

CITY OF STAUNTON, VA

Comprehensive Annual Financial Report

Fiscal Year July 1, 2019 – June 30, 2020



Photos by Warren Faught, Woods Pierce and Ruth Jones Turner

BIRTHPLACE OF THE COUNCIL-MANAGER FORM OF GOVERNMENT – 1908

CITY OF STAUNTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2020

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INTRODUCTORY SECTION

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

COUNCIL

Ophie A. Kier, Vice-Mayor	Carolyn W. Dull, Mayor	R. Terry Holmes
Andrea W. Oakes		James J. Harrington
Erik D. Curren		Brenda O. Mead

OFFICIALS

Steven L. Rosenberg	City Manager
Phil M. Trayer	Chief Financial Officer
Richard R. Johnson	City Treasurer
Douglas L. Guynn	City Attorney
Margaret (Maggie) A. Ragon	Commissioner of Revenue
Anita Harris	Director of Social Services
Staci N. Falls	Clerk of Circuit Court
Dr. Garrett Smith	Superintendent of Schools

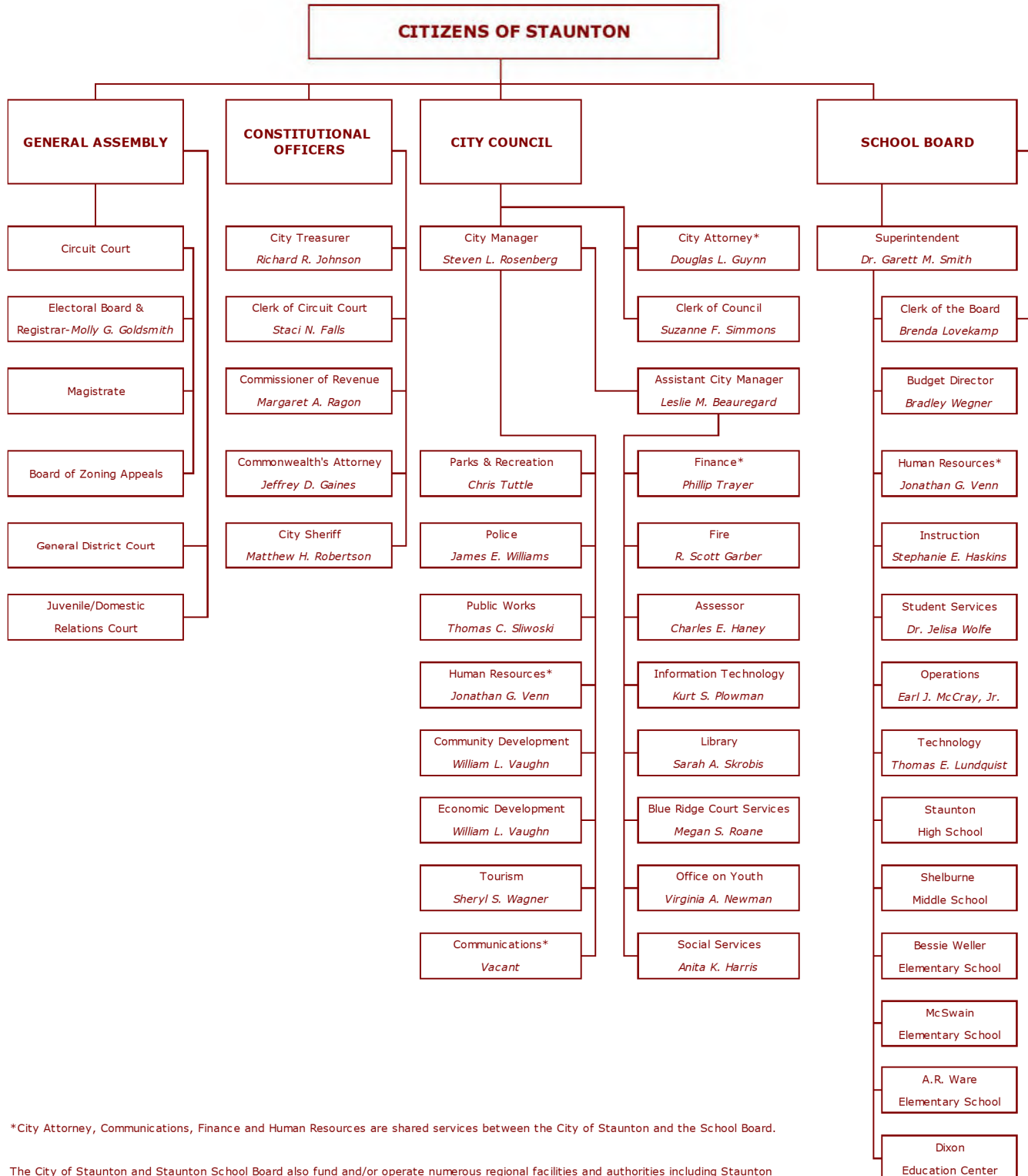
SCHOOL BOARD

	Robert Boyle, Chair	
	Amy Wratchford, Vice-Chair	
Christine Poulson		Kenneth Venable
William Lobb		Natasha McCurdy



City of Staunton, Virginia

Organization Chart: FY 2020



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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Staunton
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



November 30, 2020

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This report has been prepared by the City's Finance Department. The report provides full disclosure of all financial information necessary to enable the reader to gain an understanding of the government's financial activities.

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

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

Brown Edwards & Company, LLP, Certified Public Accountants, has issued an unmodified opinion for the City of Stanton for fiscal year ending June 30, 2020. 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.

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

Staunton is located at the intersection of I-81 and I-64 in the Shenandoah Valley of Virginia. The City is 90 miles west of Richmond, 85 miles north of Roanoke, and just 150 miles southwest of Washington D.C. The City encompasses an area of 19.98 square miles with a population of approximately 24,500.

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

BUDGET PROCESS AND CONTROLS

Per City Code, the Chief Finance Officer 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, Deputy City Manager, and Chief Finance Officer (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, three-year priorities, and other factors for the upcoming fiscal year. City Council's three-year priorities for the future of Staunton are summarized below;

