$ 39,790
Transfers	1,250,000	1,227,894	81,657	-	189,316	1,066,603	1,041,073	236,488	(12,752)	224,400
Total business-type activities	2,891,157	1,738,814	(106,899)	263,369	460,505	1,158,784	1,077,528	287,146	16,440	264,190
Total primary government	<u>\$ 63,223,434</u>	<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>
Change in Net Position										
Governmental activities	\$ 8,873,988	\$ 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
Business-type activities	6,481,708	3,042,688	865,076	1,938,888	1,901,083	2,235,554	1,879,678	1,605,969	818,990	1,560,863
Total primary government	<u>\$ 15,355,696</u>	<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>

TABLE 3

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
UNAUDITED

	<u>2024</u>	<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>
General Fund										
Nonspendable	\$ 117,733	\$ 121,993	\$ 111,400	\$ 103,947	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252	\$ 78,126
Restricted	3,005,306	967,138	1,002,931	230,914	242,949	250,953	15,219	25,401	15,825	117,646
Committed	12,128,058	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
Assigned	2,943,527	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
Unassigned	<u>5,694,572</u>	<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>
Total General Fund	<u>\$ 23,889,196</u>	<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>
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>43,624,826</u>	<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>
Total all other governmental funds	<u>\$ 43,624,826</u>	<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>

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
General property taxes	\$ 35,194,157	\$ 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
Sales and use tax	6,023,554	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
Meals tax	6,659,420	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
Utility taxes	1,157,759	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
Business license tax	3,080,097	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
Local communication tax	911,682	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
Other local taxes	2,709,206	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
Permits, privilege fees, and regulatory licenses	316,806	274,672	209,732	229,999	210,011	254,962	287,878	204,627	340,019	194,875
Fines and forfeitures	210,597	184,149	209,021	139,437	201,199	254,056	134,887	94,155	97,667	96,231
Charges for services	2,241,254	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
Intergovernmental	22,259,363	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
Investment earnings	2,068,918	293,172	(63,787)	83,506	872,221	359,855	152,529	124,450	74,703	11,826
Other revenues	2,717,371	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
Total revenues	85,550,184	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
EXPENDITURES										
General government administration	6,884,045	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
Judicial administration	3,214,385	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
Public safety	19,058,077	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
Public works	10,458,405	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
Health and welfare	6,344,801	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
Education	19,473,973	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
Parks, recreation and cultural	4,695,275	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
Community development	3,550,424	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
Capital outlay	3,093,442	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
Debt service:										
Principal retirement	3,351,986	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
Interest and fiscal charges	2,235,243	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
Bond issue costs	-	-	268,887	-	92,920	114,508	-	-	-	-
Total expenditures	82,360,056	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
Excess (deficiency) of revenues over (under) expenditures	3,190,128	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

(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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OTHER FINANCING SOURCES (USES)										
Issuance of lease/subscription	266,921	45,665	12,485	-	-	-	-	-	-	-
Bonds issued	16,745,000	-	-	-	-	43,760,000	-	-	-	-
Refunding bonds issued	-	-	17,625,000	-	14,660,000	-	-	-	-	-
Premium on general obligation bonds	2,068,594	-	3,113,224	-	-	2,329,862	-	-	-	-
Payment to refunding bond escrow agent*	-	-	(21,924,772)	-	(14,494,435)	-	-	-	-	-
Transfers in	14,676,472	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
Transfers out	(15,926,472)	(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)
Total other financing sources (uses)	17,830,515	(1,003,319)	(1,176,420)	(24,096)	165,565	46,068,837	(164,300)	(1,069,000)	(215,292)	(289,528)
Net change in fund balance	\$ 21,020,643	\$ 4,819,858	\$ 2,759,698	\$ (4,443,282)	\$ (30,527,695)	\$ 47,664,488	\$ 2,144,650	\$ 2,223,374	\$ (755,733)	\$ 1,506,225
Debt service as a percentage of noncapital expenditures	7.52%	8.35%	6.90%	9.19%	8.02%	6.30%	7.20%	7.40%	7.40%	7.57%

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>
2024	\$ 2,394,454,062	\$ 441,800,881	\$ 71,921,074	\$ 2,908,176,017	\$ 0.89
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

