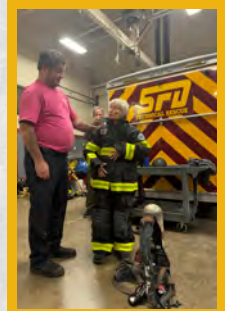
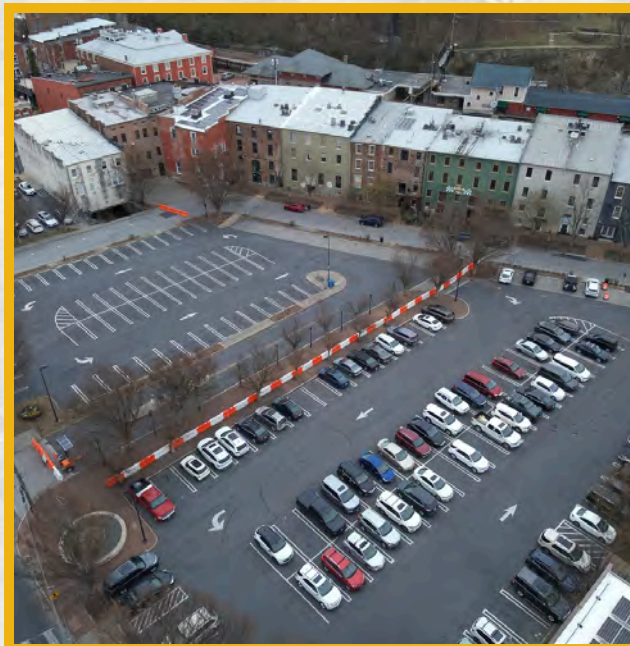




Annual Comprehensive Financial Report Fiscal Year July 1, 2024 - June 30, 2025

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CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2025

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2025

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INTRODUCTORY SECTION

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

As of June 30, 2025

COUNCIL

Brad D. Arrowood, Vice-Mayor	Michele D. Edwards, Mayor	Jeff L. Overholtzer
Adam F. Campbell		Corrie R. Park
Alice L. Woods		Blake N. Shepherd

OFFICIALS

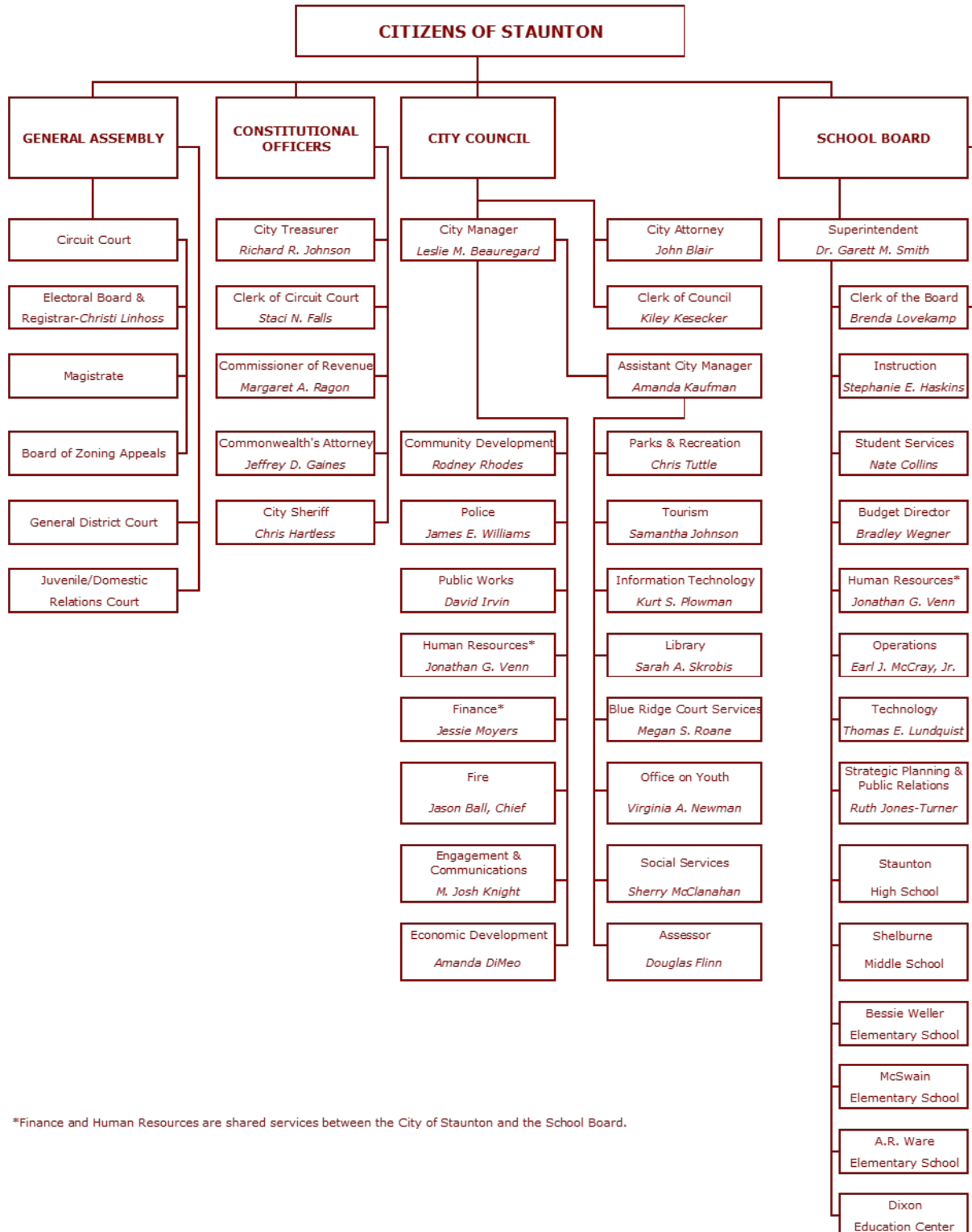
Leslie Beauregard	City Manager
John Blair	City Attorney
Jessie Moyers	Chief Finance Officer
Jonathan Venn	Chief Human Resources Officer
Richard Johnson	Treasurer
Maggie Ragon	Commissioner of Revenue
Sherry McClanahan	Director of Social Services
Dr. Garrett Smith	Superintendent of Schools
Bradley Wegner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

SCHOOL BOARD

	Dr. Kristin Siegel, Chair	
	Stephanie Mason, Vice-Chair	
Ronald Ramsey		Joann Jeter
Fontella Brown-Bundy		Dr. Michele Kielty



Organization Chart: 7/1/24-6/30/2025





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, 2024

Executive Director/CEO



December 5, 2025

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, 2025. 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.

Brown Edwards & Company, LLP, Certified Public Accountants, has issued an unmodified opinion for the City of Stanton for fiscal year ending June 30, 2025. 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.

Stanton 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, and Old Dominion University at the Blue Ridge Community College campus. 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 Finance 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 21% 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 was increased to \$.91/100 of assessed value for 2025. The two-cent increase in the real estate rate was specifically designated for infrastructure capital improvements. 2025 was an assessment year with an average increase of 14.7%.

Other local consumer-based tax revenue sources performed well compared to both the prior year and the 2025 budget. Overall, other local consumer-based tax revenue increased by 2.6% with the largest gain coming in meals tax, which increased \$.2 million or 3.0%. The local and state unemployment rate for June 2025 was 3.8%, which is below the national average of 4.1%. The unemployment rate for Staunton increased almost a percent over 2024, but remains lower 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 \$13,167,580. 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 funding of the three reserves, West End Revitalization, Uniontown Improvements, and Library Improvements, continued in the FY2025 and FY2026 budget. In addition, City Council created a new reserve valued at two cents on the 2025 real estate tax or \$657,031. The reserve is for Infrastructure improvements, with the first priority being the Wharf Tunnel Repairs.

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.

Tax Abatement – The City utilizes tax abatements to encourage private investment to revitalize underused areas and support long-term economic growth. Tax abatements expand the future tax base by increasing the assessed value and attracting new businesses and jobs. Even during the abatement period, projects often generate additional economic activity for the city. Over time, these benefits strengthen the city's fiscal position and advance broader development goals.

MAJOR INITIATIVES

FY2025 Budget

The FY 2025 adopted budget supported City Council's key strategic priorities by advancing West End revitalization efforts, including investment in the new Juvenile & Domestic Relations District Court. It strengthened infrastructure through dedicated funding and added project management staffing, promoted a responsive and efficient government by addressing compensation needs to attract and retain quality employees, and furthered economic development by investing in infrastructure and actively marketing Staunton Crossing to prospective businesses.

The total fiscal year 2025 budget was adopted at \$148.6 million, a decrease of 3.4% or \$5.2 million from the previous year. The real estate tax rate remained at \$.89/100 of assessed value in the adopted budget, however, during the FY2026 budget discussions the January 1, 2025 real estate tax rate was set to \$.91/100 of assessed value. The real estate tax rate increased coupled with an average assessment increase of 14.7% resulted in real estate tax revenue exceeding budget by a little over \$3.0 million. Personal property tax revenue was budgeted to increase by \$.2 million. Actual property tax revenues exceeded budget by 13.9% or \$.9 million. Other local taxes, including meal and sales tax were budgeted for a 6.5% or \$1.2 million increase. Actual other local taxes continued to perform well and exceeded budget by \$.9 million or 4.2%.

Information Technology

IT staff continued work on the building security upgrade project that was funded with American Rescue Plan Act grant funds. In addition, work continues on the Staunton Augusta Waynesboro Regional radio upgrade project. Testing on the new P25 Digital Trunked radio system began in September 2025.

Judicial

The City continued work to separate 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. Significant progress occurred during fiscal year 2025 on the new courthouse. Completion of the new court facilities is scheduled for fall 2025. A ribbon cutting for the new courthouse facilities is currently scheduled for December 18, 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. In 2022, the City was awarded a Virginia Business Ready Sites Program (VBRSP) grant in the amount of \$851,000 to assist with the costs associated with preparing and posit. 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.

In 2024 and 2025, the City received two Virginia Business Ready Sites Program grants. The first was in the amount of , \$9.0 million to fund water supply lines and a new 1-million-gallon water tower and the second was \$4.6 million to fund on-site sewer lines, off-site sewer lines, and a wastewater pump station. Work began on the Staunton Crossing infrastructure improvements in 2025. All of the infrastructure work was bid as one package to achieve a greater economy of scale. The comprehensive project also includes an access road. The water infrastructure will significantly improve the fire flow and water storage resiliency in the eastern portion of the city.

During fiscal year 2025, three different parcels in Staunton Crossing were, the largest being 12.36 acres for the construction of a new operations center for Columbia Gas of Virginia.

Economic Development (Continued)

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 is currently in negotiation to start the second phase of development for a 200,000 square foot retail space.

Other Economic Development

A ribbon cutting for the new Firestone Complete Auto Care was held September 13, 2024. In September 2024, Cadence announced an expansion to its cleanroom capacity at their Staunton facility. PCB Bank and Cottonwood Commercials opened new locations in Staunton during fiscal year 2025. Ryzing Technologies moved into a new space in the revitalized Staunton Steam Laundry campus. Construction began on a Wawa at 1031 Richmond Rd, with the site opening for business November 1, 2025. A ribbon cutting was held in May 2025 for the new Safe Storage 365.

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 \$328,268 during fiscal year 2025 and \$317,797 in fiscal year 2026. 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 was presented to the Planning Commission and City Council August 22, 2024. City Council adopted the plan as an addendum to the City of Staunton Comprehensive Plan.

Several historic buildings in Staunton have been renovated into multiple unit apartment buildings. The Arcadia Building was originally built in 1847 and has been renovated into 23 apartments and 1 storefront. The old Staunton Steam Laundry, built in 1928, was renovated into 48 apartments and 2 commercial spaces. Site plans have been approved for a new apartment building located at 1119 Montgomery Ave. The Lily Gardens will have a total of 50 apartment units.

Comprehensive Plan Update

The City began the process of reviewing and updating its comprehensive plan in the fall of 2024. This process is conducted by staff and a citizen steering committee. It should be completed by the spring of 2026.

Planning and Community Development (Continued)

Stormwater projects

Construction was completed on the Gypsy Hill Park Stream Restoration project in 2025. 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 to 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. The City of Staunton's Environmental Programs Division was honored in early November 2024 with the Garden Club of Virginia's Helen and Tayloe Murphy Conservation Leadership in Government Award for the stream restoration project in Gypsy Hill Park.

Parks and Recreation

The Parks and Recreation department has been working on several capital improvement projects, funded in part with American Rescue Plan Act (ARPA) funds. Design work continued on improvements to bathroom and bathhouses at Montgomery Hall and Gypsy Hill Parks. These projects were still in process at the end of fiscal year 2025. In addition, ARPA funds were used to design a new pool house to replace the outdated structure at Gypsy Hill Park. The construction of the new pool house was put out to bid at the end of fiscal year 2025, with construction starting in the fall of 2025.

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. This project is expected to conclude in the fall of 2025.

The Public Works department also rolled out the refuse modernization project to residential customers in the spring of 2025. The refuse modernization project allows for cleaner streets, more efficiency, and long-term environmental and financial stability that benefits the entire community. The refuse modernization program provides city refuse customers with a standard refuse can that can now be picked up by lifters installed on the back of the refuse trucks.

AWARDS AND ACKNOWLEDGEMENTS

Tourism

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

- The 9 Best Towns in Virginia for Antiquing – Southern Living
- 10 Towns Perfect for Retirement in Virginia – World Atlas
- These 7 Towns in Virginia Have Beautiful Architecture – World Atlas
- 8 Towns in Virginia with the Best Downtown Areas in 2024 – World Atlas
- 10 Best Places to Live in the South – Travel and Leisure
- Hotel 24 South Receives Proclamations from Historic Hotels of American & the City of Staunton as it Celebrates its 100th Anniversary – Associated Press
- The Most Picturesque Small Towns in Virginia – World Atlas
- 10 Best Places to Live in the South – Travel + Leisure
- 22 Picturesque Mountain Towns to Visit This Fall with Fewer Crowds and Fabulous Foliage – Southern Living
- 9 Darling Small Towns in Virginia – World Atlas
- Maude & The Bear Merits a Road Trip to the Shenandoah Valley – The Washington Post
- 8 Best Places to Retire in Virginia – World Atlas
- These 10 Towns in Virginia Were Ranked Among US Favorites in 2024 – World Atlas
- 6 Virginia Towns That Rival Europe's Best – World Atlas
- 11 VA Towns Ranked Among Best Places to Live by US News – Patch.com

Tourism (Continued)

Visit Staunton received the 2024 Virginia Tourism Corporation (VTC) “Brochure of the Year” Award for its Visitor Guide. The award celebrates excellence in print advertising and highlights the impact of an innovative, well-designed publication that inspires travel and enhances the visitor experience.

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 29th year the City has achieved this award recognizing municipalities with active tree care and replacement programs. In addition, Matt Sensabaugh, the City’s Horticulturist, was named the 2025 Earth Hero Award winner by Shenandoah Green.

Public Safety

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 21 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 2025 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.

Finance Department (Continued)

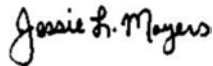
Certificate of Achievement for Excellence in Financial Reporting

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 2024, a total of 39 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. In addition, this report could not have been completed without the assistance from individuals in various departments.

Finally, I would also like to thank the City Manager and the City Council for their leadership and their steadfast commitment to upholding the highest standards of professionalism in the City's financial management and reporting.

Respectfully submitted,

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

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, 2025, 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, 2025, 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 48%, 38%, and 12%, respectively, of the assets, net position, and revenues of the Environmental Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 budgetary comparison information 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 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, and the budgetary comparison 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 9, 2025 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 9, 2025

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, 2025. The MD&A is in addition to the transmittal letter, located on pages iv-xiii 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 \$194.6 million (*net position*). Of this amount, \$75.4 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 \$24.7 million due to a combination of factors including increases in property tax revenues of \$3.8 million, an increase in operating grants of \$5.6 million, and an increase of \$6.9 million in capital grants. The majority of the capital grants were for the water and sewer infrastructure improvements at the Staunton Crossing.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$61.3 million, a decrease of \$6.2 million in comparison with the prior year. Approximately 9% of the combined fund balances (\$5.8 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 \$22.0 million, or approximately 33% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$6.0 million due to normal scheduled debt reduction. There were no new debt issuances in FY2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Staunton that are principally supported by taxes and intergovernmental revenues(*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Staunton include general government, judicial, public safety, public works, education, health and welfare, parks and recreation, and community development. The business-type activities of the City of Staunton include water, sewer, storm water, environmental and parking operations.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-85 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's general fund budget to actual comparison and progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 86-101 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. Data for fiscal year 2024 has been restated due to implementation of GASB Statement 101.

City of Staunton Summary Statements of Net Position June 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 97,323,898	\$ 105,086,022	\$ 42,228,706	\$ 41,913,877	\$ 139,552,604	\$ 146,999,899
Capital assets	108,120,086	95,134,652	84,450,294	71,924,614	192,570,380	167,059,266
Total assets	205,443,984	200,220,674	126,679,000	113,838,491	332,122,984	314,059,165
Total deferred outflows of resources	<u>6,976,413</u>	<u>4,828,060</u>	<u>1,091,602</u>	<u>782,864</u>	<u>8,068,015</u>	<u>5,610,924</u>
Liabilities:						
Long-term liabilities	91,337,866	101,677,412	20,624,930	23,752,076	111,962,796	125,429,488
Other liabilities	16,400,193	10,434,198	6,321,788	4,627,293	22,721,981	15,061,491
Total liabilities	107,738,059	112,111,610	26,946,718	28,379,369	134,684,777	140,490,979
Total deferred inflows of resources	<u>10,430,189</u>	<u>8,755,042</u>	<u>468,269</u>	<u>472,521</u>	<u>10,898,458</u>	<u>9,227,563</u>
Net Position:						
Net investment in capital assets						
assets	43,643,115	39,934,250	71,148,200	59,118,729	114,791,315	99,052,979
Restricted	4,431,809	3,005,306	-	-	4,431,809	3,005,306
Unrestricted	46,177,225	41,242,526	29,207,415	26,650,736	75,384,640	67,893,262
Total net position	<u>\$ 94,252,149</u>	<u>\$ 84,182,082</u>	<u>\$ 100,355,615</u>	<u>\$ 85,769,465</u>	<u>\$ 194,607,764</u>	<u>\$ 169,951,547</u>

At the close of fiscal year 2025, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$100.4 million.

By far, the largest portion of the City's net position (\$114.8 million or 59.0%) 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, \$4.4 million, represents resources that are subject to external restrictions on how they may be used. The increase of \$1.4 million is primarily due to excess Virginia Department of Transportation maintenance funds that will be carried over into fiscal year 2026. The remaining balance of \$75.4 million or 38.7% 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.

City of Staunton
Changes in Net Position
For the Years Ended June 30, 2025 and 2024

The City's overall net position increased \$24.7 million from the prior fiscal year. The reasons for the overall increase for fiscal year 2025 are discussed in the following sections for governmental and business-type activities. Data for fiscal year 2024 has been restated due to implementation of GASB Statement 101.

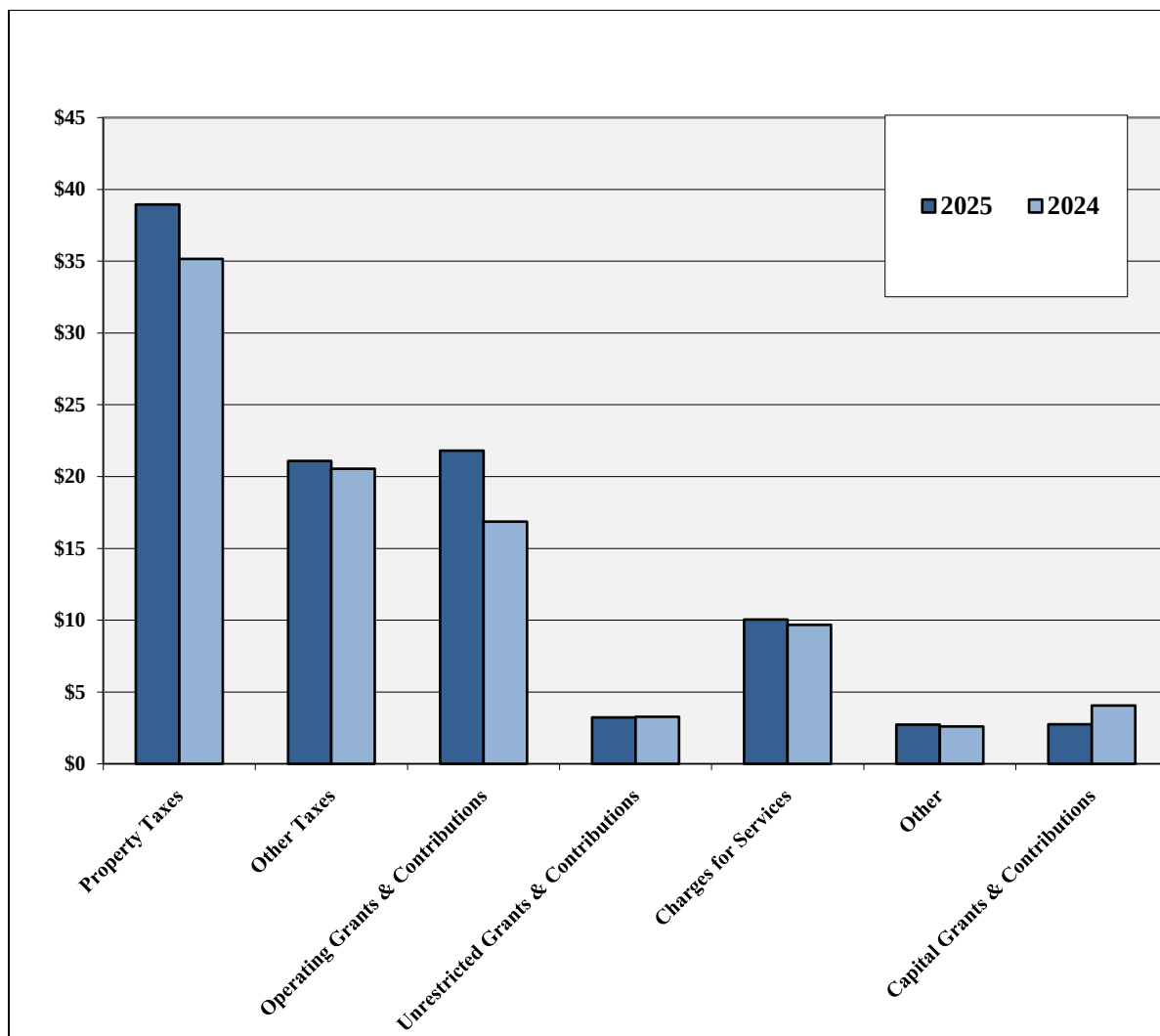
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues						
Charges for services	\$ 10,051,935	\$ 9,675,364	\$ 15,094,685	\$ 13,804,591	\$ 25,146,620	\$ 23,479,955
Operating grants and contributions	21,810,749	16,874,298	754,333	53,580	22,565,082	16,927,878
Capital grants and contributions	2,761,307	4,063,691	11,597,560	3,348,849	14,358,867	7,412,540
General revenues						
Property taxes	38,953,190	35,156,838	-	-	38,953,190	35,156,838
Other taxes	21,093,352	20,541,718	-	-	21,093,352	20,541,718
Unrestricted intergovernmental	3,231,615	3,279,774	-	-	3,231,615	3,279,774
Interest and investment earnings	2,701,625	2,245,287	1,561,768	1,641,157	4,263,393	3,886,444
Other	38,852	358,660	-	-	38,852	358,660
Total revenues	100,642,625	92,195,630	29,008,346	18,848,177	129,650,971	111,043,807
Expenses:						
General government	14,698,000	14,562,200	-	-	14,698,000	14,562,200
Judicial administration	3,471,414	2,993,902	-	-	3,471,414	2,993,902
Public safety	21,955,461	18,642,550	-	-	21,955,461	18,642,550
Public works	11,748,176	8,313,092	-	-	11,748,176	8,313,092
Health and welfare	7,769,508	6,369,045	-	-	7,769,508	6,369,045
Education (includes payment to Schools)	19,285,310	21,315,094	-	-	19,285,310	21,315,094
Parks, recreation and culture	4,746,576	4,739,602	-	-	4,746,576	4,739,602
Community Development (includes payment to EDA)	4,013,858	3,527,366	-	-	4,013,858	3,527,366
Interest on long-term debt	2,560,141	1,861,434	-	-	2,560,141	1,861,434
Water	-	-	4,650,311	4,426,678	4,650,311	4,426,678
Sewer	-	-	4,363,530	4,081,189	4,363,530	4,081,189
Storm Water	-	-	1,032,916	819,281	1,032,916	819,281
Environmental	-	-	4,155,142	3,706,802	4,155,142	3,706,802
Parking	-	-	544,411	582,519	544,411	582,519
Total expenses	90,248,444	82,324,285	14,746,310	13,616,469	104,994,754	95,940,754
Increase (Decrease) in net position before transfers	10,394,181	9,871,345	14,262,036	5,231,708	24,656,217	15,103,053
Transfers	(324,114)	(1,250,000)	324,114	1,250,000	-	-
Increase (decrease) in net position	10,070,067	8,621,345	14,586,150	6,481,708	24,656,217	15,103,053
Net position - Beginning of year	84,182,082	75,560,737	85,769,465	79,287,757	169,951,547	154,848,494
Net position - end of year	\$ 94,252,149	\$ 84,182,082	\$ 100,355,615	\$ 85,769,465	\$ 194,607,764	\$ 169,951,547