- Economic Development-to provide and support economic vitality through tourism and business development to provide employment and revenue growth,
- Education- to recruit and retain the best teachers and provide superb facilities,
- Culture-to promote and retain arts, performing arts, music, galleries, and museums,
- Inclusiveness- to develop a strategy to achieve more citizen engagement and promote a diverse society to enhance civic pride and ownership to improve Staunton's quality of life,
- Resilience-to protect the City's natural environmental resources and provide financial resources to safeguard the City's future,
- Responsive, Efficient Government-to include professional administration, prudent financial management, and the efficient and effective delivery of core services,
- Built Environment- to study changes to the City's land use policies and ordinances to enable more mixed-use development and to develop a long-term financing strategy for public facilities and infrastructure.

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

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

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

The City's CAFR 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 29.4% 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. City Council has the ability to impose its will upon the Board.

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 2020 total taxable real estate assessed values increased 1.3%. Other local consumer-based tax revenue sources had mixed year on year results as the economic shutdown which resulted from the pandemic was most noticeably felt in this area. Meals tax on prepared foods declined 3.8% from 2019, Lodging taxes decreased 10.2% from 2019 and Sales Tax increased by 9.5% as Federal Stimulus monies helped to bolster on line sales, super markets and home improvements stores. Development at Staunton Crossing was operational over the entire fiscal year. The local unemployment rate for June 2020 was 8.4%, which is well below the national average of 11.2% and slightly higher than the statewide average of 8.2%. Unemployment rates in Staunton continue to decline as a direct result of loosening of statewide strictions surrounding the pandemic. The City relies on its diverse property tax base consisting of manufacturing facilities, distribution centers, a fairly stable retail base, a large government workforce within the area, and a successful tourism market for the economic stability of the City. The City is poised to rebound after the Country successfully manages the COVID 19 epidemic.