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	2024			2015		
	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%	\$ 10,286,670	5	0.57%
JECO Corporation	14,702,400	2	0.51%			
Staunton Station LLC	11,820,200	3	0.41%	9,568,880	6	0.53%
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%	9,333,800	7	0.52%
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	8	0.51%
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%
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>\$ 102,924,095</u>		<u>5.74%</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		
2024	(1) \$	25,882,772	(2) \$	-	0.00%	\$	-	0.00%
2023		25,553,120		24,572,331	96.16%		24,572,331	96.16%
2022		20,951,903		20,054,185	95.72%		20,421,417	97.47%
2021		20,634,866		19,980,498	96.83%		20,338,806	98.57%
2020		19,325,700		18,621,456	96.36%		19,113,316	98.90%
2019		19,261,803		18,481,911	95.95%		18,935,872	98.31%
2018		18,239,912		17,452,121	95.68%		17,961,366	98.47%
2017		18,025,255		17,170,918	95.26%		17,771,220	98.59%
2016		17,097,175		16,281,518	95.23%		16,870,639	98.68%
2015		16,968,376		16,082,668	94.78%		16,740,692	98.66%

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/SBITA	General Obligation Bonds	VRA Loans	Leases/SBITA			
2024	\$ 42,590,382	\$ 34,418,230	\$ -	\$ 473,923	\$ -	\$17,254,116	\$ 71,732	\$ 94,808,383	7.51%	\$ 3,682
2023	43,518,045	18,149,071	-	423,988	-	18,724,696	78,856	80,894,656	8.32%	3,132
2022	44,400,707	20,608,506	-	559,865	-	11,362,373	88,868	77,020,319	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

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		
2024	\$ 42,590,382	\$ -	\$ 51,672,346	\$ (4,836,479)	\$ 89,426,249	3.07%	\$ 3,473
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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limit	\$ 290,817,602	\$ 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
Total net debt applicable to limit	89,426,249	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
Legal debt margin	<u>\$ 201,391,353</u>	<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>
Legal debt margin as a percentage of the debt limit	69.25%	73.69%	66.47%	57.97%	55.20%	73.80%	72.23%	68.99%	68.99%	65.95%

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)
2024	25,750	\$ 7,122,193	\$ 55,929	41.0	2,497	3.0%
2023	25,750	6,707,675	52,910	40.9	2,511	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%

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 2023.
- (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	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	6.55%	500-599	1	4.85%
Staunton City School Board	250-499	2	3.28%	500-999	2	4.85%
City of Staunton	250-499	3	3.28%	250-499	4	3.31%
Federated Auto Parts (Fisher Auto Parts Inc)	250-499	4	3.28%	250-499	6	3.31%
WalMart Associates Inc	100-249	5	1.53%	250-499	5	3.31%
Mary Baldwin University	100-249	6	1.53%	250-499	3	3.31%
VDOT	100-249	7	1.53%	100-249	9	1.54%
Graphic Packaging (Specialty Blades)	100-249	8	1.53%	100-249	8	1.54%
Best Buy	100-249	9	1.53%			
Food Lion	100-249	10	1.53%			
Virginia School for the Deaf and Blind				100-249	10	1.54%
Home Instead Senior Care				100-249	7	1.54%
Total	2000-4240		25.55%	2550-5240		29.10%

Source: Virginia Employment Commission (VEC)

Notes:

Percentage of Total City employment 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	40	39	39	38	38	38	33	33	35	35
Judicial	27	27	27	26	25	22	22	22	22	21
Public Safety	109	109	109	109	109	109	103	103	103	99
Public Works	35	35	41	42	42	41	41	40	40	40
Parks, Recreation, and Culture	29	29	28	28	28	27	25	24	24	24
Community Development	11	10	9	9	9	9	8	8	7	7
Blue Ridge Courts	13	13	13	13	12	12	12	12	12	12
Golf Fund	0	0	0	0	0	0	1	1	1	1
Water Fund	29	28	28	28	28	26	26	26	26	25
Sewer Fund	5	5	5	5	5	5	5	5	5	5
Environmental Fund	22	22	20	22	18	18	18	18	18	18
Stormwater Fund	2	2	2	1	1	1	1	1	1	1
Total	322	319	321	321	315	308	295	290	291	285