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$100.6 million for the fiscal year ended June 30, 2025, an increase of \$8.4 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$39.0 million or 38.7% of revenue in 2025. The real estate tax rate increased to \$.91 per \$100 of assessed value between 2024 and 2025. The additional two cents was designated for infrastructure capital improvements. 2025 was an assessment year with an average increase in assessed value of 14.7%.
- Operating grants and contributions increased \$4.9 million due to an increase in recovered cost of \$2.9 million related to the regional radio project, \$1.7 million for VDOT funding for a paving project, and \$.6 million in additional Children Services Act funding.
- Charges for services increased \$.4 million over 2024 primarily due to the increase in payment in lieu of taxes from the enterprise funds.
- Capital grants decreased \$1.3 million due to the recognition of American Rescue Plan Act funds spent in 2024.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2025 and 2024
(\$ In Millions)



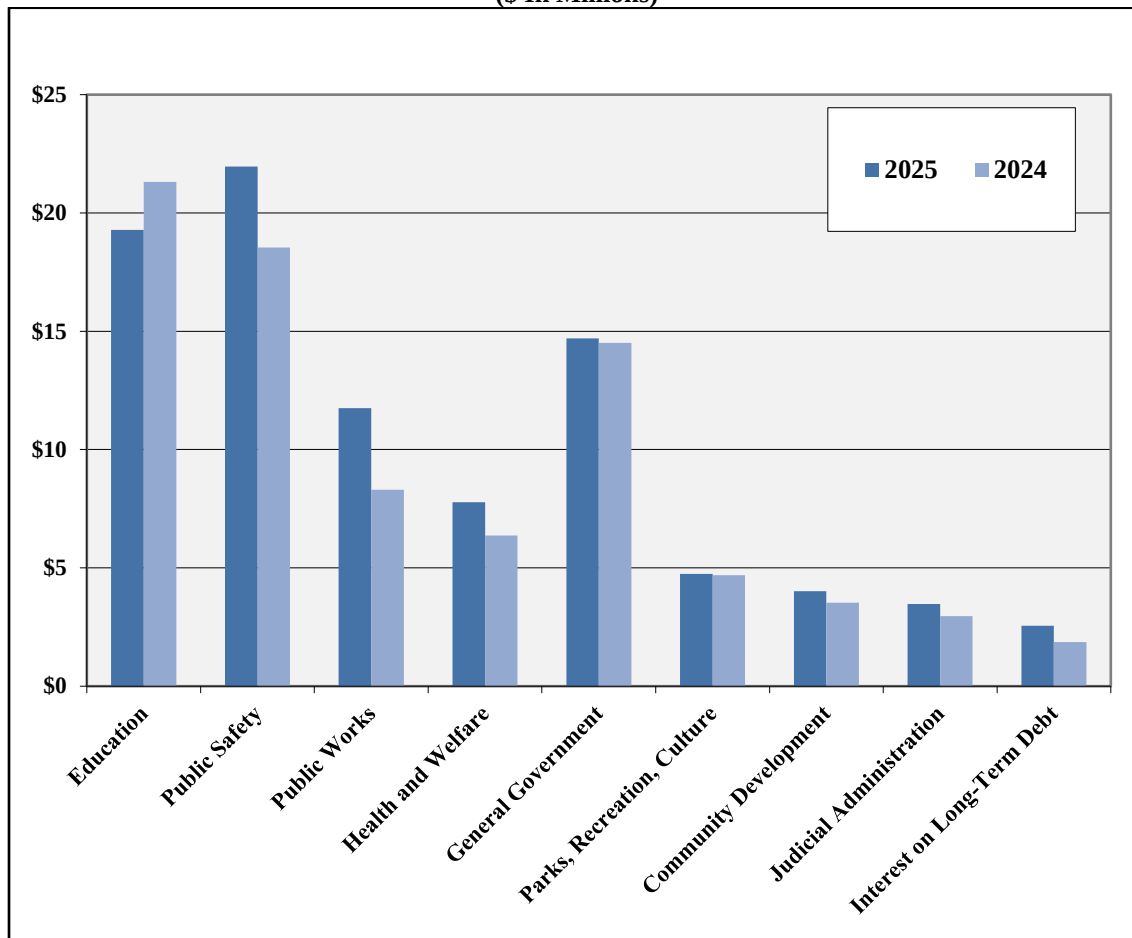
Governmental Activities - Expenses

- The total expenses from governmental activities were \$90.2 million for the year, an increase of \$7.9 million over the prior fiscal year.
- Public Safety is the largest expense for the city at \$22.0, an increase of \$3.4 million from the prior fiscal year mainly due to Staunton being the fiscal agent for the regional radio project. The public safety line for 2025 includes an additional \$3.0 million for Augusta County and the City of Waynesboro's share of the project. The offsetting revenue is included in the Operating Grant and Contributions column.
- Education is the second largest expense for the city at \$19.3 million or 21.3% of total governmental activities. Education expense decreased from 2024 by \$2.0 million. The local contribution for operations increased by \$1.3 million, however, it was offset by a decrease in contributions for school capital improvements due to one-time funding in 2024 of \$3.4 million.
- Public Works expenses increased \$3.4 million from the prior fiscal year mainly due to an increase in paving. Paving is expensed annually. In 2025, the city spent \$3.5 million more than the prior fiscal year, which was largely covered by grant funding.
- Judicial administration increased by \$.5 million or 15.9%. A large portion was due to additional staffing in the Sheriff's office to accommodate the new Juvenile and Domestic Relations Courthouse opening in fiscal year 2026.
- Interest on long-term debt increased by \$.7 million or 37.5% due to a full year of interest in 2025 for the bond issued for the Juvenile and Domestic Relations Courthouse construction.

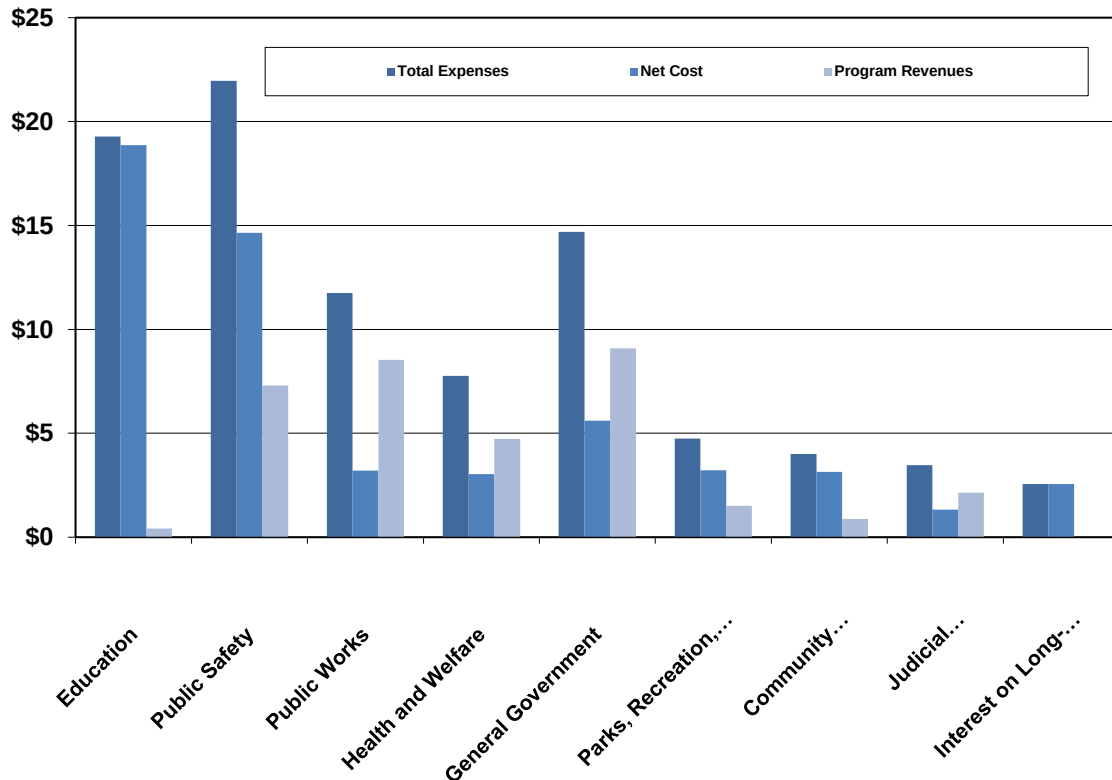
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2025 and 2024

(\$ 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 \$34.6 million and general revenues totaled \$66.0 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 33.9%, a decrease of \$2.1 million over the previous year, of which \$1.3 million was an increase in the local contribution for school operations and the other \$3.4 million was a decrease for school capital improvements resulting from special one-time capital funding provided to schools in 2024. Public works net cost of service increased \$4.5 million over 2024, due primarily to spending VDOT reimbursable grant funds carried over from 2024. Interest on long-term debt increased in 2025 due to having a full year of interest on the 2024 bond issuance for the construction of the Juvenile and Domestic Relations Courthouse.

In the table below, fiscal year 2024 data has been restated due to implementation of GASB Statement 101.

Net Cost of the City of Staunton's Governmental Activities					
	2025		2024		
	Total Cost	Net Cost	Total Cost	Net Cost	
Education	\$ 19,285,310	\$ 18,871,106	\$ 21,315,094	\$ 20,939,829	
Public Safety	21,955,461	14,649,016	18,642,550	14,735,647	
Public Works	11,748,176	3,208,249	8,313,092	(1,305,783)	
Health and Welfare	7,769,508	3,033,716	6,369,045	2,399,146	
General Government	14,698,000	5,613,688	14,562,200	6,027,751	
Parks, Recreation, Culture	4,746,576	3,228,347	4,739,602	3,370,149	
Community Development	4,013,858	3,138,279	3,527,366	2,689,007	
Judicial Administration	3,471,414	1,321,911	2,993,902	993,752	
Interest on Long-Term Debt	2,560,141	2,560,141	1,861,434	1,861,434	
	\$ 90,248,444	\$ 55,624,453	\$ 82,324,285	\$ 51,710,932	

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 \$100.4 million. During fiscal year 2025, revenues exceed expenditures by \$14.6 million.

Revenues increased \$10.2 million over 2024. Charges for services revenues increased \$1.3 million during fiscal year 2025, primarily because water usage fees increased by 5% and sewer usage fees increased by 15%. In addition, the stormwater minimum fee increased from \$3.60 to \$5.00 and the maximum tier credits were reduced from six level to two levels. Capital grants and contributions increased by \$8.2 million over 2024 due to several large capital projects funded with grant funding. The Gypsy Hill Park stream restoration and the Cole Avenue stream restoration projects were funded with \$2.1 million in state grant funding. In addition, the City received two grants from the Virginia Business Ready Sites Program for water and sewer lines and a new 1-million-gallon water tank at Staunton Crossing. Grant funding recognized in 2025 from this program was \$6.4 million.

Total expenses were \$1.1 million more than the prior fiscal year due to expenses related to the refuse modernization rollout in 2025; including \$0.7 million for the purchase of the city owned refuse totes.

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, 2025, the City's governmental funds reported combined ending fund balances of \$61.3 million, a decrease of \$6.2 million in comparison with the prior year. The decrease is due primarily to the spend down of debt funds in the CIP fund to build the new courthouse. The bond was issued in 2024 with the majority of the bond funds spent in fiscal year 2025 and the remaining funds to be spent in fiscal year 2026, when the project is complete. Approximately 9.5% of the total combined ending fund balance amount (\$5.8 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder was *nonspendable* (\$0.1 million); *restricted* for particular purposes (\$4.4 million); *committed* for particular purposes (\$13.2 million); or *assigned* for particular purposes (\$37.7 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 \$5.8 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 8.6% of total general fund expenditures, while total fund balance represents approximately 39.2% of that same amount.

The fund balance of the City's general fund increased \$2.5 million during the current fiscal year. The restricted fund balance increased by \$1.3 million due to the carry-over of VDOT grant funds. The committed fund balance increased \$1.0 million due to the increase in the general fund safety net reserve, a stabilization arrangement. The basis for the increase in this reserve is the increase in the fiscal year 2026 budget.

General Fund actual expenditures were \$67.4 million versus the revised budget totaling \$72.4 million. The contribution to the Component Unit School Board was the largest budgeted expenditure at \$17.3 million. Expenditure savings of \$5.0 million was spread through each governmental function, with the largest share of \$3.0 million for the public works function due to not spending all of the street maintenance funds due to staffing and supply chain issues.

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 \$7.5 million in fiscal year 2025 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 decreased \$7.7 million during the current fiscal year due to the spend down of the bond funds for the Juvenile and Domestic Relations courthouse construction.

Capital projects in progress at June 30, 2025 are as follows:

CAPITAL PROJECTS	REVISED BUDGET - PROJECT TO DATE	FY2025 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
FINANCIAL SOFTWARE	\$ 1,332,482	\$ -	1,326,113	\$ 6,369
IT EQUIPMENT	450,000	57,821	180,717	269,283
COMPUTER NETWORK EQUIPMENT	192,404		192,404	-
IT FIBER LOOP PROJECT	100,000		-	100,000
TELEPHONE REPLACEMENT	751,676	8,103	544,112	207,564
TELEPHONE REPLACEMENT	58,122	58,122	58,122	-
AUTO EQUIPMENT	86,012		86,012	-
REPLACE-BUILDING RENOVATIONS	68,823		61,059	7,764
POLICE AUTO EQUIPMENT	332,224		332,223	1
CAD/RMS SYSTEM	475,000		-	475,000
E911 TELEPHONE EQUIPMENT	11,872,431	5,767,184	7,781,928	4,090,503
FIRE TRUCK RESERVE	3,054,384		2,439,294	615,090
FIRE TRUCK RESERVE-ARPA FUNDED	2,000,000		-	2,000,000
SELF CONTAINED BREATHING APPARATUS	120,000		-	120,000
CARDIAC MONITORS	40,000		-	40,000
REGIONAL JAIL RESERVE	5,057,286		5,057,286	-
REGIONAL ANIMAL SHELTER	1,501,000	1,006,571	1,104,798	396,202
STREET IMPROVEMENT PROJECTS	1,855,250	93,622	1,728,503	126,747
STREET IMPROVEMENT PROJECTS-ARPA F	450,663		450,663	-
MATCH	507,354	27,004	492,399	14,955
CENTRAL AVE STREETSCAPE	2,647,015		2,364,053	282,962
STATE ROUTE 1426	1,789,303		1,789,303	-
NEW SIDEWALKS	1,100,000	6,241	31,541	1,068,459
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	900,000		706,065	193,935
PUBLIC WORKS EQUIPMENT RESERVE-ARP	276,428	276,428	276,428	-
ADAPTIVE TRAFFIC CONTROL	720,000		-	720,000
ADA SIDEWALKS FOR VDOT PAVING	49,700	2,310	49,330	370
RETAINING WALLS	392,000	6,420	43,000	349,000
VDOT VHSIP PEDES	1,111,524	21,290	21,290	1,090,234
CITY INFRASTRUCTURE	1,109,250	-	-	1,109,250
PW MAINTENANCE AUTO EQUIPMENT	170,233		170,233	-
CITY HALL HVAC SYSTEM	583,139	274,786	423,305	159,834
BUILDING MECH SYSTEM	248,318	-	-	248,318
LIBRARY FACILITY	65,000		-	65,000
FIRE STATION ROOF	845,000	425	208,140	636,860
FIRE STATION ROOF	84,870	84,870	84,870	-
VDOT PRIMARY EXT PAVING	4,204,586	2,511,685	4,061,160	143,426
PUBLIC SAFETY BUILDING	39,339		39,339	-
COCHRAN JUDICIAL CENTER	606,682	25,500	595,532	11,150
PUBLIC WORKS BUILDING MAINTENANCE	700,000		187,697	512,303
LIBRARY ROOF REPLACEMENT	395,450		395,450	-
BLDG SECURITY ENHANCEMENTS	400,000	323,527	400,000	-
INFRASTRUCTURE ACQUISITION	185,000		185,000	-
LIBRARY IMPROVEMENTS	574,522		-	574,522

Capital projects in progress at June 30, 2025 are as follows (continued):

CAPITAL PROJECTS	REVISED BUDGET - PROJECT TO DATE	FY2025 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
HEATH DEPARTMENT BUILDING	127,255		-	127,255
BLUE RIDGE COMMUNITY COLLEGE	714,936	29,166	703,046	11,890
TRANSFER TO SCHOOL CIP	4,390,454	100,000	4,390,454	-
BOOKER T BUILDING	266,818		262,603	4,215
MONTGOMERY HALL SOCCER FIELDS	230,929		230,929	-
WHARF TREE REPLACEMENT	50,000		-	50,000
GOLF NON CAPITAL EQUIPMENT	198,200		198,200	-
NON-CAPITAL EQUIPMENT	39,891	39,891	39,891	-
GHP POOL RENOVATIONS	492,565		492,565	-
GHP BANDSTAND PROJECT	30,000		30,000	-
MHP BATHROOM/WATER PARK	274,317		274,317	-
MHP BATHROOM ARPA FUNDED	49,576	4,000	35,939	13,637
GHP FENCE	71,115		71,115	-
GREENWAYS PROJECT	800,000		-	800,000
FOOTBALL STADIUM ADA IMPROVEMENTS	100,000		87,682	12,318
GHP RESTROOM REPLACEMENT	440,000		42,125	397,875
GHP TOT PLAYGROUND	75,000		72,846	2,154
GHP PUMP HOUSE RENOVATIONS	225,000	2,869	68,667	156,333
DOG PARK LIGHTS	32,764		32,764	-
PARKS AND REC PUBLIC USE FACILITIES	3,492,356		-	3,492,356
MOXIE FIELD RENOVATIONS	59,400	4,592	59,400	-
GHP BATHHOUSE UPGRADES	266,394	233,100	263,367	3,027
MHP BATHHOUSE UPGRADES	49,576	4,000	35,938	13,638
GHP GYM IMPROVEMENTS	90,000		-	90,000
GHP TENNIS COURT IMPROVEMENTS	60,000		-	60,000
CORRIDOR OVERLAY INCENTIVES	25,000		1,350	23,650
BIKE & PEDESTRIAN PATH	625,000	2,150	36,981	588,019
COMPREHENSIVE PLAN	145,000	54,914	54,914	90,086
PLANNING AND INSPECTION SOFTWARE	150,000	67,202	82,853	67,147
COUNTY COURTS PROJECT	72,504		122,504	(50,000)
WEST END REVITALIZATION	574,522		-	574,522
UNIONTOWN IMPROVEMENTS	574,522	100,152	100,152	474,370
SOFTWARE LICENSE FEES	35,000	-	-	35,000
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	88,273	3,771,115	35,085
STAUNTON CROSSING DEVELOPMENT - VDE	85,000		85,000	-
STAUNTON CROSSING DEVELOPMENT	107,500	18,210	106,173	1,327
FRONTIER CULTURE PROJECT	88,051		88,051	-
CIP UNDESIGNATED	2,578,215		-	2,578,215
HIGH SCHOOL RENOVATION PROJECT	48,542,920		48,542,920	-
J&DR COURTHOUSE PROJECT	29,005,764	13,452,542	18,493,834	10,511,930
TOTALS	\$ 153,862,792	\$ 24,752,970	\$ 117,751,217	\$ 36,111,575

General Fund Budgetary Highlights

City Council revised the fiscal year 2025 budget four times during the year which included four amendments to the General Fund budget. These budget amendments included:

- Budget Amendment Number 1 - \$46,953. This amendment appropriated \$46,953 for additional revenue from the comp board for the Commonwealth Attorney's office.
- Budget Amendment Number 2 – \$(121). This amendment adjusted the appropriation of American Rescue Plan Act funds of a negative \$121.
- Budget Amendment Number 3 - \$10,022,488. This amendment appropriated \$5,417,179 from prior year reserves to transfer to the CIP fund. This amendment also appropriated \$12,381 for insurance recoveries, \$342,654 for opioid settlement funds, \$3,761,085 for Highway maintenance, \$225,960 for grant appropriations, and \$263,229 for other revenue adjustments.
- Budget Amendment Number 4 - \$1,230,998. This amendment appropriated \$1,174,250 for recovered cost relating to the sale of land at the Staunton Crossing. In addition, this amendment appropriated \$45,368 in grant funds and \$11,380 in insurance proceeds.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2025 amounts to \$192.6 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 \$108.1 million for the governmental activities, and \$84.5 million for the business-type activities. The total increase in capital assets for the current fiscal year was \$25.5 million or 15.0%.

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

- Addition of \$16.6 million in construction in process, including \$13.2 million for the new Juvenile & Domestic Relations District courthouse, \$1.9 million for the regional radio project, \$1.0 million for the regional animal shelter, \$.2 million of the Gypsy Hill Park Pool house and \$.3 million in other smaller capital projects.

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 \$11.7 million in construction in progress, including \$4 million for to the Gardener Springs project, \$6.9 million for the Crossing water and sewer infrastructure, and \$1.3 million for the Gypsy Hill Park stream restoration.
- 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

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 6,718,755	\$ 2,216,579	\$ 8,935,334	\$ 6,718,755	\$ 2,216,579	\$ 8,935,334
Landfill	-	1,954,503	1,954,503	-	434,132	434,132
Buildings	52,513,796	21,165,816	73,679,612	53,886,709	22,037,022	75,923,731
Lease assets-Buildings	73,670	-	73,670	113,273	-	113,273
Improvements	4,732,931	2,722,637	7,455,568	5,012,524	2,933,825	7,946,349
Lease assets-Improvements	-	59,544	59,544	-	67,277	67,277
Equipment	7,106,051	4,096,257	11,202,308	7,924,455	3,669,068	11,593,523
Lease assets-Equipment	20,148	624	20,772	31,592	624	32,216
Subscription Assets	310,616	-	310,616	330,587	-	330,587
Infrastructure	16,672,520	29,878,908	46,551,428	17,749,844	29,872,472	47,622,316
Subscription Asset in Progress	45,920	-	45,920	-	-	-
Construction in Progress	19,925,679	22,355,426	42,281,105	3,366,913	10,693,615	14,060,528
Total	\$ 108,120,086	\$ 84,450,294	\$ 192,570,380	\$ 95,134,652	\$ 71,924,614	\$ 167,059,266

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 \$337.6 million for the City. The City currently has net bonded debt payable of \$84.4 million (bonded debt of \$88.2 million less accumulated reserves of \$3.8 million). The current legal margin for creating additional debt for the City of Staunton is \$253.1 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)

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 41,622,721	\$ -	\$ 41,622,721	\$ 42,590,382	\$ -	\$ 42,590,382
Virginia Revolving Loan	30,845,888	15,741,444	46,587,332	34,418,230	17,254,116	51,672,346
Total	\$ 72,468,609	\$ 15,741,444	\$ 88,210,053	\$ 77,008,612	\$ 17,254,116	\$ 94,262,728

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The fiscal year 2026 general fund budget was adopted at \$79.8 million, an increase of \$6.3 million from the \$73.5 million budget for fiscal year 2025. Budgeted property tax revenues increased \$4.9 million. State revenues increased by \$1.7 million, of which street and highway maintenance increased by \$1.1 million and income related to the Children's Services Act increased by \$.5 million.
- The real estate tax rate was increased to \$.91/\$100 of assessed value and the personal property tax rate remained at \$.29/\$100 of assessed value. The additional two cents of the real estate rate was designated for infrastructure improvements. 2025 was an assessment year and property values increased on average by 14.7%. Property taxes in total are budgeted to increase by \$4.9 million.
- Meals and sales tax are projected to only increase \$.1 million compared to fiscal year 2025.
- Intergovernmental revenue constitutes 20.4% of the total general fund budget and is projected to increase \$1.7 million over 2025, from \$14.6 million to \$16.3 million. State revenues increased by \$1.7 million, of which street and highway maintenance increased by \$1.1 million and income related to the Children's Services Act increased by \$.5 million.
- 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, 2025 to help the City remain market competitive as an employer in the Shenandoah Valley and implements Phase I of the Staunton Police Department Career Development Plan for Sworn Personnel.
- There was one new full-time position and one part-time position added to the Sheriff's budget and one new full-time and one new part-time position added to the Building Maintenance 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 2026-2030 on April 24, 2025. The City will transfer \$1,518,813 to the City Capital Improvement Fund for FY26 from the general fund, this is an increase of \$657,030, which represents the additional 2 cents on the real estate tax rate. The remaining will be funded with potential fiscal year 2025 reserves.
- The General Fund transfer to the Education Fund totals \$18.9 million, or 23.0% of the total general fund budget. This is an increase of \$1.6 million over the prior fiscal year.
- As of August 2025, the unemployment rate for the City of Staunton was 3.5%. Staunton's rate is slightly lower than the state's average unemployment rate of 3.6% and well below the national average of 4.3%.