LONG-TERM FINANCIAL PLANNING

Staunton City Council's Vision for 2030, revised on April 22, 2019, focuses on seven major principles; Economic Development to provide and support economic vitality through tourism, small business development, and commercial development to provide employment growth and revenue growth for the City within its Opportunity Zones; Education by recruiting and retaining the best teachers and providing superb facilities; Culture by promoting and retaining a vibrant, exciting, and welcoming community for the arts, performing arts, music, galleries, and museums; Inclusiveness for all citizens by developing a strategy to achieve more citizen engagement, promote a diverse society to enhance civic pride, and instill ownership to improve Staunton's quality of life; Resilience by protecting the City's natural environmental resources, and providing financial resources to safeguard the City's future; Responsive, Efficient Government to include expansion on interactive online opportunities to engage citizens, professional administration, prudent fiscal management, and the efficient and effective delivery of core services; Built Environment to study changes to the City's land use policies and ordinances to enable more mixed use development within the City, ensure builders are not overly burdened with restriction making us too expensive to develop and develop a long term financing strategy for public facilities and infrastructure.

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, now requires a reservation of 15.5% 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 \$8,738,079. 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 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 and budget each year. The approved CIP plan and budget includes the City CIP and the School CIP plan. 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 plan 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 plan begins in October each year. The plan is presented to City Council and the Planning Commission in December each year. The plan is adopted in February during the budget process. The draft CIP plan is presented to City Council and the Planning Commission for review and suggestions. The Planning Commission will make recommendations and accept the CIP Plan based on the City's Comprehensive Plan. City Council approves the CIP after the Planning Commission's recommendations, and any other changes. The CIP plan includes the funding sources for the proposed capital projects each year of the five-year plan. Funding sources are based on a five-year financial analysis of revenues and expenditures.

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

The City collaborates with the School Board to incorporate the School CIP plan 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.

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

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

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

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

MAJOR INITIATIVES

FY2020 Budget

City Council's commitment to prudent fiscal management has provided the framework for the City to prepare and adopt budgets in response to the economic conditions of the local, state, and national economies. The total fiscal year 2020 budget was adopted at \$119.9 million, an increase of 5.5% or \$ 6.2 million from the previous year. The fiscal year 2020 budget included \$.02 reduction in the real estate tax rate to \$.95 per \$100 of assessed value, the personal property tax rate held flat at \$2.90 per \$100 of assessed value, and the meals tax on prepared food remaining at 7%. The general fund budget increased 4.7% over the previous year. Property tax revenues were projected to increase by \$1,305,865, or 5.2%, and other local tax revenues were projected to increase 5.3% over the previous year's budget. The general fund budget increased its transfer to the education fund by 4.9% to \$13,850,000.

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 by November 2018. Multiple food options, a grocery center, and a fuel and convenience store center are all possibilities at the sight. The City has gained additional jobs and approximately \$1.0 million annually from property, meals, sales, and lodging tax revenues.

The City plans to demolish the existing vacant hospital buildings on the property in November 2019 were postponed and is scheduled to begin in December 2020. Demolition is expected to cost \$2.4 million. The City was awarded a grant in the amount of \$431,200 from the Virginia Brownsfields Restoration and Economic Redevelopment Fund (VBAF) to support the removal and disposal of hazardous materials at the site. The demolition will allow the property to compete nationally for major industrial development for jobs and an increase the City's tax base.

The City was awarded \$8.7 million from the Virginia Department of Highways in November 2018 to complete the road extension from the entrance to provide access to the entire 275 acres at Staunton crossing. The road construction is expected to begin in 2021.

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 City has an agreement with the developer to start the second phase of development for a 200,000 square foot retail space.