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety:										
Police:										
Arrests	2,453	2,515	2,501	2,421	2,568	2,671	2,660	2,560	2,542	2,363
Parking tickets	1,449	1,481	1,985	3,829	3,735	4,674	5,269	4,618	4,855	4,813
Traffic citations	3,913	3,923	4,155	3,348	3,811	4,831	3,381	2,541	3,143	3,066
Fire:										
Incident responses	3,788	3,880	3,175	2,619	3,089	3,681	3,245	2,693	3,200	3,176
Fires extinguished	48	21	65	43	63	64	67	65	50	78
Inspections	1,466	1,342	1,687	972	1,571	1,921	1,910	1,611	1,311	1,250
Inspections:										
Building permits issued	1,105	665	948	1,100	843	1,035	945	588	960	907
Building inspections conducted	3,234	2,674	2,564	2,805	2,902	3,302	3,339	2,615	3,054	2,352
Public Works:										
Refuse:										
Recycling collected (tons per day)	0.99	1.33	1.00	1.10	1.81	2.34	2.20	2.26	2.28	2.73
Refuse collected (tons per day)	66.48	66.13	65.6	68.1	67.8	68.4	64.9	59.6	61.0	57.4
Other public works:										
Lane miles paved	7.57	13.8	6.7	9.86	13.4	18.17	6.42	10.5	12	13.7
Parks and Recreation:										
Total membership	106	123	180	26	21	22	26	27	38	na
Rounds of golf	14,894	11,711	11,044	11,015	8,334	7,101	5,804	6,871	7,796	8,555
Library:										
Volumes in collection	na	117,309	116,095	111,840	112,577	119,763	130,039	145,943	163,930	172,836
Total volumes borrowed	na	141,421	201,746	132,989	171,426	378,818	373,359	401,074	388,795	379,306
Utility:										
New connections-water	19	12	24	25	17	10	11	13	4	8
Active customers-water	9,899	9,825	9,792	9,604	9,653	9,612	9,572	9,520	9,454	9,401

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	31	34	32	24	23	24	21	21	18	18
Units-unmarked	18	19	13	31	31	29	26	26	20	20
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	7	8	7	7	7	7	7	7	7	8
Recycling trucks	2	4	3	3	4	3	3	3	3	3
Other Public Works										
Lane miles of streets	301.35	301.35	300.08	300.57	300.57	300.57	300.57	300.52	300.19	300.28
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	240	325	1,000	200	198	1,452	820	1,580	1,670	1,798
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	162	230	200	100	98	376	350	195	385	196
Water										
Miles of water mains	185.05	184.99	184.82	184.76	184.52	184.09	183.44	181.97	181.41	181.27
Fire Hydrants	1102	1099	1113	1111	1094	1086	1072	1065	1062	964
Storage capacity (thousands of gal)	8,150	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	135.37	135.20	135.13	135.10	134.62	134.47	133.85	133.41	133.39

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, 2024, 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 3, 2024.

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 2024-002 and 2024-003.**

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 3, 2024

**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 the 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 the City's major federal program for the year ended June 30, 2024. The City's major federal program is 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 its major federal programs for the year ended June 30, 2024.

Basis for Opinion on the 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 the 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit and are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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 3, 2024

CITY OF STAUNTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2024

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

Opioid Abatement Program

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, 2024**

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 **one audit finding relating to the major program**.
7. The major program of the City is:

Name of Program	Assistance Listing Number
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

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

2024-001: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Matching, Level of Effort, Earmarking - Matching

Condition:

The revenue loss calculation included inputs from fiscal year 2022 ACFR that were overstated by approximately \$1 million.

Criteria:

The revenue loss should be calculated by determining the revenue reported in the base year (FY19) and using an estimated growth rate to determine the amount of revenue the locality would have earned had the pandemic not occurred. The revenues reported in subsequent years (FY20, FY21, FY22) should then be compared to the estimated revenue to determine the revenue loss. Both the revenue used in the base and subsequent years should agree to the corresponding year ACFR.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT
(Continued)**

2024-001: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Matching, Level of Effort, Earmarking - Matching

Cause:

The City's review of the revenue loss calculation did not detect this error.