All these factors were considered in preparing the fiscal year 2026 budget to finance the cost of programs and services provided to citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 58,449,148	\$ 16,322,844	\$ 74,771,992	\$ 9,458,894	\$ 141,821
Investments (Note 2)	5,569,454	8,712,111	14,281,565	-	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	7,021,322	-	7,021,322	-	-
Accounts	2,771,744	2,602,182	5,373,926	32,144	790,457
Interest	42,879	61,844	104,723	-	-
Lease receivable (Note 18)	340,803	61,660	402,463	-	472,649
Due from other governments (Note 3)	3,906,852	7,187,135	11,093,987	3,315,023	-
Due from component unit (Note 17)	11,257,020	-	11,257,020	-	-
Inventory (Notes 1, 17)	560,434	-	560,434	-	12,673,722
Prepaid items	173,711	6,673	180,384	33,571	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	7,230,531	6,315,367	13,545,898	24,283	-
Due from other governments (Note 3)	-	958,890	958,890	-	-
Capital assets: (Note 5)					
Nondepreciable	26,690,354	24,572,005	51,262,359	8,162,943	500,000
Depreciable, net	81,429,732	59,878,289	141,308,021	13,422,827	4,999,675
Total assets	205,443,984	126,679,000	332,122,984	34,449,685	19,578,324
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	4,990,772	782,294	5,773,066	8,123,103	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,985,641	292,925	2,278,566	2,539,380	-
Deferred charges on refunding	-	16,383	16,383	-	-
Total deferred outflows of resources	6,976,413	1,091,602	8,068,015	10,662,483	-
LIABILITIES					
Accounts payable	4,156,383	2,277,286	6,433,669	479,001	686,124
Retainage payable	708,504	869,578	1,578,082	83,433	-
Accrued liabilities	1,527,494	484,039	2,011,533	2,382,508	-
Due to primary government (Note 17)	-	-	-	-	11,257,020
Unearned revenue (Note 1)	3,287,171	365,142	3,652,313	10,026	-
Amounts held for others	37,435	-	37,435	6,419	-
Deposits payable	7,000	481,407	488,407	-	-
Noncurrent liabilities:					
Due within one year: Bonds, leases, claims compensated absences, landfill closure (Note 6)	6,676,206	1,844,336	8,520,542	907,240	-
Due in more than one year:					
Bonds, leases, claims, compensated absences landfill closure/postclosure (Note 6)	69,646,497	17,370,982	87,017,479	1,093,817	-
Net pension liability (Notes 7, 8, and 11)	16,404,858	2,442,005	18,846,863	20,500,545	-
Net OPEB liability (Notes 9, 10, and 11)	5,286,511	811,943	6,098,454	5,620,945	-
Total liabilities	107,738,059	26,946,718	134,684,777	31,083,934	11,943,144
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	1,960,073	316,658	2,276,731	3,452,150	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	576,013	89,951	665,964	711,277	-
Lease related (Note 18)	340,803	61,660	402,463	-	472,649
Property taxes (Note 13)	7,553,300	-	7,553,300	-	-
Total deferred inflows of resources	10,430,189	468,269	10,898,458	4,163,427	472,649
NET POSITION					
Net investment in capital assets	43,643,115	71,148,200	114,791,315	21,387,209	5,499,675
Restricted for:					
Programs	4,396,459	-	4,396,459	725,068	-
Donor purposes	35,350	-	35,350	108,248	-
Unrestricted (deficit)	46,177,225	29,207,415	75,384,640	(12,355,718)	1,662,856
Total net position	\$ 94,252,149	\$ 100,355,615	\$ 194,607,764	\$ 9,864,807	\$ 7,162,531

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 14,698,000	\$ 8,561,538	\$ 522,774	\$ -	
Judicial administration	3,471,414	263,093	1,886,410	-	
Public safety	21,955,461	343,277	5,611,927	1,351,241	
Public works	11,748,176	-	7,380,489	1,159,438	
Health and welfare	7,769,508	-	4,735,792	-	
Education	19,285,310	-	414,204	-	
Parks, recreation, and culture	4,746,576	867,857	399,744	250,628	
Community development	4,013,858	16,170	859,409	-	
Interest on long-term debt	2,560,141	-	-	-	
Total governmental activities	90,248,444	10,051,935	21,810,749	2,761,307	
Business-type activities:					
Water	4,650,311	5,150,019	-	7,694,814	
Sewer	4,363,530	4,660,517	-	1,689,245	
Storm Water	1,032,916	1,322,445	-	2,118,978	
Environmental	4,155,142	3,750,403	754,333	94,523	
Parking	544,411	211,301	-	-	
Total business-type activities	14,746,310	15,094,685	754,333	11,597,560	
Total primary government	\$ 104,994,754	\$ 25,146,620	\$ 22,565,082	\$ 14,358,867	
Component Units:					
School Board	\$ 49,133,344	\$ 457,976	\$ 18,719,587	\$ 86,883	
Economic Development Authority	943,343	1,250,535	689,122	-	
Total component units	\$ 50,076,687	\$ 1,708,511	\$ 19,408,709	\$ 86,883	

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 - as previously presented

Restatement (Note 22)

Net position - as restated

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		
\$ (5,613,688)		\$ (5,613,688)		
(1,321,911)		(1,321,911)		
(14,649,016)		(14,649,016)		
(3,208,249)		(3,208,249)		
(3,033,716)		(3,033,716)		
(18,871,106)		(18,871,106)		
(3,228,347)		(3,228,347)		
(3,138,279)		(3,138,279)		
(2,560,141)		(2,560,141)		
(55,624,453)		(55,624,453)		
-	\$ 8,194,522	8,194,522		
-	1,986,232	1,986,232		
-	2,408,507	2,408,507		
-	444,117	444,117		
-	(333,110)	(333,110)		
-	12,700,268	12,700,268		
(55,624,453)	12,700,268	(42,924,185)		
			\$ (29,868,898)	\$ -
			-	996,314
			(29,868,898)	996,314
38,953,190	-	38,953,190	-	-
6,128,465	-	6,128,465	-	-
8,187,869	-	8,187,869	-	-
3,189,920	-	3,189,920	-	-
1,236,882	-	1,236,882	-	-
907,248	-	907,248	-	-
1,442,968	-	1,442,968	-	-
2,701,625	1,561,768	4,263,393	384,911	31,333
3,231,615	-	3,231,615	14,156,561	-
38,852	-	38,852	-	-
-	-	-	17,356,610	-
(324,114)	324,114	-	-	-
65,694,520	1,885,882	67,580,402	31,898,082	31,333
10,070,067	14,586,150	24,656,217	2,029,184	1,027,647
84,434,725	85,769,465	170,204,190	8,243,543	6,341,353
(252,643)	-	(252,643)	(407,920)	(206,469)
84,182,082	85,769,465	169,951,547	7,835,623	6,134,884
\$ 94,252,149	\$ 100,355,615	\$ 194,607,764	\$ 9,864,807	\$ 7,162,531

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2025**

	General	Capital Projects Fund Capital Improvements	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 24,853,193	\$ 26,204,706	\$ 4,087,996	\$ 55,145,895
Investments	4,782,685	786,769	-	5,569,454
Receivables (net of allowances for uncollectibles):				
Taxes	7,021,322	-	-	7,021,322
Accounts	1,746,099	980,637	23,300	2,750,036
Interest	42,879	-	-	42,879
Lease receivable	340,803	-	-	340,803
Due from other governments	2,086,695	1,681,332	138,825	3,906,852
Due from other funds	20,337	-	-	20,337
Prepaid items	146,417	-	-	146,417
Restricted assets:				
Cash and cash equivalents	7,000	7,223,531	-	7,230,531
Total assets	\$ 41,047,430	\$ 36,876,975	\$ 4,250,121	\$ 82,174,526
Liabilities				
Accounts payable	\$ 2,072,982	\$ 2,014,036	\$ 31,790	\$ 4,118,808
Retainage payable	-	708,504	-	708,504
Accrued liabilities	544,791	-	25,409	570,200
Accrued leave payable	-	-	1,802	1,802
Due to other funds	-	-	20,337	20,337
Unearned revenue	-	3,474,371	-	3,474,371
Amounts held for others	26,016	-	-	26,016
Deposits payable	7,000	-	-	7,000
Total liabilities	2,650,789	6,196,911	79,338	8,927,038
Deferred Inflows of Resources				
Lease related	340,803	-	-	340,803
Unavailable revenue-other	790,325	-	-	790,325
Unavailable revenue-property taxes	10,829,696	-	-	10,829,696
Total deferred inflows of resources	11,960,824	-	-	11,960,824
Fund Balances				
Nonspendable	146,417	-	-	146,417
Restricted	4,335,156	-	96,653	4,431,809
Committed	13,167,580	-	-	13,167,580
Assigned	2,940,246	30,680,064	4,074,130	37,694,440
Unassigned	5,846,418	-	-	5,846,418
Total fund balances	26,435,817	30,680,064	4,170,783	61,286,664
Total liabilities, deferred inflows of resources and fund balances	\$ 41,047,430	\$ 36,876,975	\$ 4,250,121	\$ 82,174,526

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025**

Total Fund Balances - Governmental Funds \$ 61,286,664

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	\$ 199,580,454	
Less: accumulated depreciation/amortization	<u>(91,460,368)</u>	
		108,120,086

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)		(6,038,609)
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Internal service funds are used by management to charge the cost of
certain activities to individual funds. The assets and liabilities of the
internal service funds are included in governmental activities in the
statement of net position.

3,059,027

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

Due from EDA	\$ 11,257,020	
Hotel rent	16,667	
Interest	42,879	
Miscellaneous reimbursement	241,084	
Opioid settlement	676,895	
Real estate taxes	<u>3,276,396</u>	
		15,510,941

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

Deferred outflows	\$ 4,990,772	
Deferred inflows	(1,960,073)	
Net pension liability	<u>(16,404,858)</u>	
		(13,374,159)

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

Deferred outflows	\$ 1,985,641	
Deferred inflows	(576,013)	
Net OPEB liability	<u>(5,286,511)</u>	
		(3,876,883)

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	\$ (66,430,000)	
Lease obligations	(102,872)	
Subscription obligations	(314,876)	
Accrued interest payable	(957,294)	
Claims payable (net of amount reported as claims payable in internal service fund \$804,668)	(23,259)	
Compensated absences (net of amount reported as accrued liability in funds \$1,802)	<u>(2,606,617)</u>	
		<u>(70,434,918)</u>

Total Net Position - Governmental Activities		<u><u>\$ 94,252,149</u></u>
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The Notes to Financial Statements are
an integral part of this statement.

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	General	Capital Projects	Nonmajor Governmental	Total Governmental
Revenues				
General property taxes	\$ 38,773,832	\$ -	\$ -	\$ 38,773,832
Other local taxes	21,093,352	-	-	21,093,352
Permits, privilege fees, and regulatory licenses	229,680	-	-	229,680
Fines and forfeitures	180,221	-	-	180,221
Revenues from use of money and property	792,690	1,636,797	179,073	2,608,560
Charges for services	2,248,214	-	120,927	2,369,141
Miscellaneous	221,886	-	234,848	456,734
Recovered costs	2,883,418	3,392,852	-	6,276,270
Intergovernmental:				
Federal	1,247,260	2,815,199	879,014	4,941,473
Commonwealth	15,219,754	1,741,332	1,236,391	18,197,477
Total revenues	<u>82,890,307</u>	<u>9,586,180</u>	<u>2,650,253</u>	<u>95,126,740</u>
Expenditures				
Current:				
General government administration	7,205,689	72,183	-	7,277,872
Judicial administration	3,493,084	-	-	3,493,084
Public safety	16,476,315	3,712,868	1,577,153	21,766,336
Public works	7,555,676	3,237,393	-	10,793,069
Health and welfare	7,757,929	-	-	7,757,929
Education	17,265,610	129,166	-	17,394,776
Parks, recreation, and cultural	4,531,766	44,483	-	4,576,249
Community development	2,867,958	330,901	879,638	4,078,497
Capital projects	-	17,225,976	-	17,225,976
Debt service:				
Principal retirement	257,902	-	4,107,880	4,365,782
Interest and fiscal charges	9,894	-	2,868,725	2,878,619
Total expenditures	<u>67,421,823</u>	<u>24,752,970</u>	<u>9,433,396</u>	<u>101,608,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,468,484</u>	<u>(15,166,790)</u>	<u>(6,783,143)</u>	<u>(6,481,449)</u>
Other financing sources (uses)				
Issuance of subscription	254,091	-	-	254,091
Transfers in	-	7,487,551	5,688,403	13,175,954
Transfers out	(13,175,954)	-	-	(13,175,954)
Total other financing sources (uses)	<u>(12,921,863)</u>	<u>7,487,551</u>	<u>5,688,403</u>	<u>254,091</u>
Net change in fund balance	2,546,621	(7,679,239)	(1,094,740)	(6,227,358)
Fund balance - beginning of year	23,889,196	38,359,303	5,265,523	67,514,022
Fund balance - end of year	<u>\$ 26,435,817</u>	<u>\$ 30,680,064</u>	<u>\$ 4,170,783</u>	<u>\$ 61,286,664</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, 2025

Net changes in fund balances - Governmental Funds \$ (6,227,358)

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	\$ (5,071,172)	
Capital expenditures	18,416,892	
Transfer equipment purchased to Environmental fund	<u>(324,114)</u>	13,021,606

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. (31,539)

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

Property taxes	\$ 179,358	
Interest	13,200	
Opioid settlement	(44,087)	
Other operating revenues	<u>181,381</u>	329,852

Payments on loans receivable are revenues in the governmental funds, but decrease long term assets in the statement of position

Jail buy in		(656,714)
Sale of staunton crossing property by EDA		(1,492,980)

Debt proceeds provide current financial resources to governmental funds, but debt issuances increase long term liabilities in the statement of net position. Principal repayments are expenditures in governmental funds, but reduce long term liabilities in the statement of net position.

GO bond payments	4,065,000	
Proceeds from the issuance of subscription	(254,091)	
Subscription payments	246,536	
Write off subscription terminated	9,484	
Lease payments	<u>54,246</u>	4,121,175

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. (156,526)

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	\$ 105,734	
OPEB expense	<u>327,743</u>	433,477

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	\$ (2,096,168)	
Pension expense	<u>2,428,946</u>	332,778

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	\$ (193,822)	
Amortization of bond premium	<u>475,003</u>	281,181

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

		<u>115,115</u>
Change in net position - Governmental Activities	<u>\$</u>	<u>10,070,067</u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2025

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor-Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 5,568,964	\$ 3,724,678	\$ 4,226,048	\$ 2,785,719	\$ 17,435	\$ 16,322,844	\$ 3,303,253
Investments	4,646,375	2,766,704	-	1,299,032	-	8,712,111	-
Receivable:							
Accounts (net of allowance for uncollectibles)	803,254	894,450	225,709	664,741	14,028	2,602,182	21,708
Interest	32,745	24,766	-	4,333	-	61,844	-
Lease Receivable	61,660	-	-	-	-	61,660	-
Due from other governmental units	4,842,073	1,689,245	655,817	-	-	7,187,135	-
Inventory	-	-	-	-	-	-	560,434
Prepaid items	-	-	6,283	390	-	6,673	27,294
Restricted assets:							
Cash and cash equivalents	4,659,840	-	237,500	1,413,234	4,793	6,315,367	-
Due from other governments	-	185,262	-	-	-	185,262	-
Total current assets	20,614,911	9,285,105	5,351,357	6,167,449	36,256	41,455,078	3,912,689
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	773,628	-	-	-	773,628	-
Total restricted assets	-	773,628	-	-	-	773,628	-
Capital assets:							
Nondepreciable	16,703,131	2,357,980	2,052,690	2,423,955	1,034,249	24,572,005	-
Depreciable, net	17,311,698	27,706,086	6,945,745	3,780,774	4,133,986	59,878,289	41,109
Total capital assets, net	34,014,829	30,064,066	8,998,435	6,204,729	5,168,235	84,450,294	41,109
Total noncurrent assets	34,014,829	30,837,694	8,998,435	6,204,729	5,168,235	85,223,922	41,109
Total assets	54,629,740	40,122,799	14,349,792	12,372,178	5,204,491	126,679,000	3,953,798
Deferred outflows of resources							
Deferred outflows related to pensions	409,367	39,987	40,902	292,038	-	782,294	-
Deferred outflows related to other postemployment benefits	159,640	16,081	16,447	100,757	-	292,925	-
Deferred charge on refunding	11,525	4,858	-	-	-	16,383	-
Total deferred outflows of resources	580,532	60,926	57,349	392,795	-	1,091,602	-
Liabilities							
Current liabilities:							
Accounts payable	319,142	933,684	137,589	884,672	2,199	2,277,286	37,575
Retainage payable	712,097	84,462	73,019	-	-	869,578	-
Accrued liabilities	406,912	30,267	3,560	27,478	15,822	484,039	-
Compensated absences	106,612	8,219	9,970	75,973	-	200,774	-
Claims and judgements	-	-	-	-	-	-	804,668
Unearned revenue	-	-	365,142	-	-	365,142	-
Held for others	-	-	-	-	-	-	11,419
Deposits payable	220,364	-	237,500	18,750	4,793	481,407	-
Landfill closure/postclosure-current	-	-	-	74,057	-	74,057	-
Lease payable-current	320	320	-	-	8,911	9,551	-
Bonds payable-current	630,073	795,129	-	-	134,752	1,559,954	-
Total current liabilities	2,395,520	1,852,081	826,780	1,080,930	166,477	6,321,788	853,662
Noncurrent liabilities:							
Due in more than one year:							
Bonds, leases, claims, compensated absences	9,362,546	3,512,514	-	4,012	1,392,159	14,271,231	-
Landfill closure/postclosure	-	-	-	3,099,751	-	3,099,751	-
Net pension liability	1,345,604	131,439	134,448	830,514	-	2,442,005	-
Net OPEB liability	425,287	42,795	43,772	300,089	-	811,943	-
Total noncurrent liabilities	11,133,437	3,686,748	178,220	4,234,366	1,392,159	20,624,930	-
Total liabilities	13,528,957	5,538,829	1,005,000	5,315,296	1,558,636	26,946,718	853,662
Deferred Inflows of Resources							
Lease related	61,660	-	-	-	-	61,660	-
Deferred inflows related to pensions	160,774	15,704	16,064	124,116	-	316,658	-
Deferred inflows related to other post employment benefits	46,436	4,657	4,763	34,095	-	89,951	-
Total deferred inflows of resources	268,870	20,361	20,827	158,211	-	468,269	-
Net Position							
Net investment in capital assets	27,551,490	24,970,804	8,788,764	6,204,729	3,632,413	71,148,200	41,109
Unrestricted	13,860,955	9,653,731	4,592,550	1,086,737	13,442	29,207,415	3,059,027
Total net position	\$ 41,412,445	\$ 34,624,535	\$ 13,381,314	\$ 7,291,466	\$ 3,645,855	\$ 100,355,615	\$ 3,100,136

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2025**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
OPERATING REVENUES							
Parking fines	\$ -	\$ -	\$ -	\$ -	\$ 12,304	\$ 12,304	\$ -
Charges for services	5,081,526	4,655,117	1,322,445	3,748,414	193,957	15,001,459	12,691,189
Rental of property	68,493	-	-	1,266	5,040	74,799	-
Operating grants	-	-	-	754,333	-	754,333	-
Miscellaneous	-	5,400	-	723	-	6,123	-
Total operating revenues	5,150,019	4,660,517	1,322,445	4,504,736	211,301	15,849,018	12,691,189
OPERATING EXPENSES							
Personal services	1,653,807	709,832	199,474	1,567,846	83,812	4,214,771	-
Claims paid	-	-	-	-	-	-	10,400,962
Rental of property	3,615	2,185	103	106	-	6,009	-
Administrative fees	-	-	-	-	-	-	241,568
Stop loss fees	-	-	-	-	-	-	1,227,496
Repairs and maintenance	319,672	96,701	26	37,164	-	453,563	-
Contractual services	200,017	1,768,855	176,427	693,304	9,137	2,847,740	10,831
Materials and supplies	252,558	76,888	23,814	884,418	597	1,238,275	52,487
Depreciation and amortization	929,413	1,394,776	485,107	416,275	308,119	3,533,690	4,633
Utilities	282,957	5,458	-	1,257	31,410	321,082	-
Other expenses	582,891	239,956	147,965	408,932	63,685	1,443,429	781,836
Landfill closure/post-closure	-	-	-	145,840	-	145,840	-
Total operating expenses	4,224,930	4,294,651	1,032,916	4,155,142	496,760	14,204,399	12,719,813
Operating income (loss)	925,089	365,866	289,529	349,594	(285,459)	1,644,619	(28,624)
NONOPERATING REVENUES (EXPENSES)							
Investment earnings (loss)	767,075	309,419	217,576	264,634	3,064	1,561,768	143,739
Interest and fiscal charges	(425,381)	(87,735)	-	-	(47,651)	(560,767)	-
Gain on disposal of assets	-	-	-	13,950	-	13,950	-
Debt service recovery	-	18,856	-	-	-	18,856	-
Total nonoperating revenues (expenses)	341,694	240,540	217,576	278,584	(44,587)	1,033,807	143,739
Income (loss) before transfers and capital contributions	1,266,783	606,406	507,105	628,178	(330,046)	2,678,426	115,115
Capital Contributed-general government	-	-	-	324,114	-	324,114	-
Capital Contributed -grants	7,694,814	1,689,245	2,118,978	80,573	-	11,583,610	-
Change in net position	8,961,597	2,295,651	2,626,083	1,032,865	(330,046)	14,586,150	115,115
Total net position - beginning of year	32,450,848	32,328,884	10,755,231	6,258,601	3,975,901	85,769,465	2,985,021
Total net position - end of year	\$ 41,412,445	\$ 34,624,535	\$ 13,381,314	\$ 7,291,466	\$ 3,645,855	\$ 100,355,615	\$ 3,100,136

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2025**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 5,053,802	\$ 4,532,062	\$ 1,202,837	\$ 3,732,099	\$ 212,163	\$ 14,732,963	\$ 12,667,957
Cash paid to suppliers	(1,633,360)	(2,151,679)	(347,409)	(1,373,342)	(104,656)	(5,610,446)	(984,422)
Cash paid to employees	(1,671,014)	(645,837)	(206,080)	(1,676,243)	(84,447)	(4,283,621)	-
Claims paid	-	-	-	-	-	-	(10,509,294)
Administrative and stop loss fees	-	-	-	-	-	-	(1,463,139)
Operating grants received	-	-	-	11,418	-	11,418	-
Net cash provided by (used in) operating activities	1,749,428	1,734,546	649,348	693,932	23,060	4,850,314	(288,898)
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(8,996,936)	(1,583,275)	(2,936,210)	(1,968,470)	-	(15,484,891)	-
Principal paid on long-term debt	(561,260)	(577,366)	-	-	(115,000)	(1,253,626)	-
Interest paid on long-term debt	(382,137)	(89,697)	-	-	(61,891)	(533,725)	-
Principal paid on lease liabilities	(422)	(423)	-	-	(1,977)	(2,822)	-
Interest paid on lease liabilities	(8)	(8)	-	-	(7,189)	(7,205)	-
Income received on leases	68,493	-	-	-	-	68,493	-
Interest received on leases	4,329	-	-	-	-	4,329	-
Proceeds from capital grants	3,552,638	-	872,687	-	-	4,425,325	-
Transfer from general fund for capital projects	-	-	-	324,114	-	324,114	-
Proceeds from sale of capital assets	-	-	-	13,950	-	13,950	-
Net cash used in capital and related financing activities	(6,315,303)	(2,250,769)	(2,063,523)	(1,630,406)	(186,057)	(12,446,058)	-
INVESTING ACTIVITIES							
Interest received	582,896	175,757	217,576	208,126	3,064	1,187,419	143,739
Net cash provided by investing activities	582,896	175,757	217,576	208,126	3,064	1,187,419	143,739
Net increase (decrease) in cash and cash equivalents	(3,982,979)	(340,466)	(1,196,599)	(728,348)	(159,933)	(6,408,325)	(145,159)
CASH AND CASH EQUIVALENTS							
Beginning of year	15,121,597	4,065,144	5,660,147	4,927,301	182,161	29,956,350	3,448,412
End of year	\$ 11,138,618	\$ 3,724,678	\$ 4,463,548	\$ 4,198,953	\$ 22,228	\$ 23,548,025	\$ 3,303,253
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 5,568,964	\$ 3,724,678	\$ 4,226,048	\$ 2,785,719	\$ 17,435	\$ 16,322,844	\$ 3,303,253
Investments - SNAP interest	909,814	-	-	-	-	909,814	-
Restricted cash and cash equivalents	4,659,840	-	237,500	1,413,234	4,793	6,315,367	-
Total	\$ 11,138,618	\$ 3,724,678	\$ 4,463,548	\$ 4,198,953	\$ 22,228	\$ 23,548,025	\$ 3,303,253