Community Development

The City received official confirmation earlier this year from the U.S. Department of Housing and Urban Development (HUD) that it has been designated as a new entitlement community starting in federal fiscal year 2019.

Under this program designation, the City is eligible to receive more than \$354,000 during the fiscal year and can expect to receive grant funds in this approximate amount every year if funded by Congress.

The funds will help the City carry out a variety of community development activities, including the revitalization of neighborhoods, economic development, and improvement of community facilities and services, particularly for low-to-moderate income residents. The City can use the funds to assess and address housing and homeless needs, as well as services and facilities for persons with disabilities, HIV/AIDS, and the elderly.

AWARDS AND ACKNOWLEDGEMENTS

Economic Development

Economic strength, resilience, and attractiveness to future investment is built around a thoughtful, holistic strategy that weaves together economic development, placemaking, and livability. Winning high praise for decades of urban revitalization from everyone from the National Trust for Historic Preservation to Virginia Living magazine, Staunton continues to garner rankings and acclaim:

- “Why This Region of Virginia Could Be the South’s New Foodie Hotspot” – Vogue
- Best Places to Propose in the U.S. – Expedia
- American Shakespeare Center – Virginia’s Not-To-Be-Missed Vacation Destination – O Magazine
- Best Small Town Cultural Scene – USA Today
- The South’s Best Restaurants in Every State: The Shack Staunton, VA – Southern Living
- The South’s Best Mountain Towns 2020
- Best Small Town Cultural Scene – USA Today
- 50 Best Cities to Live in the U.S. – USA Today

Parks and Recreation

In fiscal year 2020, the Parks and Recreation department, with support of outside donations, undertook major initiatives which included the construction of a new shelter at Montgomery Hall Park via resources provided by the Staunton Rotary Club and restoration of the Gypsy Hill Park entrance via resources provided by the Community Foundation of the Central Blue Ridge.

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 24th year the City has achieved this award recognizing municipalities with active tree care and replacement programs.

Public Safety

Police Department- Fiscal year 2020 was a challenging year for recruiting and retaining staff in the Staunton Police Department. In spite of these challenges, the City Police Department maintains positive community relationships throughout the City. The department received the 11th consecutive national accreditation award from the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) in May of 2020. 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. In 2018, Chief J.E. Williams was honored with CALEA’s prestigious Egon Bittner award for excellence in leadership of a law enforcement agency.

Finally, the City’s FY22-FY25 Capital Improvement Plan will be addressing operational space issues referenced in its most recent accreditation assessment report. Addressing these space issues will assist the department in serving the citizens of Staunton.

Fire Department- Staunton Fire & Rescue provides round-the-clock fire suppression, emergency medical service, and special response operations to the city’s 20 square miles, parts of Augusta County that immediately surround the city, and the campus of Mary Baldwin University. The department operates two fire stations in the City and handles more than 4,000 calls annually. The department proudly protects citizens, visitors and property from emergencies of all types— natural and human-made. Staunton Fire & Rescue achieved an extraordinarily rare advancement for a municipal fire department when it was recognized by the Insurance Services Office (ISO) for improving its fire insurance classification from a Class 5 to a Class 2. The rating reflects the effectiveness of a fire department’s fire

suppression program—its ability to receive and respond to fire alarms; sufficiently staff, equip and train its department; maintain a water supply system, and educate the community about fire risks. The entire department and several members have also been awarded several prestigious Governor’s Fire Service Awards over the past few years. Staunton’s fire department is also the only of its kind in Virginia to receive the Grinnell Mutual Life Safety Achievement award for a proactive approach to fire safety.

Public Works

The City’s drinking water consistently meets all water quality standards and regulations. In the most recent Water Quality Report, Staunton’s Water Treatment Plant achieved the Silver award through the VDH Office of Drinking Water Virginia Optimization Program. This program recognizes those who provide quality water that exceeds minimum regulatory standards and operate water systems in an exemplary manner.