Effect:

The FY22 actual amount reported in the ACFR was approximately \$1 million less than what was used in the calculation. There was no impact to the amount of funds claimed under revenue loss.

Recommendation:

We recommend a review of the calculation prior to finalization. Supporting documentation should be maintained to support all figures in the calculation.

Views of Responsible Officials and Planned Corrective Action:

We concur with this finding. This error was a result of one of the revenue lines used in the original FY22 estimate not being updated with actual values. There is no impact to the amount of funds claimed under revenue loss because correction of the error results in additional revenue loss, which is not needed in the calculation. The City of Staunton met the entire revenue loss needed by only using a portion of the FY22 calculated revenue loss. Staff will update supporting documentation with the correct figure.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2024-002: Highway Maintenance Testing - City

Condition:

Of the 11 work orders tested, we noted one work order where several employee wage rates were not updated to match the payroll files.

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. Procedures were put into place after fiscal year 2023, including running the payroll update process in the work order system to ensure the most recent pay rates are used and finance personnel spot checking pay rates on work orders entered by public works personnel. We will be more diligent in both of these processes to ensure that the most up to date pay rates are used.

2024-003: 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:

First, new board and commission members are notified that completed conflict-of-interest disclosure statements are required to be filed by February 1 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, in order 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 AUDIT FINDINGS
Year Ended June 30, 2024

A. 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.

Current year status:

Still applicable.

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.

Current year status:

Still applicable.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

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	\$ 93,544	
<u>Virginia Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	202323N11994 1; 202424N11994 1 202221N1194 1; 202323N11994 1; 202222N89034 1; 202322N89034 1;	561,042	
National School Lunch Program	10.555	202323N89034 1	1,122,929	
Summer Food Service Program for Children	10.559	202323N11994 1	78,683	
Total Child Nutrition Cluster				\$ 1,856,198
Child and Adult Care Food Program	10.558	202424N11994 1		1,666
Child Nutrition Discretionary Grant	10.579	202321I500341		119,153
Team Nutrition Grants	10.574	202221N35033 0		700
COVID-19-Pandemic EBT Administrative Cost	10.649	202222S900941		3,256
<u>Virginia Department of Social Services:</u>				
SNAP Cluster:				
State Administrative Matching Grants for the Food Stamp Program:				
SNAPET Employment Training	10.561	84404	5,662	
Cost Allocations - Food Stamps		84322	34	5,696
Total Department of Agriculture				1,986,669
<u>DEPARTMENT OF EDUCATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Education:</u>				
1003A School Improvement Grant	84.010	S010A210046		66,452
Title 1 - Local Education Agency	84.010	S010A210046; S010A220046 S010A200046; S010A210046;		914,010
Funds for Delinquent Children-Basic	84.010	S010A220046		72,482
Title I, Part D - Neglected & Delinquent Children	84.013	S013A210046; S013A220046		137,758
Special Education Cluster				
IDEA - Part B Section 611-Special Education	84.027	H027A210107; H027A220107	873,822	
IDEA - Part B Sect 619 - Special Education Preschool	84.173	H173A210112; H173A220112	10,913	
Total Special Education (IDEA) Cluster				884,735
Perkins CTE-Vocational Education Basic Grant	84.048	V048A210046; V048A220046		74,184
Title IX, Part A - McKinney-Vento	84.196	na		1,285
Title II, Part A - Improving Teacher Quality	84.367	S367A220044		157,946
Title IV Part A - Student Support and Academic Enrichment Grants	84.424	S424A210048; S424A220048		95,378
COVID-19-CRRSA ESSER II	84.425D	S425D210008		127,660
COVID-19-ARP ESSER III	84.425U	S425U210008		3,283,766
COVID-19-ARP Homeless Children and Youth	84.425W	S425W210048		12,246
COVID-19-ESSER III - Summer School	84.425	S425U210008		74,858
COVID-19-ESSER - RARS	84.425	S425U210008		30,000
Drug Free Schools and Communities-Mental Health Development Grant	84.184	S184X190023		2,250
Title III ESEA - Limited English Proficient	84.365	S365A200046		7,514
Total Department of Education				5,942,523