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, 2025**

	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)	\$ 925,089	\$ 365,866	\$ 289,529	\$ 349,594	\$ (285,459)	\$ 1,644,619	\$ (28,624)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation/amortization	929,413	1,394,776	485,107	416,275	308,119	3,533,690	4,633
Inflows from leases	(68,493)	-	-	-	-	(68,493)	-
Pension and OPEB expense net of employer contributions	(41,775)	55,057	(10,150)	(119,763)	-	(116,631)	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(35,126)	(128,455)	(107,108)	(18,304)	2,226	(286,767)	(14,999)
(Increase) decrease in prepaid items	-	-	3,771	(390)	-	3,381	(448)
(Increase) decrease in inventory	-	-	-	-	-	-	(143,560)
Increase (decrease) in amounts held for others	-	-	-	-	-	-	(8,233)
Increase (decrease) in accounts payable	8,350	38,364	(2,845)	707,536	173	751,578	10,665
Increase (decrease) in accrued liabilities	6,742	4,487	606	3,991	(635)	15,191	-
Increase (decrease) in unearned revenue	-	-	-	(742,915)	-	(742,915)	-
Increase (decrease) in deposits payable	7,402	-	(12,500)	18,750	(1,364)	12,288	-
Increase (decrease) in compensated absences	17,826	4,451	2,938	7,375	-	32,590	-
Increase (decrease) in claims payable	-	-	-	-	-	-	(108,332)
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	71,783	-	71,783	-
Net cash provided by (used in) operating activities	<u>\$ 1,749,428</u>	<u>\$ 1,734,546</u>	<u>\$ 649,348</u>	<u>\$ 693,932</u>	<u>\$ 23,060</u>	<u>\$ 4,850,314</u>	<u>\$ (288,898)</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from grants	\$ 7,694,814	\$ 1,689,245	\$ 2,118,978	\$ 80,573	\$ -	\$ 11,583,610	\$ -
Capital assets purchased on account	952,983	790,157	209,671	-	-	1,952,811	-
Total noncash activities	<u>\$ 8,711,117</u>	<u>\$ 2,479,402</u>	<u>\$ 2,328,649</u>	<u>\$ 80,573</u>	<u>\$ -</u>	<u>\$ 13,599,741</u>	<u>\$ -</u>

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

CITY OF STAUNTON, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	OPEB Trust Fund	Custodial Fund VASAP
	<u> </u>	<u> </u>
ASSETS		
Assets held in trust, Investment in pooled funds, at fair value	\$ 5,893,767	\$ -
	<u> </u>	<u> </u>
Total assets	\$ 5,893,767	\$ -
	<u> </u>	<u> </u>
NET POSITION		
Restricted for:		
Other post-employment benefits	\$ 5,893,767	\$ -
	<u> </u>	<u> </u>
Total net position	<u><u>\$ 5,893,767</u></u>	<u><u>\$ -</u></u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2025

	OPEB Trust Fund	Custodial Fund VASAP
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer	\$ 1,374,931	\$ -
Plan members	108,302	-
	<u>1,483,233</u>	<u>-</u>
Total contributions	1,483,233	-
Investment income (loss)		
Net increase in fair value of investments	479,043	-
Investment expenses	(5,781)	-
	<u>473,262</u>	<u>-</u>
Net investment income	473,262	-
	<u>1,956,495</u>	<u>-</u>
Total additions	<u>1,956,495</u>	<u>-</u>
DEDUCTIONS		
Benefit payments	1,336,668	-
Administrative expenses	146,565	-
VASAP expenses	-	19,964
	<u>-</u>	<u>19,964</u>
Total deductions	<u>1,483,233</u>	<u>19,964</u>
Change in net position	473,262	(19,964)
Total net position - beginning of year	<u>5,420,505</u>	<u>19,964</u>
Total net position - end of year	<u><u>\$ 5,893,767</u></u>	<u><u>\$ -</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2025

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 \$3,418,169 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, 2025

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, 2025

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, 2025

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)	\$ 1,371,350
General Fund (other local taxes)	2,437
Water Fund (charges for services)	62,434
Sewer Fund (charges for services)	60,610
Stormwater Fund (charges for services)	21,426
Parking Fund (charges for services)	1,675
Environmental Fund (charges for services)	53,819
	\$ 1,573,751

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 \$10,000 or more and an estimated useful life of at least 3 years (2 years for component unit school board). All capital assets are valued at historical cost or estimated historical cost, if actual cost was not available. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

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

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, 2025

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

The compensated absences liabilities in the government-wide and proprietary fund financial statements include unused leave balances that are more likely than not to be used or paid out in the future, as well as the portion that is more likely than not to be paid at the employee's termination. The City and School Board use the last in, first out method of estimation for the compensated absences. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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). 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.

Employees that do not take at least 50% of the general leave earned in a fiscal year, or who have in excess of the stated maximum general leave hours, have the excess hours transferred to major illness leave at the end of each fiscal year. 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 City, and that are qualified to retire under the terms of the Virginia Retirement System, are eligible for payment of 25% of all accrued and unused major illness hours, at his or her then current rate of pay, up to \$10,000. VRS hybrid employees with at least ten years of service, with the previous five consecutive years having been with the City, and that are qualified to retire under the terms of the Virginia Retirement System, are compensated for 25% of accrued and unused major illness leave, not to exceed 90 days, at his or her then current rate of pay, up to \$10,000.

Component Unit School Board Employees

School Board employees on 240 or 260 day 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 eligible for payment of 25% of all accrued and unused sick days, at his or her then current rate of pay, up to \$10,000. 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 25% of accrued and unused sick days, not to exceed 90 days, at his or her then current rate of pay, up to \$10,000.

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. Unearned revenue in the component unit school board consists of grant funds, which apply to subsequent periods.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance Policies (Continued)

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, 2025 for the general fund is \$13,167,580. 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, 2025

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, 2025

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	\$ 28,548,784	Not Rated
Federal Agency Bonds and Notes	1,104,731	AA+
US Treasury Bills/Notes	10,095,456	Not Rated
Va SNAP	13,359,589	AAAm
VIP	48,951,975	AAAm
LGIP	<u>525,696</u>	AAAm
Total primary government	<u>102,586,231</u>	
<u>Component Unit School Board</u>		
LGIP	428,664	AAAm
VIP	<u>523,713</u>	AAAm
Total Component Unit School Board	<u>952,377</u>	
Grand total	<u>\$ 103,538,608</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, 2025

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	\$ 28,548,784	N/A
Federal Agency Bonds and Notes	1,104,731	.07
US Treasury Bills/Notes	10,095,456	.02
Va SNAP	13,359,589	N/A
VIP	49,475,688	.06
LGIP	954,360	N/A
	\$ 103,538,608	

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

	Primary Government	Component Units	
		School Board	EDA
Deposits and investments:			
Cash on hand	\$ 13,224	\$ -	\$ -
Deposits	-	8,530,800	141,821
Investments	102,586,231	952,377	-
	\$ 102,599,455	\$ 9,483,177	\$ 141,821
Statement of net position:			
Cash and cash equivalents	\$ 74,771,992	\$ 9,458,894	\$ 141,821
Investments	14,281,565	-	-
Restricted-cash and cash equivalents	13,545,898	24,283	-
	\$ 102,599,455	\$ 9,483,177	\$ 141,821

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, 2025:

	Level 2
Debt securities	
U.S. Agency securities	\$ 11,200,187

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, 2025

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	\$ 3,906,852	\$ 7,187,135	\$ 3,315,023
Virginia revolving loans	-	958,890	-
	<u>\$ 3,906,852</u>	<u>\$ 8,146,025</u>	<u>\$ 3,315,023</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	\$ 185,262	\$ 15,709
Amount receivable within 2 to 5 years	773,628	30,256
	<u>\$ 958,890</u>	<u>\$ 45,965</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. The last installment was paid during FY25.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 4. Interfund Transfers and Obligations

Primary Government:

Transfers Out	Transfers In		
	Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 7,487,551	\$ 5,688,403	\$ 13,175,954

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.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education Fund	\$ -	\$ 575,938	\$ 575,938
Nonmajor governmental funds	90,596	-	90,596
Total	\$ 90,596	\$ 575,938	\$ 666,534

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 \$20,337 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 \$703,070 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, 2025

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)	\$ 6,718,755	\$ -	\$ -	\$ 6,718,755
Subscription asset in progress	-	45,920	-	45,920
Construction in progress	3,366,913	16,558,766	-	19,925,679
Total capital assets, not being depreciated	10,085,668	16,604,686	-	26,690,354
Capital assets, being depreciated:				
Buildings	14,255,499	360,081	-	14,615,580
Lease assets-buildings	232,082	-	-	232,082
Improvements	5,801,123	-	-	5,801,123
School assets**	66,882,456	-	-	66,882,456
Equipment	19,264,181	854,462	625,574	19,493,069
Lease assets-equipment	57,306	-	5,290	52,016
Subscription assets	625,229	254,091	14,479	864,841
Infrastructure	64,929,475	19,458	-	64,948,933
Total capital assets, being depreciated	172,047,351	1,488,092	645,343	172,890,100
Less accumulated depreciation/amortization:				
Buildings	8,552,803	325,696	-	8,878,499
Lease assets-buildings	118,809	39,603	-	158,412
Improvements	3,491,545	170,544	-	3,662,089
School assets**	13,459,276	1,890,534	-	15,349,810
Equipment	13,875,947	1,276,793	603,688	14,549,052
Lease assets-equipment	25,714	11,444	5,290	31,868
Subscription assets	294,642	264,409	4,826	554,225
Infrastructure	47,179,631	1,096,782	-	48,276,413
Total accumulated depreciation/amortization	86,998,367	5,075,805	613,804	91,460,368
Total capital assets, being depreciated, net	85,048,984	(3,587,713)	31,539	81,429,732
Total capital assets, net	\$ 95,134,652	\$ 13,016,973	\$ 31,539	\$ 108,120,086

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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)	\$ 2,216,579	\$ -	\$ -	\$ 2,216,579
Construction in progress	10,693,615	14,936,381	3,274,570	22,355,426
Total capital assets, not being depreciated	12,910,194	14,936,381	3,274,570	24,572,005
Capital assets, being depreciated:				
Landfill	3,430,135	1,762,827	18,884	5,174,078
Buildings	42,345,567	-	-	42,345,567
Improvements	5,323,855	-	-	5,323,855
Lease assets-improvements	92,796	-	-	92,796
Equipment	15,227,902	1,221,753	322,442	16,127,213
Lease assets-equipment	3,946	-	-	3,946
Utility lines	67,041,089	1,616,415	-	68,657,504
Total capital assets, being depreciated	133,465,290	4,600,995	341,326	137,724,959
Less accumulated depreciation/amortization				
Landfill	2,996,003	242,456	18,884	3,219,575
Buildings	20,308,545	871,206	-	21,179,751
Improvements	2,390,030	211,188	-	2,601,218
Lease assets-improvements	25,519	7,733	-	33,252
Equipment	11,558,834	794,564	322,442	12,030,956
Lease assets-equipment	3,322	-	-	3,322
Utility lines	37,168,617	1,609,979	-	38,778,596
Total accumulated depreciation/amortization	74,450,870	3,737,126	341,326	77,846,670
Total capital assets, being depreciated, net	59,014,420	863,869	-	59,878,289
Total capital assets, net	<u>\$ 71,924,614</u>	<u>\$ 15,800,250</u>	<u>\$ 3,274,570</u>	<u>\$ 84,450,294</u>

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 \$12,000 and to the environmental fund of \$38,404; and changes to the value of landfill assets in the amount of \$153,032.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ 541,651	\$ -	\$ 777,651
Construction in progress	3,172,168	4,154,162	9,918	7,316,412
Subscription asset in progress	-	68,880	-	68,880
Total capital assets, not being depreciated	<u>3,408,168</u>	<u>4,764,693</u>	<u>9,918</u>	<u>8,162,943</u>
Capital assets, being depreciated:				
Buildings	81,542,642	1,115,178	-	82,657,820
Lease assets-building	174,726	-	174,726	-
Improvements	3,793,087	27,988	-	3,821,075
School assets allocated to the City**	(66,882,456)	-	-	(66,882,456)
Subscription assets	132,220	26,277	17,112	141,385
Lease assets-equipment	278,431	-	-	278,431
Equipment	13,876,517	781,274	24,052	14,633,739
Total capital assets, being depreciated	<u>32,915,167</u>	<u>1,950,717</u>	<u>215,890</u>	<u>34,649,994</u>
Less accumulated depreciation/amortization				
Buildings	24,418,763	1,917,678	-	26,336,441
Lease assets-buildings	152,885	21,841	174,726	-
Improvements	939,883	125,542	-	1,065,425
School assets allocated to the City**	(13,459,276)	(1,890,534)	-	(15,349,810)
Subscription assets	68,138	43,955	17,112	94,981
Lease assets-equipment	61,453	68,379	-	129,832
Equipment	8,041,837	932,513	24,052	8,950,298
Total accumulated depreciation/amortization	<u>20,223,683</u>	<u>1,219,374</u>	<u>215,890</u>	<u>21,227,167</u>
Total capital assets, being depreciated, net	<u>12,691,484</u>	<u>731,343</u>	<u>-</u>	<u>13,422,827</u>
Total capital assets, net	<u>\$ 16,099,652</u>	<u>\$ 5,496,036</u>	<u>\$ 9,918</u>	<u>\$ 21,585,770</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, 2025

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	\$ -	\$ 293,946	\$ 500,000
Total capital assets, not being depreciated	<u>793,946</u>	<u>-</u>	<u>293,946</u>	<u>500,000</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				
Buildings	3,157,338	164,746	-	3,322,084
Equipment	<u>1,910,237</u>	<u>64,475</u>	<u>-</u>	<u>1,974,712</u>
Total accumulated depreciation	<u>5,067,575</u>	<u>229,221</u>	<u>-</u>	<u>5,296,796</u>
Total capital assets, being depreciated, net	<u>5,228,896</u>	<u>(229,221)</u>	<u>-</u>	<u>4,999,675</u>
Total capital assets, net	<u><u>\$ 6,022,842</u></u>	<u><u>\$ (229,221)</u></u>	<u><u>\$ 293,946</u></u>	<u><u>\$ 5,499,675</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 305,648
Judicial administration	66,829
Public safety	762,184
Public works	1,676,643
Health and welfare	8,640
Education	1,890,534
Parks, recreation, and culture	308,391
Community development	52,303
Total depreciation/amortization-governmental funds	<u>5,071,172</u>
Internal service fund*	4,633
Total depreciation/amortization expense – governmental activities	<u><u>\$ 5,075,805</u></u>

Business-type activities:

Water	\$ 929,413
Sewer	1,394,776
Storm water	485,107
Environmental	416,275
Parking	308,119
Total depreciation/amortization expense – business-type	<u><u>\$ 3,533,690</u></u>

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

Instruction	\$ 856,576
Pupil transportation	174,038
School food service	72,384
Operation and maintenance	<u>116,376</u>
Total depreciation/amortization expense – School Board	<u><u>\$ 1,219,374</u></u>

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

Community Development	<u><u>\$ 229,221</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, 2025

Note 6. Long-Term Liabilities

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

Primary Government:

	Beginning Balance, as adjusted	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
General Obligation bonds	\$ 40,610,000	\$ -	\$ 890,000	\$ 39,720,000	\$ 940,000
Virginia revolving loan	29,885,000	-	3,175,000	26,710,000	2,950,000
Premium	6,513,612	-	475,003	6,038,609	475,003
Leases	157,118	-	54,246	102,872	53,455
Subscriptions	316,805	254,091	256,020	314,876	176,320
Compensated absences*	2,412,497	195,922	-	2,608,419	1,275,693
Claims payable	937,326	10,292,630	10,402,029	827,927	805,735
Total long-term liabilities	<u>\$ 80,832,358</u>	<u>\$ 10,742,643</u>	<u>\$ 15,252,298</u>	<u>\$ 76,322,703</u>	<u>\$ 6,676,206</u>

In governmental activities of the primary government, 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	\$ 16,702,624	\$ -	\$ 1,435,741	\$ 15,266,883	\$ 1,483,023
Premium	551,492	-	76,931	474,561	76,931
Leases	71,732	-	8,034	63,698	9,551
Compensated absences*	203,778	32,590	-	236,368	200,774
Landfill closure/post closure liability	3,102,025	145,840	74,057	3,173,808	74,057
Total long-term liabilities	<u>\$ 20,631,651</u>	<u>\$ 178,430</u>	<u>\$ 1,594,763</u>	<u>\$ 19,215,318</u>	<u>\$ 1,844,336</u>

	Beginning Balance, as adjusted	Additions	Deletions	Ending Balance	Due Within One Year
Component Unit – School Board					
Other liabilities:					
Compensated absences*	\$ 1,319,921	\$ 482,575	\$ -	\$ 1,802,496	\$ 801,459
Subscriptions	62,100	26,276	42,784	45,592	36,836
Leases	241,951	-	88,982	152,969	68,945
Total long-term liabilities	<u>\$ 1,623,972</u>	<u>\$ 508,851</u>	<u>\$ 131,766</u>	<u>\$ 2,001,057</u>	<u>\$ 907,240</u>

*The change in the compensated absences liability is presented as a net change.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ 39,720,000	\$ -
					<u>\$ 39,720,000</u>	<u>\$ -</u>
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase IIIA improvements	1.721%	01/2008	03/2030	9,309,033	\$ -	\$ 2,811,817
Middle River Wastewater Phase IIIB improvements	1.721%	09/2008	03/2030	2,066,747	-	625,066
2022 VRA Bonds-Water projects	3.54%	10/2023	10/2042	8,500,000	-	7,895,000
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	2,595,000
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	05/2018	10/2033	1,955,000	-	1,340,000
2024 VRA Bonds-JDR Courthouse	5.125%	5/2024	10/2038	16,745,000	15,955,000	-
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	10,755,000	-
					<u>\$ 26,710,000</u>	<u>\$ 15,266,883</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>	
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	1,145,000	1,206,880	1,495,000	732,478	
2031-2035	6,600,000	5,172,313	8,040,000	2,445,100	
2036-2040	7,855,000	3,915,266	5,775,000	610,772	
2041-2045	9,215,000	2,555,805	-	-	
2046-2050	10,855,000	918,968	-	-	
	<u>\$ 39,720,000</u>	<u>\$ 19,134,072</u>	<u>\$ 26,710,000</u>	<u>\$ 7,982,088</u>	

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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,				
2026	\$ 53,455	\$ 1,716	\$ 176,320	\$ 10,553
2027	43,105	698	100,280	4,690
2028	4,136	149	38,276	1,275
2029	2,176	39	-	-
	<u>\$ 102,872</u>	<u>\$ 2,602</u>	<u>\$ 314,876</u>	<u>\$ 15,281</u>
Business-Type Activities				
	Virginia Revolving Loan		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 1,483,023	\$ 505,217	\$ 9,551	\$ 2,040
2027	1,536,499	455,842	9,232	1,714
2028	1,584,174	404,449	9,564	1,379
2029	1,634,052	351,775	9,908	1,033
2030	1,694,135	297,800	10,265	675
2031-2035	3,203,000	977,118	15,178	343
2036-2040	2,444,000	521,194	-	-
2041-2045	1,688,000	91,047	-	-
	<u>\$ 15,266,883</u>	<u>\$ 3,604,442</u>	<u>\$ 63,698</u>	<u>\$ 7,184</u>
Component Unit -School Board				
Year Ending	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
June 30,				
2026	\$ 68,945	\$ 4,242	\$ 36,836	\$ 1,337
2027	70,116	1,818	8,756	316
2028	13,908	84	-	-
	<u>\$ 152,969</u>	<u>\$ 6,144</u>	<u>\$ 45,592</u>	<u>\$ 1,653</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2023 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	<u>334</u>
Inactive members:	
Vested inactive members	61
Non-vested inactive members	107
Inactive members active elsewhere in VRS	<u>148</u>
Total inactive members	316
Active members	<u>308</u>
Total covered employees	<u><u>958</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 7. Defined Benefit Pension Plan (Continued)

	School Non- Professional
Inactive members or their beneficiaries currently receiving benefits	45
Inactive members:	
Vested inactive members	16
Non-vested inactive members	46
Inactive members active elsewhere in VRS	19
Total inactive members	81
Active members	52
Total covered employees	178

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, 2025 was 16.77% and 7.02%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$3,315,373 and \$3,262,793 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the pension plan from the School Division were \$126,722 and \$138,827 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$76,417 for the City and \$10,640 for the School Division for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer to contribute a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$95,915 for the City and \$8,717 for the School Division for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$7,641,711 for the City and \$1,064,039 for the School Division for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2023, 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, 2024.

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 and a modified MP-2020 Improvement Scale with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

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	32.00 %	6.70 %	2.14 %
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00 %		7.07 %
			<u>7.07 %</u>

*Expected arithmetic nominal return

- * The above allocation provides for a one-year return of 7.07%, which includes a 2.5% inflation assumption. 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 7.10%, 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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from June 30, 2023 actuarial valuations. From July 1, 2024 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, 2025

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, 2023	\$ 98,308,156	\$ 80,145,476	\$ 18,162,680
Changes for the year:			
Service cost	2,270,754	-	2,270,754
Interest	6,603,348	-	6,603,348
Differences between expected and actual experience	3,464,455	-	3,464,455
Changes in assumptions	-	-	-
Contributions – employer	-	3,119,306	(3,119,306)
Contributions – employee	-	891,889	(891,889)
Net investment income	-	7,734,786	(7,734,786)
Benefit payments, including refunds of employee contributions	(5,503,067)	(5,503,067)	-
Administrative expenses	-	(50,252)	50,252
Other changes	-	1,654	(1,654)
Net changes	6,835,490	6,194,316	641,174
Balances at June 30, 2024	\$ 105,143,646	\$ 86,339,792	\$ 18,803,854

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2023	\$ 5,253,175	\$ 4,878,245	\$ 374,930
Changes for the year:			
Service cost	139,467	-	139,467
Interest	351,733	-	351,733
Differences between expected and actual experience	32,898	-	32,898
Change in assumptions	-	-	-
Contributions – employer	-	120,002	(120,002)
Contributions – employee	-	74,674	(74,674)
Net investment income	-	466,755	(466,755)
Benefit payments, including refunds of employee contributions	(363,553)	(363,553)	-
Administrative expenses	-	(3,219)	3,219
Other changes	-	92	(92)
Net changes	160,545	294,751	(134,206)
Balances at June 30, 2024	\$ 5,413,720	\$ 5,172,996	\$ 240,724

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	\$ 31,447,435	\$ 18,803,854	\$ 8,427,377
School nonprofessional employees net pension liability (asset)	\$ 792,889	\$ 240,724	\$ (224,952)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2025, the City recognized pension expense of \$2,784,148. At June 30, 2025, 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	\$ 2,405,234	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,246,708
Employer contributions subsequent to the measurement date	<u>3,315,373</u>	<u>-</u>
Total	<u>\$ 5,720,607</u>	<u>\$ 2,246,708</u>

For the year ended June 30, 2025, the school division recognized pension expense of \$106,160 for nonprofessional employees. At June 30, 2025, 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	\$ 16,366	\$ -
Net difference between projected and actual earnings on pension plan investments	-	138,695
Employer contributions subsequent to the measurement date	<u>126,722</u>	<u>-</u>
Total	<u>\$ 143,088</u>	<u>\$ 138,695</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$3,315,373 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, 2026. 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
2026	\$ (539,702)
2027	1,606,288
2028	(432,667)
2029	(475,393)
2030	-

The \$126,722 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, 2026. 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
2026	\$ (107,910)
2027	40,139
2028	(25,904)
2029	(28,654)
2030	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-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, 2025, approximately \$280,720 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2025, approximately \$7,308 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 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 and long term expected rate of return, 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, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$3,375,791 and \$3,818,076 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$91,895 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer to contribute a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$89,779 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,189,540 for the year ended June 30, 2025.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2025, the School Division reported a liability of \$20,259,821 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was .21583% as compared to .21351% at June 30, 2023.

For the year ended June 30, 2025, the School Division recognized pension expense of \$2,165,685. 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, 2025, 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	\$ 3,514,793	\$ 417,164
Difference between projected and actual investment earnings	-	2,788,777
Changes in assumptions	367,743	-
Changes in proportionate share	722,103	107,514
Employer contributions subsequent to the measurement date	3,375,376	-
Total	<u>\$ 7,980,015</u>	<u>\$ 3,313,455</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 \$3,375,376 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, 2026. 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
2026	\$ (1,016,606)
2027	2,027,886
2028	499,585
2029	(219,681)
2030	-

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	\$ 60,622,260
Plan fiduciary net position	<u>51,235,326</u>
Employers' net pension liability	<u><u>\$ 9,386,934</u></u>
Plan fiduciary net position as a percentage of the total pension liability	84.52%

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, 2025

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

General Information about the Teacher Cost Sharing Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
School Division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 37,638,776</u>	<u>\$ 20,259,821</u>	<u>\$ 6,027,010</u>

Pension Plan Data

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-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, 2025, approximately \$83,982 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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.