Finance Department

Risk Management

The Risk Management Division of the Finance Department successfully completed 100% of the Virginia Municipal League’s Insurance Program for 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 FY 2020 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 third year that the City applied for the award.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Staunton, Virginia, for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1985 through 2019. A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was accomplished with efficient and dedicated services of the Finance Department. I would also like to thank the City Manager and the City Council for their interest and support in applying for both the Certificate of Achievement for Excellence in Financial Reporting as well as the Distinguished Budget Presentation Award. Finally, a special thank you goes to our Finance Department, along with all of the other City employees, who stayed on the job throughout the shutdowns associated with the pandemic. Their dedication to serving the citizens of Staunton is greatly appreciated and will not be forgotten.

Respectfully submitted,

Phillip M. Trayer

Phillip M. Trayer
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents 66%, 67%, and 18%, 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.

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

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 introductory section, the other supplementary information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditor in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 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, 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
November 30, 2020

FINANCIAL SECTION

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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, 2020. The MD&A is in addition to the transmittal letter, located on pages iv-xi of this report. Readers are encouraged to review the information presented in the MD&A and the letter of transmittal to provide the user a more comprehensive view of the City's financial condition. The MD&A presents information for the government-wide financial statements and the fund financial statements. The MD&A provides the user with a narrative introduction, overview, and analysis of the basic financial statements for the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

- The assets and deferred outflows of resources of the City of Staunton VA (City) exceeded its liabilities at the close of the most recent fiscal year by \$137.1 million (*net position*). Of this amount, \$31.3 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 \$7.0 million due to a combination of factors including increases in tax revenues and an overall decrease in expenditures/expenses.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$43.3 million, a decrease of \$30.5 million in comparison with the prior year. The decrease is due mainly to expenditure of the prior year bond proceeds on the high school renovation. Approximately 14.8% of the combined fund balances (\$6.4 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 \$17.3 million, or approximately 32.8% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$4.5 million due to normal scheduled debt reduction.

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 5-7 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 six 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, the capital projects fund, and the debt service fund, which are considered to be major funds. Data from the other three 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 8-11 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 enterprise 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 12-15 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 one type of fiduciary fund. The *OPEB trust fund* is used to report resources held in trust for other post-employment benefits.

The fiduciary fund financial statements can be found on pages 16-17 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 18-83 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 progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 84-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds 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 99-111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

City of Staunton Summary Statements of Net Position June 30, 2020 and 2019						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 79,881,200	\$ 107,240,166	\$ 21,769,428	\$ 20,837,832	\$ 101,650,628	\$ 128,077,998
Capital assets	89,898,478	56,243,307	73,031,890	74,143,763	162,930,368	130,387,070
Total assets	169,779,678	163,483,473	94,801,318	94,981,595	264,580,996	258,465,068
Total deferred outflows of resources	4,824,903	2,901,392	750,951	446,672	5,575,854	3,348,064
Liabilities:						
Long-term liabilities	97,571,229	97,832,807	20,518,055	22,063,718	118,089,284	119,896,525
Other liabilities	6,847,387	3,813,441	1,061,958	1,121,909	7,909,345	4,935,350
Total liabilities	104,418,616	101,646,248	21,580,013	23,185,627	125,998,629	124,831,875
Total deferred inflows of resources	6,761,437	6,566,758	296,820	271,151	7,058,257	6,837,909
Net Position:						
Invested in capital assets	43,376,129	41,909,936	58,466,643	57,742,860	101,842,772	99,652,796
Restricted	261,168	265,941	-	-	261,168	265,941
Unrestricted	19,787,231	15,995,982	15,208,793	14,228,629	34,996,024	30,224,611
Total net position	\$ 63,424,528	\$ 58,171,859	\$ 73,675,436	\$ 71,971,489	\$ 137,099,964	\$ 130,143,348

In the case of the City of Staunton, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$130.1 million at the close of fiscal year 2020.