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<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	\$	(1,542)
VIEW Component and Component-Related Activities		87201		567
VIEW-Supportive Services		87202		1,270
VIEW Transitional transportation		87204		2,362
VIEW-Transportation		87207		6,074
VIEW-Transitional Support		87211		500
VIEW-Other activities		87212		106
Refugee and Entrant Assistance:	93.566			
Refugee and entrant assistance		81901		1,341
Child Care and Development Block Grant:	93.575			
Discretionary recoupment for VACMS		88801	(289)	
Total CCDF Cluster				(289)
Foster Care - Title IV-E:	93.658			
Children's Residential Facility		81107		1,966
Licensed Child Placing Agency-Basic Maintenance		81108		62,488
Local Agency Foster Home-Basic Maintenance		81110		22,278
Licensed Child Placing Agency-Enhanced Maintenance for Additional Daily Supervision		81112		42,724
Local agency		81113		1,709
Fostering Futures LCP		81401		109
Fostering Futures IL Basic Maintenance		81403		1,380
Fostering Futures LCP		81404		484
Central Service Cost Allocation - IV-E serv		84319		1,336
Adoption Assistance:	93.659			
Subsidized Adoption Assistance-Basic Maintenance		81201		392,300
Nonrecurring Adoption Assistance		81202		3,864
Federal Adoption Assistance-Enhanced Maintenance for		81203		389,219
Central Service Cost Allocation-IVE Adoption		84324		187
Social Services Block Grant:	93.667			
State Adoption Assistance Purchase of Service		81701		3,077
Home Based Homemaker (State Supplement)		83304		7,180
Adult Protective Services		89501		3,698
Medical Assistance Program (Title XIX)	93.778			
Central Service Cost Allocation-Medicaid		84323	2,044	
Total Medicaid Cluster				2,044
Adult Protective Services CRRSA	93.747			
COVID-19-APS ARPA – Purchase of Services		89801		1,525
COVID-19-APS ARPA – Home Based Companion		89805		1,684
Total Department of Health and Human Services				949,641
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass-Through Programs:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	24-O1038VW20		70,906
Edward Byrne Memorial Justice Assistance Grant Program	16.738	523515		2,520
Total Department of Justice				73,426

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Emergency Management</u>				
2022 State Homeland Security Program	97.067	50-EMW-2022-SS-00082		\$ 240,000
2023 Emergency Mgmt Performance Grant	97.045	125-EMP-2023-EP-00006		7,500
Total Department of Homeland Security				<u>247,500</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	BSC-2023-53005-23005; BSC-2024-54044-24044	19,484	
Total Department of Transportation				<u>19,484</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
<u>Direct Programs:</u>				
Brownsfield Multipurpose, Assessment Revolving Loan Fund and	66.818	96388901		<u>57,728</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>Direct Programs:</u>				
		B-20-MC-51-0034; B-21-MC-0034; B-20-MW-0034; B-22-MC-0034; B-23-MC-		
Community Development Block Grants: Entitlement Grants	14.218	51-0034	398,004	
Total CDBG Entitlement/Special Purpose Grants Cluster				398,004
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
Community Development Block Grant - VIDA Program	14.228	18-LI22		500
Total Department of Housing and Urban Development				<u>398,504</u>
<u>DEPARTMENT OF THE TREASURY</u>				
<u>Direct Payments</u>				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	na		4,675,942
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Health-Office of Drinking Water</u>				
COVID-19-CSFRF-Drinking Water Infrastructure	21.027	CSFRF-49		2,928,376
<u>Virginia Department of Housing and Community Development</u>				
COVID-19-CSLFRF ARPA-Industrial Revitalization Fund (IRF) Plan	21.027	23-IRFPG-01		97,984
<u>Virginia Department of Criminal Justice Services</u>				
COVID-19-CSLFRF ARPA-Law Enforcement Equipment	21.027	509441		163,113
<u>Virginia Tourism Corporation</u>				
COVID-19-CSLFRF Virginia ARPA Tourism Recovery Program	21.027	na		35,000
Total Department of the Treasury				<u>7,900,415</u>
Total Expenditures of Federal Awards				<u>\$ 17,575,890</u>

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

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, 2024, the City had no outstanding loan balances requiring continuing disclosure.