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, 2025 the annual money-weighted rate of return on investments, net of investment expense, was 8.84 to 8.85% 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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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

Plan Description (Continued)

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	<u>396</u>

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 2025, the City paid an average of 84% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

For the fiscal year ended June 30, 2025, the City contributed \$848,000 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 \$628,000 for fiscal year 2025 by \$220,000. 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 2025, the School Board paid approximately 78% of the existing rate for subscriber only coverage and the retiree paid the remaining 22% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2025, the School Board contributed \$527,000 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 \$262,000 for fiscal year 2025 by \$265,000. 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 \$5,226,000 and \$1,979,000, respectively, were measured as of July 1, 2024 and was determined by an actuarial valuation performed as of July 1, 2023.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	2.50%
Healthcare cost trend rates	6.25% for fiscal year 2025, then decreasing 0.25% per year to an ultimate rate of 4.50%
Mortality rates	PUB-2010 Amount-weighted general mortality table, projected with improvement scale MP-2021

Discount Rate

For both the City and the School Board, the discount rate used was 7.50%. 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, 2025

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, 2023	\$ 7,537,000	\$ 2,671,000	\$ 4,866,000
Changes for the year:			
Service cost	141,000	-	141,000
Interest	552,000	-	552,000
Difference between expected and actual			
Experience	470,000	-	470,000
Assumption changes	102,000	-	102,000
Contributions – employer	-	586,000	(586,000)
Contributions – employee	-	69,000	(69,000)
Net investment income	-	253,000	(253,000)
Benefit payments	(655,000)	(655,000)	-
Administrative expense	-	(3,000)	3,000
Net changes	610,000	250,000	360,000
Balances at June 30, 2024	<u>\$ 8,147,000</u>	<u>\$ 2,921,000</u>	<u>\$ 5,226,000</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, 2023	\$ 3,990,000	\$ 2,285,000	\$ 1,705,000
Changes for the year:			
Service cost	90,000	-	90,000
Interest	279,000	-	279,000
Difference between expected and actual			
Experience	813,000	-	813,000
Assumption changes	53,000	-	53,000
Contributions – employer	-	712,000	(712,000)
Contributions – employee	-	34,000	(34,000)
Net investment income	-	217,000	(217,000)
Benefit payments	(746,000)	(746,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	489,000	215,000	274,000
Balances at June 30, 2024	<u>\$ 4,479,000</u>	<u>\$ 2,500,000</u>	<u>\$ 1,979,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ 5,914,000	\$ 5,226,000	\$ 4,611,000
School Board net OPEB liability	\$ 2,328,000	\$ 1,979,000	\$ 1,660,000

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 6.25%, 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 (5.25%) or one percentage point higher (7.25%) than the current rate:

	1.00% Decrease (5.25%)	Current Healthcare Cost Trend Rates Rate (6.25%)	1.00% Increase (7.25%)
City's net OPEB liability	\$ 4,475,000	\$ 5,226,000	\$ 6,094,000
School Board net OPEB liability	\$ 1,572,000	\$ 1,979,000	\$ 2,442,000

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$353,000. At June 30, 2025, 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	\$ 825,000	\$ 276,000
Change in assumptions	295,000	233,000
Net difference between projected and actual earnings on OPEB plan investments	57,000	-
Employer contributions subsequent to the measurement date	848,000	-
Total	\$ 2,025,000	\$ 509,000

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 \$848,000 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, 2026. 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
2026	\$ (18,000)
2027	184,000
2028	121,000
2029	147,000
2030	160,000
Thereafter	74,000

For the year ended June 30, 2025, the School Board recognized OPEB expense of \$189,000. At June 30, 2025, 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	\$ 981,000	\$ 264,000
Change in assumptions	208,000	87,000
Net difference between projected and actual earnings on OPEB plan investments	42,000	-
Employer contributions subsequent to the measurement date	527,000	-
Total	<u>\$ 1,758,000</u>	<u>\$ 351,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 \$527,000 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, 2026. 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
2026	\$ 49,000
2027	182,000
2028	152,000
2029	188,000
2030	174,000
Thereafter	135,000

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/benefits-and-programs/benefits/life-insurance/>.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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.html>.

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, 2024 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	27
Inactive members:	
Vested inactive members	5
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>16</u>
Total inactive members	21
Active members	<u>52</u>
Total covered employees	<u><u>100</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2023. 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, with the exception of GLI, which was also combined with employee contributions. 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</i> 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.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$ 93,052
June 30, 2024 Contribution	\$102,381

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia</i> 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.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$120,220
June 30, 2024 Contribution	\$133,371

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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

Contributions (continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E)</i> and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2025 Contribution	\$287,453
June 30, 2024 Contribution	\$277,971

General Employee Health Insurance Credit Program-School Division

Governed by:	<i>Code of Virginia 51.1-1400(E)</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.71% of covered employee compensation.
June 30, 2025 Contribution	\$12,817
June 30, 2024 Contribution	\$12,050

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2024 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2025 proportionate share of liability	\$823,997
June 30, 2024 proportion	.07384%
June 30, 2023 proportion	.07235%
June 30, 2025 expense	\$22,025

Group Life Insurance Program-School Division Professional employees

June 30, 2025 proportionate share of liability	\$999,308
June 30, 2024 proportion	.08955%
June 30, 2023 proportion	.08957%
June 30, 2025 expense	\$19,443

Group Life Insurance Program-School Division Non-professional employees

June 30, 2025 proportionate share of liability	\$73,986
June 30, 2024 proportion	.00663%
June 30, 2023 proportion	.00660%
June 30, 2025 expense	\$3,467

Teacher Health Insurance Credit Program

June 30, 2025 proportionate share of liability	\$2,477,940
June 30, 2024 proportion	.21442%
June 30, 2023 proportion	.21144%
June 30, 2025 expense	\$182,217

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2023	\$ 119,441	\$ 25,341	\$ 94,100
Changes for the year:			
Service cost	1,507	-	1,507
Interest	7,783	-	7,783
Differences between expected and actual experience	1,763	-	1,763
Contributions – employer	-	12,050	(12,050)
Net investment income	-	2,424	(2,424)
Benefit payments, including refunds of employee contribution	(11,276)	(11,276)	-
Administrative expenses	-	(32)	32
Other changes	-	-	-
Net changes	(223)	3,166	(3,389)
Balances at June 30, 2024	\$ 119,218	\$ 28,507	\$ 90,711

In addition for the year ended June 30, 2024, the School Division recognized OPEB expense of \$13,419 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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

At June 30, 2025, 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	\$ 129,963	\$ 20,127
Change in assumptions	4,697	40,836
Net difference between projected and actual earnings on OPEB plan investments	-	69,454
Changes in proportion	19,589	19,891
Employer contributions subsequent to the measurement date	93,052	-
Total	<u>\$ 247,301</u>	<u>\$ 150,308</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,283	\$ 26,217
Change in assumptions	6,118	53,191
Net difference between projected and actual earnings on OPEB plan investments	-	90,467
Changes in proportion	30,550	16,255
Employer contributions subsequent to the measurement date	120,220	-
Total	<u>\$ 326,171</u>	<u>\$ 186,130</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ -	\$ 117,399
Change in assumptions	42,688	-
Net difference between projected and actual earnings on OPEB plan investments	-	8,814
Changes in proportion	102,112	46,929
Employer contributions subsequent to the measurement date	287,453	-
Total	<u>\$ 432,253</u>	<u>\$ 173,142</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,634	\$ 632
Change in assumptions	4,505	-
Net difference between projected and actual earnings on OPEB plan investments	-	373
Employer contributions subsequent to the measurement date	12,817	-
Total	<u>\$ 22,956</u>	<u>\$ 1,005</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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, 2026. 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
2026	\$ (38,607)
2027	11,647
2028	4,737
2029	10,670
2030	15,494
Thereafter	-

Group Life Insurance Program-School Division

Year Ending June 30,	Effect on OPEB Expense
2026	\$ (45,257)
2027	25,386
2028	11,768
2029	11,226
2030	16,698
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2026	\$ (19,089)
2027	(3,824)
2028	(5,474)
2029	218
2030	(380)
Thereafter	207

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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
2026	\$ 4,725
2027	4,371
2028	174
2029	(136)

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, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
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, 2025

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	\$ 4,196,055	\$ 1,478,105
Plan fiduciary net position	\$ 3,080,133	\$ 322,457
Employers' net OPEB liability (asset)	\$ 1,115,922	\$ 1,155,648
Plan fiduciary net position as a percentage of total OPEB liability	73.41%	21.82%

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, 2025

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	32.00 %	6.70 %	2.14 %
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00 %		7.07 %
*Expected arithmetic nominal return			7.07 %

* The above allocation provides for a one-year expected return of 7.07%, which includes a 2.50% inflation assumption. 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 7.10%, 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, 2025

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, 2024, 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, 2024 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	\$ 1,281,422	\$ 823,997	\$ 454,457
GLI Net OPEB liability-School Division Nonprofessional	\$ 115,057	\$ 73,986	\$ 40,805
GLI Net OPEB liability-School Division professional	\$ 1,554,054	\$ 999,308	\$ 551,146
Teacher HIC Net OPEB liability	\$ 2,818,036	\$ 2,477,940	\$ 2,189,678
General Employee HIC Net OPEB liability – School Division	\$ 101,097	\$ 90,711	\$ 81,723

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2024-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, 2025, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

• Group Life Insurance-City	\$ 7,890
• Group Life Insurance-School Division-nonprofessional	489
• Group Life Insurance-School Division-professional	2,778
• Teacher Employee Health Insurance Credit	7,151
• General Employee Health Insurance Credit	739

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ 4,990,772	\$ 729,835	\$ 5,720,607	\$ -
Net deferred Outflows from Augusta Regional Landfill	-	52,459	52,459	-
VRS-School Non-professional	-	-	-	143,088
VRS-School Professional	-	-	-	7,980,015
Total deferred outflows of resources - Pensions	<u>\$ 4,990,772</u>	<u>\$ 782,294</u>	<u>\$ 5,773,066</u>	<u>\$ 8,123,103</u>
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,769,879	\$ 255,121	\$ 2,025,000	\$ 1,758,000
Net OPEB Outflows from Augusta Regional Landfill	-	6,265	6,265	-
VRS Group Life plan	215,762	31,539	247,301	326,171
VRS Health insurance credit plan-Professional	-	-	-	432,253
VRS Health insurance credit plan-Non-professional	-	-	-	22,956
Total deferred outflows of resources - OPEB	<u>\$ 1,985,641</u>	<u>\$ 292,925</u>	<u>\$ 2,278,566</u>	<u>\$ 2,539,380</u>
Net pension liability:				
VRS-City	\$ 16,404,858	\$ 2,398,996	\$ 18,803,854	\$ -
Net Pension liability from Augusta Regional Landfill	-	43,009	43,009	-
VRS-School Non-professional	-	-	-	240,724
VRS-School Professional	-	-	-	20,259,821
Total net pension liability	<u>\$ 16,404,858</u>	<u>\$ 2,442,005</u>	<u>\$ 18,846,863</u>	<u>\$ 20,500,545</u>
Net OPEB liability:				
OPEB Local Health plan	\$ 4,567,597	\$ 658,403	\$ 5,226,000	\$ 1,979,000
Net OPEB Liability from Augusta Regional Landfill	-	48,457	48,457	-
VRS Group Life plan	718,914	105,083	823,997	1,073,294
VRS Health insurance credit plan-Professional	-	-	-	2,477,940
VRS Health insurance credit plan-Non-professional	-	-	-	90,711
Total net OPEB liability	<u>\$ 5,286,511</u>	<u>\$ 811,943</u>	<u>\$ 6,098,454</u>	<u>\$ 5,620,945</u>
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 1,960,073	\$ 286,635	\$ 2,246,708	\$ -
Net deferred inflow from Augusta Regional Landfill	-	30,023	30,023	-
VRS-School Non-professional	-	-	-	138,695
VRS-School Professional	-	-	-	3,313,455
Total deferred inflows of resources - Pensions	<u>\$ 1,960,073</u>	<u>\$ 316,658</u>	<u>\$ 2,276,731</u>	<u>\$ 3,452,150</u>
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 444,874	\$ 64,126	\$ 509,000	\$ 351,000
Net OPEB inflow from Augusta Regional Landfill	-	6,656	6,656	-
VRS Group Life plan	131,139	19,169	150,308	186,130
VRS Health insurance credit plan-Professional	-	-	-	173,142
VRS Health insurance credit plan-Non-professional	-	-	-	1,005
Total deferred inflows of resources - OPEB	<u>\$ 576,013</u>	<u>\$ 89,951</u>	<u>\$ 665,964</u>	<u>\$ 711,277</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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	\$ 2,428,946	\$ 355,202	\$ 2,784,148	\$ -
Pension expense from Augusta Regional Landfill	-	8,568	8,568	-
VRS-School Non-professional	-	-	-	106,160
VRS-School Professional	-	-	-	2,165,685
Total pension expense (income)	<u>\$ 2,428,946</u>	<u>\$ 363,770</u>	<u>\$ 2,792,716</u>	<u>\$ 2,271,845</u>
OPEB expense:				
Local OPEB	\$ 308,527	\$ 44,473	\$ 353,000	\$ 189,000
OPEB expense from Augusta Regional Landfill	-	617	617	-
VRS OPEB - City	19,216	2,809	22,025	-
VRS OPEB School Non-professional	-	-	-	16,886
VRS OPEB School Professional	-	-	-	201,660
Total OPEB expense	<u>\$ 327,743</u>	<u>\$ 47,899</u>	<u>\$ 375,642</u>	<u>\$ 407,546</u>

Note 12. Commitments and Contingencies

Grant Programs:

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits, would not be material to the financial position of the City at June 30, 2025.

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, 2025

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.

	Construction Commitments	Encumbrances
Water fund	\$ 5,667,177	\$ 97,422
Sewer fund	4,660,002	-
Storm Water fund	691,137	168,914
Environmental fund	-	27,450
General fund	-	779,262
Capital Improvements Fund	7,838,523	4,267,603
Nonmajor governmental funds	63,165	134,891
	<u>\$ 18,920,004</u>	<u>\$ 5,475,542</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, 2024 and due December 5, 2024 as well as the portion of the January 1, 2025 assessment due June 20, 2025 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, 2024 and 2025 levies were \$.89 and \$.91 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 \$3,368,009, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2025 are also included in deferred inflows of resources, in the amount of \$4,185,291 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 2025, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2024 assessment due December 5, 2024, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2024 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2024 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, 2025

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	\$ 481,407
Receivable for share of debt	-	958,890
SNAP principal account	7,223,531	4,439,476
Landfill sinking fund*	-	1,394,484
Total	<u>\$ 7,230,531</u>	<u>\$ 7,274,257</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 2025. 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, 2025, 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 \$23,259.

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 \$804,668.

Changes in the claims liability amounts in fiscal years 2023, 2024 and 2025 were as follows:

Year Ended June 30,	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
2023	\$ 1,151,190	\$ 8,308,208	\$ 8,730,006	\$ 729,392
2024	\$ 729,392	\$ 10,501,961	\$ 10,294,027	\$ 937,326
2025	\$ 937,326	\$ 10,292,630	\$ 10,402,029	\$ 827,927

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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 23.7% 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 \$2,095,089 reported as landfill closure liability at June 30, 2025 represents the cumulative amount reported to date based on the use of 91.3% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 96.3% of the estimated capacity of the Permit #585 Phase 4 landfill, 9.5% of the estimated capacity of the Permit #585 Phase % landfill and the stockpile financial assurance liability. The \$1,078,719 reported as post-closure monitoring liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 91.3% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 96.3% of the estimated capacity of the Permit #585 Phase 4 landfill, 9.5% of the estimated capacity of the Permit #585 Phase % landfill. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2025 for both joint ventures are \$3,173,808.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$162,143 for Permit #585 (phases 1-3) landfill and \$34,514 for Permit #585 Phase 4 landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$373,643 for the newly constructed Phase 5 cell as the remaining estimated capacity is filled over the next 5 to 6 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 2024.

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, \$1,394,484, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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.

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.

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. The EDA also owned approximately 60.9 acres of adjacent property which was originally reported as a capital asset. During fiscal year 2025, management realized that the intent was to hold the property for resale. Therefore, the value of the land, \$293,946, was recategorized as inventory.

During fiscal year 2025, approximately 18.78 acres of land was sold. Cash received for the sales totaled \$1,492,980, which was transferred back to the City to reduce the owed to the City from \$12,750,000 to \$11,257,020. \$121,000 from one sale is held in escrow as of June 30, 2025 pending completion of infrastructure improvements by the City. Upon completion of the infrastructure improvements during fiscal year 2026, the funds will be released from escrow, paid to the EDA and transferred to the City to further reduce the balance owed.

In fiscal year 2025, the City's management concluded that no material declines in the property's value had occurred.

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 2025, the monthly rental payment was \$4,070, but \$25,426 was included in the measurement of the lease liability. During fiscal year 2025, \$21,952 was recognized as an outflow of resources for payments not included in the measurement of the lease liability. The City has additional leases with payments totaling \$36,854.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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

Leases (Continued)

School Board as Lessee

On September 16, 2023, the School Board entered a lease for equipment for a term of 60 months. Minimum monthly lease payments are \$5,663, and \$61,760 was included in the measurement of the lease liability. For purposes of discounting future payments, the School Board imputed an interest rate of 3.54%. The School Board has additional leases with payments totaling \$27,222.

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, 2025 was \$40,084 in governmental activities and \$72,821 in business-type activities. As of June 30, 2025, the City's lease receivable for these payments in governmental activities totals \$340,803 and in business-type activities totals \$61,660.

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, 2025 was \$25,000. As of June 30, 2025, the Authority's lease receivable for these payments totals \$472,649.

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 2025, 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 \$255,664. For purposes of discounting future payments, the City imputed interest rates of 1.88% to 3.67%.

School SBITA

During 2025, 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 4 years. Minimum annual subscription payments are \$45,015. For purposes of discounting future payments, the School imputed interest rates of 3.54% to 3.67%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2025:

	General	Capital Projects	Nonmajor Governmental	School Board Component Unit
Nonspendable				
Prepays	\$ 146,417	\$ -	\$ -	\$ -
Restricted:				
Donor purposes	\$ 35,350	\$ -	\$ 96,653	\$ 108,248
Programs	4,299,806	-	-	725,068
Total restricted	\$ 4,335,156	\$ -	\$ 96,653	\$ 833,316
Committed:				
Stabilization arrangement	\$ 13,167,580	\$ -	\$ -	\$ -
Assigned:				
Accrued leave	\$ 2,159,084	\$ -	\$ -	\$ -
Capital projects	-	17,865,434	-	2,995,076
Debt service	-	-	3,751,200	-
General government	249,664	-	-	-
Judicial administration	16,998	-	-	-
Public safety	75,477	4,960,792	98,404	-
Public works	324,731	7,554,479	-	-
Parks and recreation	104,429	136,423	-	-
Community development	9,863	162,936	224,526	-
Education	-	-	-	3,744,687
Textbooks	-	-	-	1,281,603
Transportation	-	-	-	89,232
Food service	-	-	-	567,245
Total assigned	\$ 2,940,246	\$ 30,680,064	\$ 4,074,130	\$ 8,677,843
Unassigned	\$ 5,846,418	\$ -	\$ -	\$ -

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

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.

Tax Abatement Program	Fiscal Year 2025 Taxes Abated
Economic Development Incentive Programs	
Incremental taxes-Staunton Frontier	\$ 549,026
Incremental taxes-Villages	60,111
Real estate tax abatement-Villages	79,985
Total	<u>\$ 689,122</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. \$8,615,000 of such conduit bonds were outstanding at June 30, 2025.

Note 22. Restatement of Beginning Net Position

For the year ended June 30, 2025, the City adopted GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The City also corrected an error in the EDA fund in costing of the sale of inventory.

	Governmental Activities	Component Unit School Board	Component Unit EDA
Net position, July 1, 2024, as previously reported	\$ 84,434,725	\$ 8,243,543	\$ 6,341,353
Effect of adopting GASB Statement No. 100	(252,643)	(407,920)	-
Adjustment to correct cost basis of inventory sold in previous years	-	-	(206,469)
Net position, July 1, 2024, as restated	<u>\$ 84,182,082</u>	<u>\$ 7,835,623</u>	<u>\$ 6,134,884</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2025

Note 23. Subsequent Events

On November 1, 2025, a new regional animal shelter was opened. Previously, the City, the County of Augusta, and the City of Waynesboro, shared in the ownership of the existing animal shelter. The new memorandum of understanding places ownership of the real property with the County of Augusta. The approximately \$1,400,000 that the City of Staunton contributed to the construction of the new shelter and currently is reported in construction in process, will be reclassified to a capital contribution during fiscal year 2026.

Note 24. New Accounting Standards

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.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. 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, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 34,407,774	\$ 34,407,774	\$ 38,773,832	\$ 4,366,058
Other local taxes	20,219,522	20,219,522	21,093,352	873,830
Permits, privilege fees, and regulatory licenses	269,200	269,200	229,680	(39,520)
Fines and forfeitures	197,500	197,500	180,221	(17,279)
Revenue from use of money and property	615,000	615,000	792,690	177,690
Charges for services	1,875,354	1,875,354	2,248,214	372,860
Miscellaneous	49,000	136,068	221,886	85,818
Recovered costs	1,282,644	2,496,179	2,883,418	387,239
Intergovernmental:				
Federal	1,179,557	1,235,293	1,247,260	11,967
Commonwealth	13,407,833	14,940,412	15,219,754	279,342
Total revenues	<u>73,503,384</u>	<u>76,392,302</u>	<u>82,890,307</u>	<u>6,498,005</u>
EXPENDITURES				
Current:				
General government administration	7,673,103	8,409,150	7,205,689	1,203,461
Judicial administration	3,545,290	3,677,309	3,493,084	184,225
Public safety	16,528,351	16,906,827	16,476,315	430,512
Public works	6,905,910	10,939,011	7,555,676	3,383,335
Health and welfare	7,470,044	7,405,705	7,757,929	(352,224)
Education	17,265,610	17,265,610	17,265,610	-
Parks, recreation, and cultural	4,525,525	4,660,523	4,531,766	128,757
Community development	3,050,865	3,146,156	2,867,958	278,198
Debt service				
Principal retirement	-	-	257,902	(257,902)
Interest and fiscal charges	-	-	9,894	(9,894)
Total expenditures	<u>66,964,698</u>	<u>72,410,291</u>	<u>67,421,823</u>	<u>4,988,468</u>
Excess of revenues over expenditures	<u>6,538,686</u>	<u>3,982,011</u>	<u>15,468,484</u>	<u>11,486,473</u>
OTHER FINANCING SOURCES (USES)				
Issuance of subscription	-	-	254,091	254,091
Appropriation of prior year reserves/encumbrances	-	9,193,943	-	(9,193,943)
Transfers out	(6,538,686)	(13,175,954)	(13,175,954)	-
Total other financing sources (uses)	<u>(6,538,686)</u>	<u>(3,982,011)</u>	<u>(12,921,863)</u>	<u>(8,939,852)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,546,621</u>	<u>\$ 2,546,621</u>

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 PRIMARY GOVERNMENT
 Year Ended June 30, 2025

	Plan Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 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	\$ 2,270,754
Interest on total pension liability	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	6,603,348
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	3,464,455
Changes in assumptions	-	-	(140,647)	-	2,298,391	-	3,576,169	-	-	-
Benefit payments, including refunds of employee contributions	(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)	(5,503,067)
Net change in total pension liability	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	6,835,490
Total pension liability - beginning	<u>72,024,154</u>	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>	<u>88,061,168</u>	<u>91,927,190</u>	<u>94,710,197</u>	<u>98,308,156</u>
Total pension liability - ending	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>	<u>88,061,168</u>	<u>91,927,190</u>	<u>94,710,197</u>	<u>98,308,156</u>	<u>105,143,646</u>
Plan Fiduciary Net Position										
Contributions - employer	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	3,119,306
Contributions - employee	636,054	655,097	688,105	679,027	721,122	744,911	712,807	751,790	798,035	891,889
Net investment income (loss)	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	7,734,786
Benefit payments, including refunds of employee contributions	(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)	(5,503,067)
Administrative expenses	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)	(42,541)	(43,608)	(49,454)	(49,428)	(50,252)
Other	(504)	(399)	(5,847)	(3,884)	(2,580)	(1,439)	1,623	1,810	1,984	1,654
Net change in plan fiduciary net position	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	6,194,316
Plan fiduciary net position - beginning	<u>52,391,583</u>	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>	<u>63,802,070</u>	<u>79,167,172</u>	<u>77,023,408</u>	<u>80,145,476</u>
Plan fiduciary net position - ending	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>	<u>63,802,070</u>	<u>79,167,172</u>	<u>77,023,408</u>	<u>80,145,476</u>	<u>86,339,792</u>
Net pension liability - ending	<u>\$ 19,559,307</u>	<u>\$ 21,151,185</u>	<u>\$ 16,967,754</u>	<u>\$ 16,210,288</u>	<u>\$ 19,608,017</u>	<u>\$ 24,259,098</u>	<u>\$ 12,760,018</u>	<u>\$ 17,686,789</u>	<u>\$ 18,162,680</u>	<u>\$ 18,803,854</u>
Add Net Pension Liability (asset) from Augusta Regional landfill	<u>29,260</u>	<u>48,902</u>	<u>23,253</u>	<u>17,478</u>	<u>26,919</u>	<u>64,870</u>	<u>(15,407)</u>	<u>3,044</u>	<u>21,025</u>	<u>43,009</u>
Total Net pension liability - ending	<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>	<u>\$ 18,846,863</u>
Plan fiduciary net position as a percentage of total pension liability	<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>	<u>82%</u>
Covered payroll of the plan year	<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>	<u>\$ 18,892,836</u>
Net pension liability as a percentage of covered payroll	<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>	<u>100%</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 2024 information was presented in the entity's fiscal year 2025 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, 2025