By far, the largest portion of the City's net position (\$101.8 million or 74.28%) is the investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidated to pay for these liabilities.

An additional portion of the City's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$35 million or 25.5% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

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

City of Staunton
Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<u>Revenues:</u>						
<u>Program Revenues</u>						
Charges for services	\$ 6,812,616	\$ 6,939,498	\$ 12,529,630	\$ 12,437,602	\$ 19,342,246	\$ 19,377,100
Operating grants and contributions	12,968,537	13,497,188	5,928	6,359	12,974,465	13,503,547
Capital grants and contributions	1,805,565	57,268	826,387	-	2,631,952	57,268
<u>General revenues</u>						
Property taxes	27,354,266	26,405,015	-	-	27,354,266	26,405,015
Other taxes	16,129,018	15,960,067	-	-	16,129,018	15,960,067
Unrestricted intergovernmental	2,994,099	2,910,432	-	-	2,994,099	2,910,432
Interest and investment earnings	958,576	385,545	263,369	271,189	1,221,945	656,734
Other	23,865	21,942	-	-	23,865	21,942
Total revenues	<u>69,046,542</u>	<u>66,176,955</u>	<u>13,625,314</u>	<u>12,715,150</u>	<u>82,671,856</u>	<u>78,892,105</u>
<u>Expenses:</u>						
General government	9,856,062	9,410,713	-	-	9,856,062	9,410,713
Judicial administration	2,219,700	1,795,684	-	-	2,219,700	1,795,684
Public safety	13,311,595	12,042,436	-	-	13,311,595	12,042,436
Public works	7,937,417	8,339,556	-	-	7,937,417	8,339,556
Health and welfare	7,230,640	6,917,916	-	-	7,230,640	6,917,916
Education (includes payment to Schools)	14,402,769	14,049,122	-	-	14,402,769	14,049,122
Parks, recreation and culture	3,657,310	3,600,576	-	-	3,657,310	3,600,576
Community Development (includes payment to EDA)	2,356,384	2,156,672	-	-	2,356,384	2,156,672
Interest on long-term debt	2,821,996	1,153,272	-	-	2,821,996	1,153,272
Water	-	-	3,575,079	3,410,244	3,575,079	3,410,244
Sewer	-	-	3,667,705	3,711,562	3,667,705	3,711,562
Storm Water	-	-	808,357	1,068,398	808,357	1,068,398
Environmental	-	-	3,193,550	2,653,356	3,193,550	2,653,356
Parking	-	-	676,676	523,631	676,676	523,631
Total expenses	<u>63,793,873</u>	<u>59,465,947</u>	<u>11,921,367</u>	<u>11,367,191</u>	<u>75,715,240</u>	<u>70,833,138</u>
Increase (Decrease) in net assets before transfers	5,252,669	6,711,008	1,703,947	1,347,959	6,956,616	8,058,967
Transfers	-	(189,316)	-	189,316	-	-
Increase (decrease) in net assets	5,252,669	6,521,692	1,703,947	1,537,275	6,956,616	8,058,967
Net assets - Beginning of year	58,171,859	51,650,167	71,971,489	70,434,214	130,143,348	122,084,381
Net assets - end of year	<u>\$ 63,424,528</u>	<u>\$ 58,171,859</u>	<u>\$ 73,675,436</u>	<u>\$ 71,971,489</u>	<u>\$ 137,099,964</u>	<u>\$ 130,143,348</u>