	Plan Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830	\$ 111,069	\$ 104,071	\$ 110,129	\$ 126,244	\$ 139,467
Interest on total pension liability	290,196	289,147	295,498	303,757	300,368	289,766	298,501	325,482	333,281	351,733
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	32,898
Changes in assumptions	-	-	3,268	-	101,683	-	175,002	-	-	-
Benefit payments, including refunds of employee contributions	(323,637)	(324,923)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)	(346,943)	(353,142)	(363,553)
Net change in total pension liability	(15,214)	99,302	42,480	(28,933)	(15,774)	136,952	287,011	102,515	265,358	160,545
Total pension liability - beginning	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
Adjustment to add (remove) Genesis	(70,040)	-	-	72,003	-	-	-	-	-	-
Total pension liability - ending	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	5,413,720
Plan Fiduciary Net Position										
Contributions - employer	102,963	115,259	82,788	86,071	77,730	77,979	77,792	91,622	111,350	120,002
Contributions - employee	44,375	49,030	49,531	51,516	56,748	54,036	53,818	62,548	68,673	74,674
Net investment income (loss)	173,171	63,623	448,101	296,521	269,021	79,188	1,090,247	(2,584)	301,130	466,755
Benefit payments, including refunds of employee contributions	(323,637)	(324,922)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)	(346,943)	(353,142)	(363,553)
Administrative expenses	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)	(2,820)	(2,851)	(3,118)	(3,069)	(3,219)
Other	(36)	(28)	(393)	(260)	(168)	(92)	102	112	121	92
Net change in plan fiduciary net position	(5,674)	(99,503)	234,307	97,861	28,205	(128,734)	866,994	(198,363)	125,063	294,751
Plan fiduciary net position - beginning	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
Adjustment to add (remove) Genesis	(63,297)	-	-	65,343	-	-	-	-	-	-
Plan fiduciary net position - ending	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	5,172,996
Net pension liability (asset) - ending	<u>\$ 405,189</u>	<u>\$ 603,994</u>	<u>\$ 412,167</u>	<u>\$ 292,033</u>	<u>\$ 248,054</u>	<u>\$ 513,740</u>	<u>\$ (66,243)</u>	<u>\$ 234,635</u>	<u>\$ 374,930</u>	<u>\$ 240,724</u>
Plan fiduciary net position as a percentage of total pension liability	<u>91%</u>	<u>86%</u>	<u>91%</u>	<u>93%</u>	<u>94%</u>	<u>89%</u>	<u>101%</u>	<u>95%</u>	<u>93%</u>	<u>96%</u>
Covered payroll for the plan year	<u>\$ 921,127</u>	<u>\$ 1,041,460</u>	<u>\$ 1,048,417</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>	<u>\$ 1,697,149</u>
Net pension liability as a percentage of covered payroll	<u>44%</u>	<u>58%</u>	<u>39%</u>	<u>26%</u>	<u>22%</u>	<u>43%</u>	<u>-6%</u>	<u>17%</u>	<u>24%</u>	<u>14%</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 2024 information was presented in the entity's fiscal year 2025 financial report.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS
 Year Ended June 30, 2025

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					
2025	\$ 3,315,373	\$ 3,315,373	\$ -	\$ 19,769,666	16.77%
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%
Schools - Nonprofessional Employees					
2025	\$ 126,722	\$ 126,722	\$ -	\$ 1,805,156	7.02%
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%

*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, 2025

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
2024	0.21583%	\$ 20,259,821	\$ 22,972,784	88.19%	84.52%
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%

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, 2025

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
2025	\$ 3,375,376	\$ 3,375,376	\$ -	\$ 23,756,443	14.21%
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%

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2025

	Local Plan								
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability									
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000	\$ 158,000	\$ 164,000	\$ 146,000	\$ 136,000	\$ 141,000
Interest	-	571,000	588,000	522,000	547,000	527,000	526,000	512,000	552,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)	(394,000)	(346,000)	172,000	466,000	470,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)	(749,000)	(655,000)
Assumption changes	-	-	-	(810,000)	213,000	190,000	(278,000)	109,000	102,000
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	610,000
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	7,537,000
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	8,147,000
Plan Fiduciary Net Position									
Contributions - employer	648,000	712,000	643,000	527,000	643,000	599,000	781,000	719,000	586,000
Contributions - employee	-	-	69,000	74,000	64,000	55,000	58,000	61,000	69,000
Net investment income (loss)	(2,730)	100,000	101,000	60,000	46,000	524,000	(239,000)	187,000	253,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)	(736,000)	(749,000)	(655,000)
Administrative expenses	(1,000)	-	-	-	-	(2,000)	(3,000)	(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	250,000
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	2,671,000
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	2,921,000
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	\$ 5,226,000
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%	35.85%
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	19,162,834
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%	27.27%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%	-9.04%	7.57%	9.48%

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, 2025

	Local Plan								
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability									
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 105,000	\$ 110,000	\$ 100,000	\$ 100,000	\$ 90,000
Interest	1,000	304,000	318,000	252,000	263,000	256,000	250,000	265,000	279,000
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(318,000)	(187,000)	(234,000)	(299,000)	134,000	291,000	813,000
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	103,000	97,000	57,000	73,000	53,000
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)	(345,000)	(746,000)
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	489,000
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	3,990,000
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	4,479,000
Plan Fiduciary Net Position									
Contributions - employer	339,000	433,000	293,000	452,000	267,000	214,000	364,000	333,000	712,000
Contributions - employee	-	-	118,000	91,000	68,000	53,000	46,000	36,000	34,000
Net investment income (loss)	(2,719)	90,000	90,000	55,000	41,000	491,000	(204,000)	160,000	217,000
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(319,000)	(345,000)	(746,000)
Administrative expenses	(995)	-	-	-	-	(2,000)	(3,000)	(2,000)	(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	215,000
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	2,285,000
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	2,500,000
Total Net OPEB liability - ending	\$ 3,424,685	\$ 3,274,000	\$ 2,681,000	\$ 1,896,000	\$ 1,757,000	\$ 1,165,000	\$ 1,503,000	\$ 1,705,000	\$ 1,979,000
Plan fiduciary net position as a percentage of total OPEB liability	16.86%	22.56%	31.24%	42.72%	48.17%	65.57%	58.32%	57.27%	55.82%
Covered employee payroll	\$ 12,820,000	\$ 18,550,000	\$ 19,305,772	\$ 19,489,195	\$ 20,561,511	\$ 20,545,695	\$ 22,960,801	\$ 23,528,861	\$ 25,580,866
Net OPEB liability as a percentage of covered employee payroll/covered payroll	26.71%	17.65%	13.89%	9.73%	6.20%	5.67%	6.55%	7.25%	7.74%
Annual money-weighted rate of return, net of investment expense	13.04%	11.69%	8.65%	4.27%	2.73%	29.22%	-9.01%	7.57%	9.50%

(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, 2025

	VRS Health Insurance-School Non professional							
	2017	2018	2019	2020	2021	2022	2023	2025
Total OPEB Liability								
Service cost	\$ 2,087	\$ 1,766	\$ 1,883	\$ 2,211	\$ 1,826	\$ 1,514	\$ 1,527	\$ 1,507
Interest	6,865	6,669	6,631	6,305	6,834	6,587	7,717	7,783
Changes in benefit terms	-	-	-	4,557	-	-	-	-
Difference between expected and actual experience	-	1,259	(673)	6,655	(4,156)	8,901	2,560	1,763
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)	(11,276)
Net change in total pension liability	(2,190)	(446)	(551)	7,839	(4,983)	15,770	1,469	(223)
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>	<u>119,441</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>	<u>119,218</u>
Plan Fiduciary Net Position								
Contributions - employer	7,031	7,334	7,484	7,692	8,162	9,617	11,042	12,050
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income (loss)	2,786	1,774	1,489	438	4,614	56	1,139	2,424
Benefit payments, including refunds of employee contributions	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)	(12,268)	(10,335)	(11,276)
Administrative expenses	(41)	(38)	(31)	(37)	(46)	(34)	(20)	(32)
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	3,166
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>	<u>25,341</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>	<u>28,507</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>	<u>\$ 90,711</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>26.61%</u>	<u>25.51%</u>	<u>24.24%</u>	<u>18.93%</u>	<u>20.67%</u>	<u>19.72%</u>	<u>21.22%</u>	<u>23.91%</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>	<u>1,697,149</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>	<u>5.34%</u>
Annual money-weighted rate of return, net of investment expense	na	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
 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, 2025

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:					
2025	\$ 628,000	\$ 848,000	\$ (220,000)	\$ 19,918,337	4.26%
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:					
2025	\$ 262,000	\$ 527,000	\$ (265,000)	\$ 26,449,206	1.99%
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:					
2025	\$ 12,817	\$ 12,817	\$ -	\$ 1,805,156	0.71%
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, 2025

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					
2024	0.07384%	\$ 823,997	18,959,493	4.35%	73.41%
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					
2024	0.21442%	\$ 2,477,940	22,972,784	10.79%	21.82%
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					
2024	0.09618%	\$ 1,073,294	\$ 24,698,401	4.35%	73.41%
2023	0.09617%	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, 2025

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					
2025	\$ 93,052	\$ 93,052	\$ -	\$ 19,798,340	0.47%
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					
2025	\$ 287,453	\$ 287,453	\$ -	\$ 23,756,443	1.21%
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					
2025	\$ 120,220	\$ 120,220	\$ -	\$ 25,578,697	0.47%
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, 2025

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, 2025

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality 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 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.

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2025

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 (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. 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 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 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 year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

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, 2025**

	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	\$ 131,353	\$ -	\$ 205,443	\$ -	\$ 3,751,200	\$ 4,087,996
Receivables, net	23,300	-	-	-	-	23,300
Due from other governmental units	82,019	11,175	13,316	32,315	-	138,825
Total assets	<u>\$ 236,672</u>	<u>\$ 11,175</u>	<u>\$ 218,759</u>	<u>\$ 32,315</u>	<u>\$ 3,751,200</u>	<u>\$ 4,250,121</u>
Liabilities						
Accounts payable	\$ 16,203	\$ 2,898	\$ 3,269	\$ 9,420	\$ -	\$ 31,790
Accrued liabilities	23,610	-	-	1,799	-	25,409
Due to other funds	-	8,277	-	12,060	-	20,337
Accrued leave payable	1,802	-	-	-	-	1,802
Total liabilities	<u>41,615</u>	<u>11,175</u>	<u>3,269</u>	<u>23,279</u>	<u>-</u>	<u>79,338</u>
Fund balances						
Restricted	96,653	-	-	-	-	96,653
Assigned	98,404	-	215,490	9,036	3,751,200	4,074,130
Total fund balances	<u>195,057</u>	<u>-</u>	<u>215,490</u>	<u>9,036</u>	<u>3,751,200</u>	<u>4,170,783</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 236,672</u>	<u>\$ 11,175</u>	<u>\$ 218,759</u>	<u>\$ 32,315</u>	<u>\$ 3,751,200</u>	<u>\$ 4,250,121</u>

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	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	\$ 1,481	\$ -	\$ 8,062	\$ -	\$ 169,530	\$ 179,073
Charges for services	120,927	-	-	-	-	120,927
Miscellaneous	234,848	-	-	-	-	234,848
Intergovernmental:						
Federal	-	64,051	33,193	781,770	-	879,014
Commonwealth	1,223,891	12,500	-	-	-	1,236,391
Total revenues	1,581,147	76,551	41,255	781,770	169,530	2,650,253
EXPENDITURES						
Current:						
Public safety	1,500,602	76,551	-	-	-	1,577,153
Community development	-	-	33,193	846,445	-	879,638
Debt service:						
Principal retirement	42,880	-	-	-	4,065,000	4,107,880
Interest and fiscal charges	2,013	-	-	-	2,866,712	2,868,725
Total expenditures	1,545,495	76,551	33,193	846,445	6,931,712	9,433,396
Excess (deficiency) of revenues over (under) expenditures	35,652	-	8,062	(64,675)	(6,762,182)	(6,783,143)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	11,500	5,676,903	5,688,403
Total other financing sources	-	-	-	11,500	5,676,903	5,688,403
Net change in fund balance (deficit)	35,652	-	8,062	(53,175)	(1,085,279)	(1,094,740)
Fund balances (deficit) - beginning of year	159,405	-	207,428	62,211	4,836,479	5,265,523
Fund balances - ending of year	\$ 195,057	\$ -	\$ 215,490	\$ 9,036	\$ 3,751,200	\$ 4,170,783

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, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 1,481	\$ 1,481
Charges for services	140,000	120,927	(19,073)
Miscellaneous	218,774	234,848	16,074
Intergovernmental:			
Commonwealth	1,259,427	1,223,891	(35,536)
Total revenues	<u>1,618,201</u>	<u>1,581,147</u>	<u>(37,054)</u>
EXPENDITURES			
Current:			
Public safety	1,655,761	1,500,602	155,159
Debt Service:			
Principal	-	42,880	(42,880)
Interest and fiscal charges	-	2,013	(2,013)
Total expenditures	<u>1,655,761</u>	<u>1,545,495</u>	<u>110,266</u>
Excess (deficiency) of revenues over expenditures	<u>(37,560)</u>	<u>35,652</u>	<u>73,212</u>
Net change in fund balance	<u>\$ (37,560)</u>	<u>\$ 35,652</u>	<u>\$ 73,212</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, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 56,790	\$ 64,051	\$ 7,261
Commonwealth	12,500	12,500	-
Total revenues	<u>69,290</u>	<u>76,551</u>	<u>7,261</u>
EXPENDITURES			
Current:			
Public Safety	<u>69,290</u>	<u>76,551</u>	<u>(69,051)</u>
Total expenditures	<u>69,290</u>	<u>76,551</u>	<u>(69,051)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(61,790)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (61,790)</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, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 8,062	\$ 8,062
Intergovernmental:			
Federal	-	33,193	33,193
Total revenues	-	41,255	41,255
EXPENDITURES			
Current:			
Community Development	159,468	33,193	126,275
Total expenditures	159,468	33,193	126,275
Excess (deficiency) of revenues over (under) expenditures	(159,468)	8,062	167,530
Net change in fund balance	\$ (159,468)	\$ 8,062	\$ 167,530

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HUD ENTITLEMENT FUND
Year Ended June 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 1,033,619	\$ 781,770	\$ (251,849)
Total revenues	<u>1,033,619</u>	<u>781,770</u>	<u>(251,849)</u>
EXPENDITURES			
Current:			
Community Development	<u>1,108,281</u>	<u>846,445</u>	<u>261,836</u>
Total expenditures	<u>1,108,281</u>	<u>846,445</u>	<u>261,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,662)</u>	<u>(64,675)</u>	<u>9,987</u>
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	<u>-</u>	<u>11,500</u>	<u>11,500</u>
Total other financing sources	<u>-</u>	<u>11,500</u>	<u>11,500</u>
Net change in fund balance	<u><u>\$ (74,662)</u></u>	<u><u>\$ (53,175)</u></u>	<u><u>\$ 21,487</u></u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 169,530	\$ 169,530
Total revenues	<u>-</u>	<u>169,530</u>	<u>169,530</u>
EXPENDITURES			
Current:			
Debt Service			
Principal	4,065,000	4,065,000	-
Interest and fiscal charges	<u>2,865,812</u>	<u>2,866,712</u>	<u>(900)</u>
Total expenditures	<u>6,930,812</u>	<u>6,931,712</u>	<u>(900)</u>
Deficiency of revenues under expenditures	<u>(6,930,812)</u>	<u>(6,762,182)</u>	<u>168,630</u>
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	<u>5,676,903</u>	<u>5,676,903</u>	<u>-</u>
Total other financing sources	<u>5,676,903</u>	<u>5,676,903</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,253,909)</u>	<u>\$ (1,085,279)</u>	<u>\$ 168,630</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, 2025

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 2,249,725	\$ 1,636,797	\$ 3,886,522	\$ 3,004,583
Recovered costs	2,946,734	3,392,852	6,339,586	8,560,715
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	6,629,972	2,815,199	9,445,171	14,954,819
Commonwealth of Virginia	4,623,711	1,741,332	6,365,043	5,748,167
City of Staunton School Board	1,915,000	-	1,915,000	1,915,000
Total revenues	<u>18,389,592</u>	<u>9,586,180</u>	<u>27,975,772</u>	<u>34,193,734</u>
EXPENDITURES				
Capital outlay:				
General government administration	2,177,422	124,046	2,301,468	2,884,684
Judicial administration	86,012	-	86,012	86,012
Public safety	10,002,833	6,773,755	16,776,588	24,521,148
Public works	19,604,725	17,106,650	36,711,375	54,730,634
Health and welfare	-	-	-	127,255
Education	53,507,254	129,166	53,636,420	53,648,310
Parks, recreation, and culture	2,009,896	288,452	2,298,348	7,393,901
Community development	5,610,105	330,901	5,941,006	7,892,631
CIP Undesignated	-	-	-	2,578,215
Debt service:				
Bond issuance costs	114,508	-	114,508	114,508
Total expenditures	<u>93,112,755</u>	<u>24,752,970</u>	<u>117,865,725</u>	<u>153,977,298</u>
Deficiency of revenues under expenditures	<u>(74,723,163)</u>	<u>(15,166,790)</u>	<u>(89,889,953)</u>	<u>(119,783,564)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	60,505,000	-	60,505,000	60,505,000
Premium on issuance of debt	4,398,456	-	4,398,456	4,398,456
Transfers in	61,853,227	7,487,551	69,340,778	73,429,416
Transfers out	<u>(7,700,655)</u>	<u>-</u>	<u>(7,700,655)</u>	<u>(7,700,655)</u>
Total other financing sources (uses)	<u>119,056,028</u>	<u>7,487,551</u>	<u>126,543,579</u>	<u>130,632,217</u>
Net change in fund balance		<u>\$ (7,679,239)</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, 2025

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,105,100	\$ 198,153	\$ 3,303,253
Receivables, net	513	21,195	21,708
Inventory	-	560,434	560,434
Prepaid items	-	27,294	27,294
Total current assets	3,105,613	807,076	3,912,689
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	41,109	41,109
Total capital assets, net	-	41,109	41,109
Total noncurrent assets	-	41,109	41,109
Total assets	3,105,613	848,185	3,953,798
LIABILITIES			
Current liabilities:			
Accounts payable	28,616	8,959	37,575
Claims and judgements	804,668	-	804,668
Held for others	11,419	-	11,419
Total current liabilities	844,703	8,959	853,662
Total liabilities	844,703	8,959	853,662
NET POSITION			
Net investment in capital assets	-	41,109	41,109
Unrestricted	2,260,910	798,117	3,059,027
Total net position	\$ 2,260,910	\$ 839,226	\$ 3,100,136

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2025**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 11,837,558	\$ 853,631	\$ 12,691,189
Total operating revenues	11,837,558	853,631	12,691,189
OPERATING EXPENSES			
Claims paid	10,400,962	-	10,400,962
Administrative charges	241,568	-	241,568
Stop loss fees	1,227,496	-	1,227,496
Contractual services	-	10,831	10,831
Materials and supplies	-	52,487	52,487
Depreciation	-	4,633	4,633
Other expenses	-	781,836	781,836
Total operating expenses	11,870,026	849,787	12,719,813
Operating income (loss)	(32,468)	3,844	(28,624)
NONOPERATING REVENUES (EXPENSES)			
Interest income	132,208	11,531	143,739
Total nonoperating revenues	132,208	11,531	143,739
Net Income (loss)	99,740	15,375	115,115
Total net position - beginning of year	2,161,170	823,851	2,985,021
Total net position - end of year	\$ 2,260,910	\$ 839,226	\$ 3,100,136

CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2025

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 11,829,190	\$ 838,767	\$ 12,667,957
Cash paid to suppliers	-	(984,422)	(984,422)
Claims paid	(10,509,294)	-	(10,509,294)
Administrative and stop loss fees	(1,463,139)	-	(1,463,139)
Net cash used in operating activities	(143,243)	(145,655)	(288,898)
INVESTING ACTIVITIES			
Interest received	132,208	11,531	143,739
Net cash provided by investing activities	132,208	11,531	143,739
Net decrease in cash and cash equivalents	(11,035)	(134,124)	(145,159)
CASH AND CASH EQUIVALENTS			
Beginning of year	3,116,135	332,277	3,448,412
End of year	\$ 3,105,100	\$ 198,153	\$ 3,303,253
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (32,468)	\$ 3,844	\$ (28,624)
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	(135)	(14,864)	(14,999)
Decrease (increase) in prepaid items	-	(448)	(448)
Decrease (increase) in inventory	-	(143,560)	(143,560)
Increase (decrease) in accounts payable	5,925	4,740	10,665
Increase (decrease) in amounts held for others	(8,233)	-	(8,233)
Increase (decrease) in claims payable	(108,332)	-	(108,332)
Net cash used in operating activities	\$ (143,243)	\$ (145,655)	\$ (288,898)

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, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,458,894
Accounts receivable	32,144
Due from other governmental units	3,315,023
Prepaid items	33,571
Restricted cash and cash equivalents	24,283
Capital assets:	
Land	8,162,943
Other capital assets, net of accumulated depreciation	13,422,827
Total assets	<u>34,449,685</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	8,123,103
Deferred outflows related to other post employment benefits	2,539,380
	<u>10,662,483</u>
LIABILITIES	
Accounts payable	479,001
Retainage payable	83,433
Accrued liabilities	2,382,508
Amounts held for others	6,419
Unearned revenue	10,026
Noncurrent liabilities:	
Due within one year	907,240
Due in more than one year	
Net pension liability	20,500,545
Net other post employment benefit liability	5,620,945
Other debt	1,093,817
Total liabilities	<u>31,083,934</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,452,150
Deferred inflows related to other postemployment benefits	711,277
Total deferred inflows of resources	<u>4,163,427</u>
NET POSITION	
Net investment in capital assets	21,387,209
Restricted for:	
Programs	725,068
Donor purposes	108,248
Unrestricted (deficit)	<u>(12,355,718)</u>
Total net position	<u>\$ 9,864,807</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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	\$ 35,223,787	\$ 445,689	\$ 16,516,490	\$ -	\$ (18,261,608)
Administration, attendance, and health	2,985,970	-	4,018	-	(2,981,952)
Pupil transportation	1,822,002	-	703	-	(1,821,299)
Food service	2,312,828	12,287	2,116,717	-	(183,824)
Operations	4,897,928	-	-	73,500	(4,824,428)
Facilities	129,428	-	-	13,383	(116,045)
Technology	1,752,465	-	81,659	-	(1,670,806)
Interest on debt	8,936	-	-	-	(8,936)
Total School Board	<u>\$ 49,133,344</u>	<u>\$ 457,976</u>	<u>\$ 18,719,587</u>	<u>\$ 86,883</u>	(29,868,898)
General revenues:					
Unrestricted investment earnings					384,911
Grants and contributions not restricted to specific programs					14,156,561
Net payment from City of Staunton					17,356,610
Total general revenues					<u>31,898,082</u>
Change in net position					2,029,184
Net position - as previously presented					8,243,543
Restatement (Note 22)					<u>(407,920)</u>
Net position - as restated					<u>7,835,623</u>
Net position - end of year					<u>\$ 9,864,807</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2025

	Education	Other Governmental	Total Governmental
Assets			
Cash and cash equivalents	\$ 4,188,304	\$ 5,270,590	\$ 9,458,894
Accounts receivable	30,852	1,292	32,144
Prepaid items	27,503	6,068	33,571
Due from other governmental units	2,188,078	1,126,945	3,315,023
Due from other funds	703,070	-	703,070
Restricted cash and cash equivalents	-	24,283	24,283
Total assets	\$ 7,137,807	\$ 6,429,178	\$ 13,566,985
Liabilities			
Accounts payable	\$ 350,011	\$ 128,990	\$ 479,001
Retainage payable	-	83,433	83,433
Accrued liabilities	2,155,796	226,712	2,382,508
Due to other funds	-	703,070	703,070
Held for others	4,556	1,863	6,419
Total liabilities	2,510,363	1,144,068	3,654,431
Deferred Inflows of Resources			
Unavailable revenue	401,395	-	401,395
Fund Balances			
Restricted			
Programs	668,841	56,227	725,068
Donor	71,434	36,814	108,248
Assigned	3,485,774	5,192,069	8,677,843
Total fund balances	4,226,049	5,285,110	9,511,159
Total liabilities, deferred inflows of resources and fund balances	\$ 7,137,807	\$ 6,429,178	\$ 13,566,985

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances – Component Unit School Board		\$ 9,511,159
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	\$ 42,812,937	
Less: accumulated depreciation/amortization	<u>(21,227,167)</u>	21,585,770
Receivables that are not available to pay for current period expenditures are not reported in the funds.		
		391,369
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 8,123,103	
Deferred inflows	(3,452,150)	
Net pension liability	<u>(20,500,545)</u>	(15,829,592)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 2,539,380	
Deferred inflows	(711,277)	
Net OPEB liability	<u>(5,620,945)</u>	(3,792,842)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Leases	\$ (152,969)	
Subscriptions	(45,592)	
Compensated absences	<u>(1,802,496)</u>	<u>(2,001,057)</u>
Total Net Position – Component Unit School Board		<u><u>\$ 9,864,807</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, 2025

	Education	Other Governmental	Total Governmental
REVENUES			
Revenues from use of money and property	\$ 93,907	\$ 308,704	\$ 402,611
Charges for services	11,047	429,054	440,101
Miscellaneous	47,921	100,561	148,482
Recovered costs	23,580	73,621	97,201
Intergovernmental:			
Federal	2,241,581	2,113,959	4,355,540
Commonwealth	24,911,421	3,230,857	28,142,278
City of Staunton	17,256,610	100,000	17,356,610
Total revenues	<u>44,586,067</u>	<u>6,356,756</u>	<u>50,942,823</u>
EXPENDITURES			
Current:			
Education	42,609,668	12,911,542	55,521,210
Debt Service:			
Principal retirement	115,118	16,648	131,766
Interest and fiscal charges	8,012	924	8,936
Total expenditures	<u>42,732,798</u>	<u>12,929,114</u>	<u>55,661,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,853,269</u>	<u>(6,572,358)</u>	<u>(4,719,089)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of subscription	26,277	-	26,277
Transfers in	90,596	575,938	666,534
Transfers out	(575,938)	(90,596)	(666,534)
Total other financing sources (uses)	<u>(459,065)</u>	<u>485,342</u>	<u>26,277</u>
Net change in fund balances	1,394,204	(6,087,016)	(4,692,812)
Fund balances - beginning of year	2,831,845	11,372,126	14,203,971
Fund balances - end of year	<u>\$ 4,226,049</u>	<u>\$ 5,285,110</u>	<u>\$ 9,511,159</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, 2025**

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	\$ (4,692,812)
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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	\$ (1,219,374)	
Capital expenses	<u>6,705,492</u>	5,486,118

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	31,471
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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	\$ 88,982	
Subscription payments	42,784	
Proceeds from subscription	<u>(26,276)</u>	105,490

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	\$ (1,723,901)	
OPEB expense	<u>2,271,845</u>	547,944

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	\$ 626,002	
Pension expense	<u>407,546</u>	1,033,548

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>(482,575)</u>
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Change in net position of governmental activities	<u><u>\$ 2,029,184</u></u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	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	\$ 505,525	\$ 1,379,749	\$ -	\$ 264,349	\$ 3,120,967	\$ 5,270,590
Receivables:						
Accounts receivable	-	-	-	1,292	-	1,292
Prepaid expenses	-	-	-	6,068	-	6,068
Due from other governmental units	203,868	-	871,271	-	51,806	1,126,945
Restricted Cash	-	-	-	24,283	-	24,283
Total assets	<u>\$ 709,393</u>	<u>\$ 1,379,749</u>	<u>\$ 871,271</u>	<u>\$ 295,992</u>	<u>\$ 3,172,773</u>	<u>\$ 6,429,178</u>
Liabilities						
Accounts payable	\$ 10,141	\$ 98,146	\$ 7,975	\$ 7,696	\$ 5,032	\$ 128,990
Retainage payable	-	-	-	-	83,433	83,433
Accrued liabilities	68,349	-	158,363	-	-	226,712
Due to other funds	-	-	703,070	-	-	703,070
Held for others	-	-	1,863	-	-	1,863
Total liabilities	<u>78,490</u>	<u>98,146</u>	<u>871,271</u>	<u>7,696</u>	<u>88,465</u>	<u>1,144,068</u>
Fund Balance						
Restricted						
Programs	56,227	-	-	-	-	56,227
Donor	7,431	-	-	29,383	-	36,814
Assigned	567,245	1,281,603	-	258,913	3,084,308	5,192,069
Total fund balances	<u>630,903</u>	<u>1,281,603</u>	<u>-</u>	<u>288,296</u>	<u>3,084,308</u>	<u>5,285,110</u>
Total liabilities and fund balances	<u>\$ 709,393</u>	<u>\$ 1,379,749</u>	<u>\$ 871,271</u>	<u>\$ 295,992</u>	<u>\$ 3,172,773</u>	<u>\$ 6,429,178</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, 2025

	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	\$ 22,356	\$ 53,559	\$ -	\$ 288	\$ 232,501	\$ 308,704
Charges for services	12,287	-	-	416,767	-	429,054
Miscellaneous	13,621	175	12,960	73,805	-	100,561
Recovered costs	-	-	121	-	73,500	73,621
Intergovernmental:						
Federal	1,850,926	-	131,104	-	131,929	2,113,959
Commonwealth	63,936	250,112	2,757,597	-	159,212	3,230,857
City of Staunton	-	-	-	-	100,000	100,000
Total revenues	<u>1,963,126</u>	<u>303,846</u>	<u>2,901,782</u>	<u>490,860</u>	<u>697,142</u>	<u>6,356,756</u>
EXPENDITURES						
Current:						
Education	2,150,340	430,626	2,809,515	499,843	7,021,218	12,911,542
Debt Service:						
Principal retirement	15,018	-	1,630	-	-	16,648
Interest and fiscal charges	883	-	41	-	-	924
Total expenditures	<u>2,166,241</u>	<u>430,626</u>	<u>2,811,186</u>	<u>499,843</u>	<u>7,021,218</u>	<u>12,929,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,115)</u>	<u>(126,780)</u>	<u>90,596</u>	<u>(8,983)</u>	<u>(6,324,076)</u>	<u>(6,572,358)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	150,938	-	-	425,000	575,938
Transfers out	-	-	(90,596)	-	-	(90,596)
Total other financing sources (uses)	<u>-</u>	<u>150,938</u>	<u>(90,596)</u>	<u>-</u>	<u>425,000</u>	<u>485,342</u>
Net change in fund balances	(203,115)	24,158	-	(8,983)	(5,899,076)	(6,087,016)
Fund balances - beginning of year	<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>
Fund balances - end of year	<u>\$ 630,903</u>	<u>\$ 1,281,603</u>	<u>\$ -</u>	<u>\$ 288,296</u>	<u>\$ 3,084,308</u>	<u>\$ 5,285,110</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 10,000	\$ 10,000	\$ 93,907	\$ 83,907
Charges for services	10,000	10,000	11,047	1,047
Miscellaneous	34,292	115,283	47,921	(67,362)
Recovered costs	12,000	16,900	23,580	6,680
Intergovernmental:				
Federal	1,862,054	3,194,850	2,241,581	(953,269)
Commonwealth	23,600,551	24,968,727	24,911,421	(57,306)
City of Staunton	17,256,610	17,256,610	17,256,610	-
Total revenues	42,785,507	45,572,370	44,586,067	(986,303)
EXPENDITURES				
Current:				
Education	42,581,555	45,559,658	42,609,668	2,949,990
Debt Service:				
Principal retirement	-	-	115,118	(115,118)
Interest and fiscal charges	-	-	8,012	(8,012)
Total expenditures	42,581,555	45,559,658	42,732,798	2,826,860
Excess (deficiency) of revenues over (under) expenditures	203,952	12,712	1,853,269	1,840,557
OTHER FINANCING SOURCES (USES)				
Issuance of lease/subscription	-	-	26,277	26,277
Appropriation of prior year reserve/encumbrances	-	477,178	-	(477,178)
Transfers in:				
Transfer from State Operated Programs Fund	86,048	86,048	90,596	4,548
Transfers out:				
Transfer to School Textbook Fund	(140,000)	(150,938)	(150,938)	-
Transfer to School CIP Fund	(150,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	(203,952)	(12,712)	(459,065)	(446,353)
Net change in fund balance	\$ -	\$ -	\$ 1,394,204	\$ 1,394,204

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, 2025

ASSETS

Cash and cash equivalents	\$ 141,821
Accounts receivable	790,457
Lease Receivable	472,649
Inventory	12,673,722
Capital assets:	
Nondepreciable assets	500,000
Depreciable assets, net	<u>4,999,675</u>
Total assets	<u>19,578,324</u>

LIABILITIES

Accounts payable	686,124
Due to primary government	<u>11,257,020</u>
Total liabilities	<u>11,943,144</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	<u>472,649</u>
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NET POSITION

Net investment in capital assets	5,499,675
Unrestricted	<u>1,662,856</u>
Total net position	<u><u>\$ 7,162,531</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2025

OPERATING REVENUES

Charges for services	\$ 5,366
Rental of property	14,997
Operating grants-City	689,122
Gain on sale of inventory asset	<u>1,230,172</u>
Total operating revenues	<u>1,939,657</u>

OPERATING EXPENSES

Professional fees	
Hotel 24 South rental payment	25,000
Villages	140,096
Staunton Frontier	549,026
Depreciation	<u>229,221</u>
Total operating expenses	<u>943,343</u>
Operating income	<u>996,314</u>

NONOPERATING REVENUES

Interest income	<u>31,333</u>
Total nonoperating revenues	<u>31,333</u>

Change in net position	1,027,647
Net position - as previously presented	6,341,353
Restatement (Note 22)	<u>(206,469)</u>
Net position - as restated	<u>6,134,884</u>
Net position - end of year	<u><u>\$ 7,162,531</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2025

OPERATING ACTIVITIES

Cash received from customers	\$ 11,366
Cash paid to suppliers/grantees	(718,726)
Other operating grants	693,726
Sale of inventory asset	(1,492,980)
Payment to City for sale of inventory asset	1,492,980
Net cash used in operating activities	(13,634)

CAPITAL AND RELATED FINANCING ACTIVITIES

Income received on leases	8,497
Interest received on leases	16,503
Net cash provided by capital and related financing activities	25,000

INVESTING ACTIVITIES

Interest received	14,830
Net cash provided by investing activities	14,830
Net increase in cash and cash equivalents	26,196

CASH AND CASH EQUIVALENTS

Beginning of year	115,625
End of year	\$ 141,821

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

Operating Income	\$ 996,314
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	229,221
Inflows from leases	(8,497)
Reclassification of land from asset to inventory held for resale	293,946
Change in assets and liabilities:	
(Increase) decrease in receivables	(116,896)
(Increase) decrease in inventory	89,862
Increase (decrease) in accounts payable	(4,604)
Increase (decrease) in amounts payable to the City	(1,492,980)
Net cash used in operating activities	\$ (13,634)

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, 2025

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	\$ 25,500,561	\$ 28,945,275	\$ 3,444,714
Downtown development real property tax	162,213	162,511	298
Real and personal public service corporation property taxes	1,143,000	1,122,859	(20,141)
Personal property taxes	6,607,000	7,528,929	921,929
Machinery and tools taxes	425,000	421,590	(3,410)
Penalties and interest	570,000	592,668	22,668
Total General Property Taxes	34,407,774	38,773,832	4,366,058
Other local taxes:			
Local sales and use taxes	5,974,522	6,128,465	153,943
Consumers' utility taxes	1,188,000	1,236,882	48,882
Local communication tax	970,000	907,248	(62,752)
Business license taxes	2,650,000	3,189,920	539,920
Bank stock taxes	700,000	730,192	30,192
Taxes on recordation and wills	360,000	359,155	(845)
Lodging (Transient occupancy) taxes	1,350,000	1,326,951	(23,049)
Restaurant food (Meals) tax	6,660,000	6,860,918	200,918
Short term rental tax	32,000	45,895	13,895
Cigarette tax	335,000	307,726	(27,274)
Total Other Local Taxes	20,219,522	21,093,352	873,830
Permits, privilege fees, and regulatory licenses:			
Animal licenses	8,000	8,332	332
Permits and other licenses	261,200	221,348	(39,852)
Total Permits, Privilege Fees, and Regulatory Licenses	269,200	229,680	(39,520)
Fines and forfeitures	197,500	180,221	(17,279)
Revenue from use of money and property:			
Revenue from use of money	550,000	728,816	178,816
Revenue from use of property	65,000	63,874	(1,126)
Total Revenue from Use of Money and Property	615,000	792,690	177,690

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, 2025

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	\$ 8,300	\$ 15,024	\$ 6,724
Charges for Commonwealth's Attorney	5,250	5,611	361
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	60,000	59,628	(372)
Jail admission fee	3,800	3,574	(226)
Charges for publications and maps	-	920	920
Charges for parks and recreation	394,000	445,776	51,776
Charges for golf	255,500	399,448	143,948
Charges for library fines	11,000	14,925	3,925
Property clean up fees	5,000	6,904	1,904
Administrative fees	45,000	62,180	17,180
Payments in lieu of tax from Enterprise funds	1,077,887	1,227,269	149,382
Charges for tax-exempt organizations	7,000	4,338	(2,662)
Total Charges for Services	1,875,354	2,248,214	372,860
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	14,000	16,812	2,812
Sale of salvage and surplus	35,000	48,062	13,062
Donations	10,982	42,300	31,318
Restitution	-	3,537	3,537
Other grants	4,275	5,128	853
Opioid settlement	71,811	84,007	12,196
Miscellaneous	-	22,040	22,040
Total Miscellaneous Revenue	136,068	221,886	85,818
Recovered Costs	2,496,179	2,883,418	387,239
Total Revenue from Local Sources	60,216,597	66,423,293	6,206,696
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	87,500	92,147	4,647
Rolling stock taxes	10,000	7,817	(2,183)
Auto rental taxes	130,000	153,140	23,140
Law enforcement	1,143,758	1,143,758	-
Grantor's tax	110,000	98,545	(11,455)
PPTRA reimbursement	1,652,200	1,652,200	-
Total Non-Categorical Aid	3,133,458	3,147,607	14,149

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, 2025

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	\$ 801,844	\$ 796,267	\$ (5,577)
Sheriff	484,202	481,606	(2,596)
Commissioner of the revenue	173,768	173,092	(676)
Treasurer	150,793	170,622	19,829
Registrar/Electoral Board	81,847	82,305	458
Circuit court clerk	409,365	396,522	(12,843)
Circuit court clerk-technology trust fund	17,634	17,643	9
Total Shared Expenses	2,119,453	2,118,057	(1,396)
Health and welfare	1,298,510	1,257,566	(40,944)
Other Categorical Aid:			
Street and highway maintenance	5,661,279	5,662,369	1,090
Library	220,318	242,370	22,052
E911 Wireless funds	105,000	121,742	16,742
PSAP grants	6,231	7,518	1,287
Fire programs	131,967	131,967	-
Commission for the Arts	4,500	4,500	-
School Resource Officer grant	-	45,124	45,124
Comprehensive Services Act funds	2,148,805	2,350,950	202,145
Four-for-Life funds	23,500	24,179	679
Animal license plates	1,000	969	(31)
Victim/Witness funds	26,000	34,085	8,085
VSP Heat grant	3,692	3,336	(356)
Va Forestry Sustainability	12,500	12,500	-
Circuit Court Library grant	39,199	25,511	(13,688)
Forfeited assets	-	14,554	14,554
Jurors/Witness fees	5,000	14,850	9,850
Total Other Categorical Aid	8,388,991	8,696,524	307,533
Total Categorical Aid	11,806,954	12,072,147	265,193
Total Revenue from the Commonwealth	14,940,412	15,219,754	279,342
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,117,557	969,265	(148,292)
Comprehensive Services Act funds	-	156,998	156,998
Health and welfare (ARPA)	-	1,013	1,013
Victim/Witness	62,000	68,921	6,921
State and Local Fiscal Recovery Funds (ARPA)	20,236	20,236	-
US Marshall JLEO funds	23,500	20,942	(2,558)
Police DMV Selective enforcement grant	12,000	9,885	(2,115)
Total Revenue from the Federal Government	1,235,293	1,247,260	11,967
Total General Fund	\$ 76,392,302	\$ 82,890,307	\$ 6,498,005

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, 2025

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	\$ -	\$ 1,481	\$ 1,481
Total Revenue from Use of Money and Property	-	1,481	1,481
Charges for services:			
Supervision fees	15,000	26,620	11,620
Drug screen fees	-	1,562	1,562
Home electronic monitoring fees	125,000	90,730	(34,270)
Group therapy fees	-	2,015	2,015
Total Charges for Services	140,000	120,927	(19,073)
Miscellaneous:			
Maury Recovery Court	86,360	91,360	5,000
CAPSAW	20,500	16,542	(3,958)
Augusta Health	20,000	20,000	-
VCSB-MH Rural Jail diversion	10,000	8,816	(1,184)
VCSB-MH Rapid diversion	-	18,268	18,268
VCSB-Therapeutic docket	81,914	79,862	(2,052)
Total Miscellaneous Revenue	218,774	234,848	16,074
Total Revenue from Local Sources	358,774	357,256	(1,518)
Revenue from the Commonwealth:			
Supreme Court - OOA Special grant	30,600	20,771	(9,829)
Supreme Court - Recovery	98,005	98,005	-
Supreme Court - Therapeutic Docket	77,262	51,888	(25,374)
Community Corrections and Pre-trial services funds	1,053,560	1,053,227	(333)
Total Revenue from the Commonwealth	1,259,427	1,223,891	(35,536)
Total Blue Ridge Court Services Fund	\$ 1,618,201	\$ 1,581,147	\$ (37,054)
State and Federal Grants Fund:			
Revenue from the Commonwealth:			
VSP-HEAT grant	\$ 12,500	\$ 12,500	\$ -
Total Revenue from the Commonwealth	12,500	12,500	-
Revenue from the Federal Government:			
Fire LEMPG grant	7,500	7,500	-
PD DCJS grants	49,290	48,444	(846)
Sheriff DCJS grants	-	8,107	8,107
Total Revenue from the Federal Government	56,790	64,051	7,261
Total Grants Fund	\$ 69,290	\$ 76,551	\$ 7,261

(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, 2025

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	\$ -	\$ 8,062	\$ 8,062
Total Revenue from Local Sources	-	8,062	8,062
Revenue from the Federal Government:			
EPA Brownsfield Assessment Grant program		33,193	33,193
Total Revenue from the Federal Government	-	33,193	33,193
Total Community Development Fund	\$ -	\$ 41,255	\$ 41,255
HUD Entitlement Fund:			
Revenue from the Federal Government:			
HUD entitlement	1,033,619	781,770	(251,849)
Total Revenue from the Federal Government	1,033,619	781,770	(251,849)
Total HUD Entitlement Fund	\$ 1,033,619	\$ 781,770	\$ (251,849)
Total Special Revenue Funds	\$ 2,721,110	\$ 2,480,723	\$ (240,387)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 79,113,412	\$ 85,371,030	\$ 6,257,618
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	\$ -	\$ 76,207	\$ 76,207
Revenue from use of property	10,000	17,700	7,700
Total Revenue from Use of Money and Property	10,000	93,907	83,907
Charges for services:			
Charges for education	10,000	11,047	1,047
Total Charges for Services	10,000	11,047	1,047
Miscellaneous revenue:			
Donations	87,191	28,188	(59,003)
Wellness program	12,000	3,921	(8,079)
Miscellaneous grants	3,800	6,707	2,907
Sale of salvage and surplus	12,292	9,105	(3,187)
Total Miscellaneous Revenue	115,283	47,921	(67,362)
Recovered Costs	16,900	23,580	6,680
Contribution from City of Staunton	17,256,610	17,256,610	-
Total Revenue from Local Sources	17,408,793	17,433,065	24,272

(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, 2025

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	\$ 4,351,695	\$ 4,487,170	\$ 135,475
Basic school aid	9,787,019	9,637,920	(149,099)
Foster care	27,470	72,734	45,264
Gifted and talented-SOQ	98,547	98,396	(151)
ISAEF funds	16,405	16,054	(351)
Special education-SOQ	727,369	726,253	(1,116)
Special education-foster care	-	26,327	26,327
Homebound	2,914	424	(2,490)
Regional tuition programs	336,557	701,719	365,162
Primary Class size (K-3)	447,181	447,693	512
Vocational education-SOQ	469,270	468,550	(720)
Social security instructional	552,174	551,327	(847)
VRS retirement instructional	1,187,253	1,185,432	(1,821)
Lottery	695,811	697,030	1,219
Group Life Insurance instructional	34,413	34,360	(53)
At risk	3,042,720	3,036,019	(6,701)
VPSA Technology grants	180,000	-	(180,000)
At Risk - Four Year Olds (VPSI)	397,635	559,174	161,539
Compensation Supplement	398,689	397,878	(811)
Remedial Summer School	62,735	73,191	10,456
English as a second language	184,129	176,657	(7,472)
Early Reading Intervention	79,602	68,988	(10,614)
SOL-Algebra readiness	46,041	43,596	(2,445)
Grocery tax hold harmless	693,229	693,229	-
Vision Screening	4,000	4,018	18
Vocational - Equipment	47,420	11,838	(35,582)
Project Graduation	4,109	4,109	-
Mentor Teacher Program	1,105	1,443	338
DMAS Medicaid	250,000	364,390	114,390
Extended School Year	50,000	50,000	-
SOQ Position Bonus	-	271,450	271,450
Other state funds	-	4,052	4,052
Total Categorical Aid	24,968,727	24,911,421	(57,306)
Total Revenue from the Commonwealth	24,968,727	24,911,421	(57,306)

(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, 2025

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	\$ 1,111,685	\$ 920,092	\$ (191,593)
Title I for Delinquent-Basic	122,182	60,018	(62,164)
School improvement grant	70,762	44,805	(25,957)
Title VI - B - Special Education (including ARP flowthrough)	1,547,583	874,969	(672,614)
Preschool grants (including ARP flowthrough)	70,367	50,678	(19,689)
Title II A-Improving teacher training	130,863	130,734	(129)
Title IV A-Student Support and Academic Enrichment	71,784	71,266	(518)
Title III ESEA - Limited English proficient	17,547	10,958	(6,589)
Perkins CTE-Vocational education basic grant	52,077	72,555	20,478
McKinney-Vento Homeless Grant	-	5,506	5,506
Total Categorical Aid	<u>3,194,850</u>	<u>2,241,581</u>	<u>(953,269)</u>
Total Revenue from the Federal Government	<u>3,194,850</u>	<u>2,241,581</u>	<u>(953,269)</u>
Total Education Fund	<u>\$ 45,572,370</u>	<u>\$ 44,586,067</u>	<u>\$ (986,303)</u>
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ -	\$ 22,356	\$ 22,356
Charges for services:			
Charges for food service	5,350	12,287	6,937
Miscellaneous Revenue:			
Donations	-	7,541	7,541
Other	6,500	6,080	(420)
Total Miscellaneous revenue	<u>6,500</u>	<u>13,621</u>	<u>7,121</u>
Total Revenue from Local Sources	<u>11,850</u>	<u>48,264</u>	<u>36,414</u>
Revenue from the Commonwealth:			
Meal reimbursement		14,685	14,685
State Breakfast Incentive	-	49,251	49,251
Total revenue from the Commonwealth	<u>-</u>	<u>63,936</u>	<u>63,936</u>
Revenue from the Federal Government:			
National school lunch and breakfast program	1,841,677	1,850,926	9,249
Total Revenue from the Federal Government	<u>1,841,677</u>	<u>1,850,926</u>	<u>9,249</u>
Total School Cafeteria Fund	<u>\$ 1,853,527</u>	<u>\$ 1,963,126</u>	<u>\$ 109,599</u>

(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, 2025

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:	\$ -	\$ 53,559	\$ 53,559
Miscellaneous revenue:			
Sale of salvage and surplus	-	175	175
Total Revenue from Local Sources	-	53,734	53,734
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	251,534	250,112	(1,422)
Total Textbook Fund	\$ 251,534	\$ 303,846	\$ 52,312
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ -	\$ 12,960	\$ 12,960
Recovered costs	-	121	121
Total Revenue from local sources	-	13,081	13,081
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	2,634,995	2,757,597	122,602
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D-Neglected and Delinquent Children	155,617	131,104	(24,513)
Total Revenue from Federal Government	155,617	131,104	(24,513)
Total State Operated Programs Fund	\$ 2,790,612	\$ 2,901,782	\$ 111,170
Total Special Revenue Funds	\$ 4,895,673	\$ 5,168,754	\$ 273,081
Grand Total Revenues - Component Unit School Board	\$ 50,468,043	\$ 49,754,821	\$ (713,222)

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, 2025

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 178,511	\$ 114,338	\$ 64,173
City Council	123,756	118,358	5,398
Total Legislative	302,267	232,696	69,571
General and Financial Administration:			
City Manager	664,936	658,805	6,131
City Attorney	438,438	330,324	108,114
City Memberships	31,550	29,029	2,521
Professional Consultants	81,400	77,700	3,700
Commissioner of the Revenue	506,184	466,752	39,432
Assessor and Equalization Board	402,547	393,174	9,373
Treasurer	443,863	392,878	50,985
Finance	1,517,656	1,345,060	172,596
Information Technology	1,744,248	1,430,078	314,170
Risk Management	771,500	598,521	172,979
Human Resources	823,380	820,524	2,856
Communications Manager	192,319	160,665	31,654
Contingency	200,605	5,000	195,605
Total General and Financial Administration	7,818,626	6,708,510	1,110,116
Board of Elections:			
Electoral Board and Registrar	288,257	264,483	23,774
Total Board of Elections	288,257	264,483	23,774
Total General Government Administration	8,409,150	7,205,689	1,203,461
Judicial Administration:			
Courts:			
Circuit court	176,832	177,149	(317)
General District Court	18,512	12,984	5,528
Juvenile and Domestic Relations Court	76,292	3,275	73,017
Clerk of the Circuit Court	758,465	727,155	31,310
Sheriff	1,277,116	1,260,636	16,480
Victim/Witness	117,267	116,687	580
Magistrates	2,225	140	2,085
Total Courts	2,426,709	2,298,026	128,683
Commonwealth Attorney	1,250,600	1,195,058	55,542
Total Judicial Administration	3,677,309	3,493,084	184,225

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, 2025

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	\$ 6,665,573	\$ 6,523,422	\$ 142,151
E-911 Communications	1,163,767	1,069,384	94,383
Total Law Enforcement and Traffic Control	7,829,340	7,592,806	236,534
Fire and Rescue Services:			
Fire Department	4,227,427	4,198,197	29,230
EMS Council/Four for Life	76,517	31,540	44,977
State Fire Programs	201,900	91,561	110,339
Total Fire and Rescue Services	4,505,844	4,321,298	184,546
Correction and Detention:			
Juvenile Detention Home - Contribution	337,040	337,040	-
Jail Facility	3,418,169	3,418,169	-
Youth Commission	186,700	186,700	-
Total Correction and Detention	3,941,909	3,941,909	-
Inspections:			
Building Inspection	452,688	443,316	9,372
Other Protection:			
Animal control - Animal Care	176,546	176,546	-
Medical Examiner	500	440	60
Total Other Protection	177,046	176,986	60
Total Public Safety	16,906,827	16,476,315	430,512
Public Works:			
City Engineering	508,220	391,226	116,994
Administration	461,538	400,186	61,352
Highways, Streets, and Sidewalks	7,000,700	3,962,367	3,038,333
Traffic Engineering (lines and signs)	329,102	230,156	98,946
Traffic Signals	330,077	284,096	45,981
Total	8,629,637	5,268,031	3,361,606
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,714,875	1,694,007	20,868
Equipment Maintenance	594,499	593,638	861
Total Maintenance of General Buildings, Grounds, Equipment	2,309,374	2,287,645	21,729
Total Public Works	10,939,011	7,555,676	3,383,335

(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, 2025

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	\$ 259,020	\$ 259,020	\$ -
Mental Health and Mental Retardation:			
Chapter X Board	271,842	271,842	-
Total Health	530,862	530,862	-
Welfare:			
DSS-public assistance	3,372,142	3,112,755	259,387
Children Services Act	3,100,000	3,575,132	(475,132)
Tax Relief - Elderly and Disabled	134,000	193,831	(59,831)
Tax Relief - Veterans	150,000	227,363	(77,363)
Valley Children's Advocacy Center	15,000	15,000	-
CAPSAW	36,643	36,643	-
Contribution to Area Agency on Aging (VPAS)	30,000	30,000	-
Talking Book Center	2,300	2,300	-
BRITE Transportation	34,758	34,043	715
Total Welfare	6,874,843	7,227,067	(352,224)
Total Health and Welfare	7,405,705	7,757,929	(352,224)
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	17,256,610	17,256,610	-
Total Education	17,265,610	17,265,610	-
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,349,130	1,337,080	12,050
Horticulture	225,681	223,151	2,530
Golf	157,166	176,213	(19,047)
Park Maintenance	1,366,255	1,252,556	113,699
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	3,118,232	3,009,000	109,232
Cultural Enrichment:			
Contributions to Community Organizations	45,500	45,500	-
Total Cultural Enrichment	45,500	45,500	-
Library:			
Library Administration and Operations	1,496,791	1,477,266	19,525
Total Library	1,496,791	1,477,266	19,525
Total Parks, Recreation, and Cultural	4,660,523	4,531,766	128,757

(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, 2025

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Community Development:			
Planning and Community Development:			
Economic Development	\$ 1,286,809	\$ 991,768	\$ 295,041
Planning and Development	576,650	560,940	15,710
Tourism Development	751,488	786,214	(34,726)
Staunton Welcome Center	47,254	45,571	1,683
Special Service District (SDDA)	224,650	224,477	173
Contributions to Local Agencies and Regional Programs	259,305	258,988	317
Total Planning and Community Development	3,146,156	2,867,958	278,198
Total Community Development	3,146,156	2,867,958	278,198
Debt Service:			
Principal retirement	-	257,902	(257,902)
Interest and fiscal charges	-	9,894	(9,894)
Total Debt Service	-	267,796	(267,796)
Total General Fund	\$ 72,410,291	\$ 67,421,823	\$ 4,988,468
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 1,248,629	\$ 1,220,850	\$ 27,779
VCSB-Therapeutic Docket	82,414	79,862	2,552
VCSB-MH rural jail diversion	10,305	8,816	1,489
Maury Recovery Court	86,360	7,507	78,853
Augusta Health Grant	20,000	7,200	12,800
Supreme Court OOA Special Grant	30,600	20,770	9,830
Supreme Court Therapeutic Docket	77,262	51,888	25,374
Supreme Court Recovery Court	100,191	103,709	(3,518)
Total Correction and Detention	1,655,761	1,500,602	155,159
Total Public Safety	1,655,761	1,500,602	155,159
Debt Service			
Principal retirement	-	42,880	(42,880)
Interest and fiscal charges	-	2,013	(2,013)
Total Debt Service	-	44,893	(44,893)
Total Blue Ridge Court Services Fund	\$ 1,655,761	\$ 1,545,495	\$ 110,266
State and Federal Grants Fund:			
Public Safety			
Sheriff department grants	\$ -	\$ 8,107	\$ (8,107)
Police department grants	61,790	60,944	(60,944)
Fire department grants	7,500	7,500	-
Total Public Safety	\$ 69,290	\$ 76,551	\$ (69,051)
Community Development Fund:			
Community Development:			
West End Brownsfield Assessment	\$ 159,468	\$ 33,193	\$ 126,275
Total Community Development Fund	\$ 159,468	\$ 33,193	\$ 126,275

(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, 2025

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	\$ 1,108,281	\$ 846,445	\$ 261,836
Total Community Development	1,108,281	846,445	261,836
Total HUD Entitlement Fund	\$ 1,108,281	\$ 846,445	\$ 261,836
Total Special Revenue Funds	\$ 2,992,800	\$ 2,501,684	\$ 429,326
Grand Total - Expenditures -Primary Government- General and special revenue	\$ 75,403,091	\$ 69,923,507	\$ 5,417,794
COMPONENT UNIT – SCHOOL BOARD:			
Education Fund:			
Instructional Costs	\$ 34,042,166	\$ 31,574,287	\$ 2,467,879
Administration, Attendance & Health	3,302,198	3,172,366	129,832
Pupil Transportation	1,681,215	1,652,645	28,570
Operations and Maintenance	4,463,047	4,396,516	66,531
Technology	2,071,033	1,813,854	257,179
Total Education	45,559,659	42,609,668	2,949,991
Debt Service:			
Principal retirement	-	115,118	(115,118)
Interest and fiscal charges	-	8,012	(8,012)
Total Debt Service	-	123,130	(123,130)
Total Education Fund	\$ 45,559,659	\$ 42,732,798	\$ 2,826,861
School Cafeteria Fund:			
Food Service	\$ 2,346,224	\$ 2,150,340	\$ 195,884
Debt Service:			
Principal retirement	-	15,018	(15,018)
Interest and fiscal charges	-	883	(883)
Total Debt Service	-	15,901	(15,901)
Total School Cafeteria Fund	\$ 2,346,224	\$ 2,166,241	\$ 179,983
Textbook Fund:			
Education:			
Instructional costs	\$ 1,660,997	\$ 430,626	\$ 1,230,371
Total Textbook Fund	\$ 1,660,997	\$ 430,626	\$ 1,230,371
State Operated Programs Fund			
Education:			
Instructional costs	\$ 2,707,238	\$ 2,809,515	\$ (102,277)
Debt Service:			
Principal retirement	-	1,630	(1,630)
Interest and fiscal charges	-	41	(41)
Total Debt Service	-	1,671	(1,671)
Total State Operated Programs Fund	\$ 2,707,238	\$ 2,811,186	\$ (103,948)
Total Special Revenue Funds	\$ 6,714,459	\$ 5,408,053	\$ 1,306,406
Grand Total - Expenditures - Component Unit - School Board	\$ 52,274,118	\$ 48,140,851	\$ 4,133,267

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 43,643,115	\$ 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
Restricted	4,431,809	3,005,306	967,138	265,442	237,570	261,168	265,941	31,265	41,469	27,466
Unrestricted	46,177,225	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
Total governmental activities net position	<u>\$ 94,252,149</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 71,148,200	\$ 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
Restricted	-	-	-	15,407	-	-	-	-	-	-
Unrestricted	29,207,415	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
Total business-type activities net position	<u>\$ 100,355,615</u>	<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>
Primary government										
Net investment in capital assets	\$ 114,791,315	\$ 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
Restricted	4,431,809	3,005,306	967,138	280,849	237,570	261,168	265,941	31,265	41,469	27,466
Unrestricted	75,384,640	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
Total primary net position	<u>\$ 194,607,764</u>	<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>

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities:										
General government	\$ 14,698,000	\$ 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
Judicial administration	3,471,414	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
Public safety	21,955,461	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
Public works	11,748,176	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
Health and welfare	7,769,508	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
Education	19,285,310	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
Parks, recreation and culture	4,746,576	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
Community development	4,013,858	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
Interest on long-term debt	2,560,141	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
Total governmental activities expenses	90,248,444	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
Business-Type Activities:										
Water	4,650,311	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
Sewer	4,363,530	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
Stormwater	1,032,916	819,281	864,660	1,015,056	995,695	808,357	1,068,398	966,907	806,458	785,238
Environmental	4,155,142	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
Golf	-	-	-	-	-	-	-	146,068	152,966	151,865
Parking	544,411	582,519	570,664	690,247	768,935	676,676	523,631	506,123	460,136	414,275
Total business-type activities expenses	14,746,310	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
Total primary government expenses	\$ 104,994,754	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 1,227,269	\$ 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
Public safety	343,277	440,308	802,235	333,784	447,179	387,061	398,704	425,342	433,289	558,495
Parks and recreation	867,857	879,675	710,959	619,936	336,721	341,168	503,846	421,828	395,378	371,053
Other activities	7,613,532	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
Operating grants and contributions	21,810,749	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
Capital grants and contributions	2,761,307	4,063,691	852,215	732,190	1,555,416	1,805,565	39,868	1,356,628	2,215,355	1,105,977
Total governmental activities program revenues	34,623,991	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

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,398	\$ 103,868	\$ 118,900
Water	5,150,019	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
Sewer	4,660,517	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
Stormwater	1,322,445	779,328	796,103	784,682	772,573	765,821	766,487	767,497	781,950	760,611
Environmental	3,750,403	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
Parking	211,301	255,341	288,710	329,324	472,152	358,004	422,709	444,622	431,015	407,383
Operating grants and contributions	754,333	53,580	81,112	97,732	70,392	5,928	6,359	6,092	9,704	14,389
Capital grants and contributions	11,597,560	3,348,849	1,050,522	126,800	-	826,387	-	785,443	252,436	139,445
Total business-type activities program revenues	27,446,578	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
Total primary government program revenues	\$ 62,070,569	\$ 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
Net (expense)/revenue										
Governmental activities	\$ (55,624,453)	\$ (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)
Business-type activities	12,700,268	3,590,551	1,303,874	971,975	1,675,519	1,440,578	1,076,770	802,150	1,318,823	802,550
Total primary government net expense	\$ (42,924,185)	\$ (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)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 38,953,190	\$ 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
Sales tax	6,128,465	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
Hotel and meals tax	8,187,869	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
Business license	3,189,920	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
Utility tax	1,236,882	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
Local communication tax	907,248	911,682	970,142	999,140	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910
Other taxes	1,442,968	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
Unrestricted investment earnings (loss)	2,701,625	2,245,287	316,678	(73,084)	83,775	958,576	385,545	155,183	133,649	68,532
Grants and contributions not restricted to a specific program	3,231,615	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
Miscellaneous	38,852	358,660	90,702	21,553	57,036	23,865	21,942	18,684	57,572	29,086
Transfers	(324,114)	(1,250,000)	(1,227,894)	(81,657)	(24,528)	-	(189,316)	(1,066,603)	(1,041,073)	(236,488)
Total governmental activities	65,694,520	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

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	<u>2025</u>	<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>
Business-type activities:										
Unrestricted investment earnings (loss)	\$ 1,561,768	\$ 1,641,157	\$ 510,920	\$ (188,556)	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192
Transfers	324,114	1,250,000	1,227,894	81,657	-	189,316	1,066,603	1,041,073	236,488	(12,752)
Total business-type activities	<u>1,885,882</u>	<u>2,891,157</u>	<u>1,738,814</u>	<u>(106,899)</u>	<u>263,369</u>	<u>460,505</u>	<u>1,158,784</u>	<u>1,077,528</u>	<u>287,146</u>	<u>16,440</u>
Total primary government	<u>\$ 67,580,402</u>	<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>
Change in Net Position										
Governmental activities	\$ 10,070,067	\$ 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
Business-type activities	<u>14,586,150</u>	<u>6,481,708</u>	<u>3,042,688</u>	<u>865,076</u>	<u>1,938,888</u>	<u>1,901,083</u>	<u>2,235,554</u>	<u>1,879,678</u>	<u>1,605,969</u>	<u>818,990</u>
Total primary government	<u>\$ 24,656,217</u>	<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>

TABLE 3

CITY OF STAUNTON, VIRGINIA

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

	<u>2025</u>	<u>2023</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>
General Fund										
Nonspendable	\$ 146,417	\$ 117,733	\$ 121,993	\$ 111,400	\$ 103,947	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252
Restricted	4,335,156	3,005,306	967,138	1,002,931	230,914	242,949	250,953	15,219	25,401	15,825
Committed	13,167,580	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
Assigned	2,940,246	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
Unassigned	<u>5,846,418</u>	<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>
Total General Fund	<u>\$ 26,435,817</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 1,732	\$ -	\$ 33,058	\$ -	\$ -	\$ -	\$ 49,571	\$ -
Restricted	96,653	-	-	-	6,656	18,219	14,987	16,046	16,068	11,641
Assigned	<u>34,754,194</u>	<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>
Total all other governmental funds	<u>\$ 34,850,847</u>	<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>

Notes:

Includes only the primary government

CITY OF STAUNTON, VIRGINIA

TABLE 4

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
General property taxes	\$ 38,773,832	\$ 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
Sales and use tax	6,128,465	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
Meals tax	6,860,918	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
Utility taxes	1,236,882	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
Business license tax	3,189,920	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
Local communication tax	907,248	911,682	970,142	999,140	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910
Other local taxes	2,769,919	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
Permits, privilege fees, and regulatory licenses	229,680	316,806	274,672	209,732	229,999	210,011	254,962	287,878	204,627	340,019
Fines and forfeitures	180,221	210,597	184,149	209,021	139,437	201,199	254,056	134,887	94,155	97,667
Charges for services	2,369,141	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
Intergovernmental	23,138,950	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
Investment earnings	2,536,624	2,068,918	293,172	(63,787)	83,506	872,221	359,855	152,529	124,450	74,703
Other revenues	6,804,940	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
Total revenues	95,126,740	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
EXPENDITURES										
General government administration	7,277,872	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
Judicial administration	3,493,084	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
Public safety	21,766,336	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
Public works	10,793,069	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
Health and welfare	7,757,929	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
Education	17,394,776	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
Parks, recreation and cultural	4,576,249	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
Community development	4,078,497	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
Capital outlay	17,225,976	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
Debt service:										
Principal retirement	4,365,782	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
Interest and fiscal charges	2,878,619	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
Bond issue costs	-	-	-	268,887	-	92,920	114,508	-	-	-
Total expenditures	101,608,189	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
Excess (deficiency) of revenues over (under) expenditures	(6,481,449)	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)

(Continued)

CITY OF STAUNTON, VIRGINIA

TABLE 4

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OTHER FINANCING SOURCES (USES)										
Issuance of lease/subscription	254,091	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	13,175,954	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
Transfers out	(13,175,954)	(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)
Total other financing sources (uses)	254,091	17,830,515	(1,003,319)	(1,176,420)	(24,096)	165,565	46,068,837	(164,300)	(1,069,000)	(215,292)
Net change in fund balance	<u>\$ (6,227,358)</u>	<u>\$ 21,020,643</u>	<u>\$ 4,819,858</u>	<u>\$ 2,759,698</u>	<u>\$ (4,443,282)</u>	<u>\$ (30,527,695)</u>	<u>\$ 47,664,488</u>	<u>\$ 2,144,650</u>	<u>\$ 2,223,374</u>	<u>\$ (755,733)</u>
Debt service as a percentage of noncapital expenditures	8.67%	7.52%	8.35%	6.90%	9.19%	8.02%	6.30%	7.20%	7.40%	7.40%

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>
2025	\$ 2,807,811,278	\$ 495,942,345	\$ 72,147,397	\$ 3,375,901,020	\$ 0.91
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

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	2025			2014		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Big Sky LLC	\$ 30,443,400	1	0.90%	\$ 9,628,200	5	0.54%
JECO Corporation	18,734,400	2	0.55%			
Walmart Real Estate	13,890,200	3	0.41%	11,638,200	3	0.65%
Baldwin Park Propco LLC	13,586,800	4	0.40%	9,214,830	7	0.52%
Staunton Station LLC	13,079,900	5	0.39%			
LRC Willow View LP	12,277,200	6	0.36%			
ETCL Staunton LLC	12,154,200	7	0.36%			
Statler Station LLC	11,978,700	8	0.35%	9,333,800	6	0.52%
Woodcrest Properties	11,922,800	9	0.35%			
Staunton Suites LLC	9,134,200	10	0.27%			
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%
Staunton Plaza LLC	-		-	9,096,980	8	0.51%
LSK Properties, LLC	-		-	8,356,240	9	0.47%
IDA/Hotel Developer	-		-	7,812,440	10	0.44%
Totals	<u>\$ 147,201,800</u>		<u>4.36%</u>	<u>\$ 101,793,725</u>		<u>5.70%</u>

Source: City Assessor

Notes:

Real Estate Only

TABLE 7

CITY OF STAUNTON, VIRGINIA

Revenue Capacity Information
Property Tax Levies and Collections
Last Ten Calendar Years
UNAUDITED

Calendar Year	Taxes Levied for the Calendar Year		Collected within the		Collections in Subsequent Calendar Years	Total Collections		
			Calendar Year of the Levy			To Date		
	Amount	Percentage of Levy	Amount	Percentage of Levy				
2025	(1) \$	30,720,699	(2) \$	-	0.00%	\$	-	0.00%
2024		25,882,772		24,780,031	95.74%		24,780,031	95.74%
2023		25,553,120		24,572,331	96.16%	342,743	24,915,074	97.50%
2022		20,951,903		20,054,185	95.72%	454,289	20,508,474	97.88%
2021		20,634,866		19,980,498	96.83%	431,202	20,411,700	98.92%
2020		19,325,700		18,621,456	96.36%	536,328	19,157,784	99.13%
2019		19,261,803		18,481,911	95.95%	486,712	18,968,623	98.48%
2018		18,239,912		17,452,121	95.68%	540,006	17,992,127	98.64%
2017		18,025,255		17,170,918	95.26%	623,722	17,794,640	98.72%
2016		17,097,175		16,281,518	95.23%	610,162	16,891,680	98.80%

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			
2025	\$ 41,622,721	\$ 30,845,888	\$ -	\$ 417,748	\$ -	\$15,741,444	\$ 63,698	\$ 88,691,499	8.03%	\$ 3,444
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

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.

There are no overlapping governments and therefore no overlapping debt

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		
2025	\$ 41,622,721	\$ -	\$ 46,587,332	\$ (3,751,200)	\$ 84,458,853	2.50%	\$ 3,280
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

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

There are no overlapping governments and therefore no overlapping debt

TABLE 10

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
 Legal Debt Margin Information
 Last Ten Fiscal Years
 UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limit	\$ 337,590,102	\$ 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
Total net debt applicable to limit	84,458,853	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
Legal debt margin	<u>\$ 253,131,249</u>	<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>
Legal debt margin as a percentage of the debt limit	74.98%	69.25%	73.69%	66.47%	57.97%	55.20%	73.80%	72.23%	68.99%	68.99%

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)
2025	25,750	\$ 7,122,193	\$ 55,929	41.0	2,506	3.8%
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%

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	2025			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	6.44%	500-599	1	4.99%
Staunton City School Board	250-499	2	3.22%	500-999	2	4.99%
City of Staunton	250-499	3	3.22%	250-499	4	3.41%
Federated Auto Parts (Fisher Auto Parts Inc)	250-499	4	3.22%			
WalMart Associates Inc	100-249	5	1.50%	250-499	5	3.41%
Mary Baldwin University	100-249	6	1.50%	250-499	3	3.41%
VDOT	100-249	7	1.50%	100-249	8	1.59%
Graphic Packaging (Specialty Blades)	100-249	8	1.50%			
Care Advantage	100-249	9	1.50%	100-249	6	1.59%
Best Buy	100-249	10	1.50%	100-249	9	1.59%
Virginia School for the Deaf and Blind				100-249	7	1.59%
Envoy-Staunton				100-249	10	1.59%
Total	1850-3990		25.11%	2550-5240		28.16%

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	41	40	39	39	38	38	38	33	33	35
Judicial	32	27	27	27	26	25	22	22	22	22
Public Safety	109	109	109	109	109	109	109	103	103	103
Public Works	36	35	35	41	42	42	41	41	40	40
Parks, Recreation, and Culture	29	29	29	28	28	28	27	25	24	24
Community Development	11	11	10	9	9	9	9	8	8	7
Blue Ridge Courts	13	13	13	13	13	12	12	12	12	12
Golf Fund	0	0	0	0	0	0	0	1	1	1
Water Fund	31	29	28	28	28	28	26	26	26	26
Sewer Fund	5	5	5	5	5	5	5	5	5	5
Environmental Fund	22	22	22	20	22	18	18	18	18	18
Stormwater Fund	2	2	2	2	1	1	1	1	1	1
Total	331	322	319	321	321	315	308	295	290	291

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety:										
Police:										
Arrests	2,158	2,453	2,515	2,501	2,421	2,568	2,671	2,660	2,560	2,542
Parking tickets	1,009	1,449	1,481	1,985	3,829	3,735	4,674	5,269	4,618	4,855
Traffic citations	2,928	3,913	3,923	4,155	3,348	3,811	4,831	3,381	2,541	3,143
Fire:										
Incident responses	3,678	3,788	3,880	3,175	2,619	3,089	3,681	3,245	2,693	3,200
Fires extinguished	36	48	21	65	43	63	64	67	65	50
Inspections	1,019	1,466	1,342	1,687	972	1,571	1,921	1,910	1,611	1,311
Inspections:										
Building permits issued	988	1,105	665	948	1,100	843	1,035	945	588	960
Building inspections conducted	2,878	3,234	2,674	2,564	2,805	2,902	3,302	3,339	2,615	3,054
Public Works:										
Refuse:										
Recycling collected (tons per day)	1.17	0.99	1.33	1.00	1.10	1.81	2.34	2.20	2.26	2.28
Refuse collected (tons per day)	65.87	66.48	66.13	65.6	68.1	67.8	68.4	64.9	59.6	61.0
Other public works:										
Lane miles paved	na	7.57	13.8	6.7	9.86	13.4	18.17	6.42	10.5	12
Parks and Recreation:										
Total membership	70	106	123	180	26	21	22	26	27	38
Rounds of golf	17,051	14,894	11,711	11,044	11,015	8,334	7,101	5,804	6,871	7,796
Library:										
Volumes in collection	103,837	104,764	117,309	116,095	111,840	112,577	119,763	130,039	145,943	163,930
Total volumes borrowed	285,546	275,347	141,421	201,746	132,989	171,426	378,818	373,359	401,074	388,795
Utility:										
New connections-water	19	19	12	24	25	17	10	11	13	4
Active customers-water	9,940	9,899	9,825	9,792	9,604	9,653	9,612	9,572	9,520	9,454

Sources: Various city departments; regional landfill

na- data not available

CITY OF STAUNTON, VIRGINIA

Operating Information
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	33	31	34	32	24	23	24	21	21	18
Units-unmarked	17	18	19	13	31	31	29	26	26	20
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	9	7	8	7	7	7	7	7	7	7
Recycling trucks	2	2	4	3	3	4	3	3	3	3
Other Public Works										
Lane miles of streets	303.13	301.35	301.35	300.08	300.57	300.57	300.57	300.57	300.52	300.19
Traffic Signals-signals and flashers	64	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	1,200	240	325	1,000	200	198	1,452	820	1,580	1,670
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	220	162	230	200	100	98	376	350	195	385
Water										
Miles of water mains	185.05	185.05	184.99	184.82	184.76	184.52	184.09	183.44	181.97	181.41
Fire Hydrants	1104	1102	1099	1113	1111	1094	1086	1072	1065	1062
Storage capacity (thousands of gal)	8,150	8,150	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	135.37	135.20	135.13	135.10	134.62	134.47	133.85	133.41

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, 2025, 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 9, 2025.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2025-001.**

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 responses. 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 9, 2025

City of Staunton, Virginia

Summary of Compliance Matters

June 30, 2025

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

City of Staunton, Virginia
Schedule of Findings and Responses
June 30, 2025

A – Findings – Financial Statement Audit

None.

B – Findings – Commonwealth of Virginia

2025-001: 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.

View of Responsible Officials We concur with this condition that also existed in prior fiscal years. We implemented the following procedures, but even with our best efforts, we are unable to make the appointed personnel submit the filings on time.

First, new board and commission members are notified that completed conflict-of-interest disclosure statements are required to be filed by February 1 every year of their term on the board. Second, all 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, a follow up email will be sent 5-10 days prior to the deadline as a reminder to those that have not yet filed. Fourth, 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. Fifth, 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.