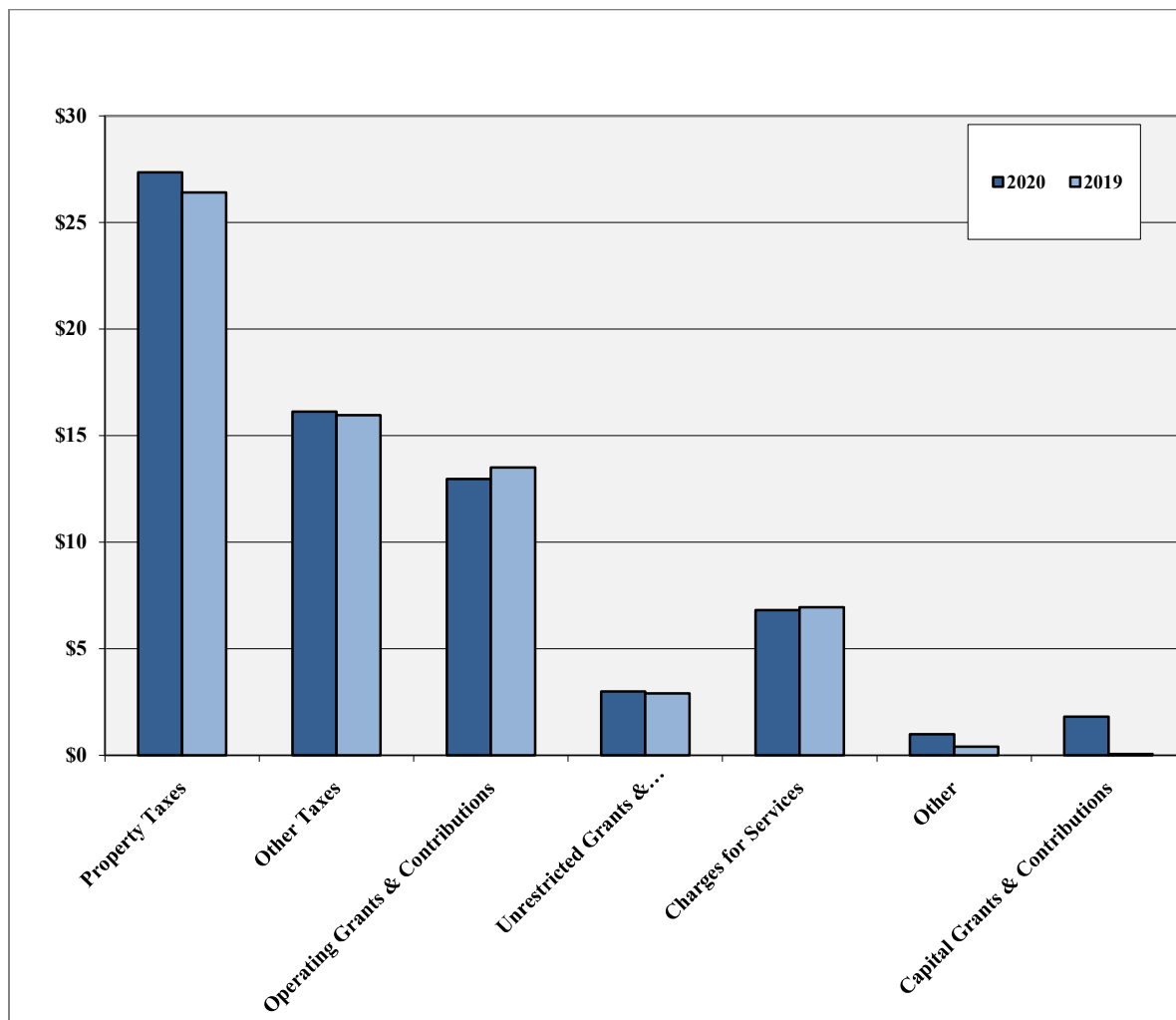
The City's overall net position increased \$7.0 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$69.1 million for the fiscal year ended June 30, 2020, an increase of \$2.9 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$27.4 million or 39.6% of revenue in 2020. Assessed values of real estate and personal property increased 8.95% over 2019. This increase in assessments resulted in an increase in property tax revenues of \$.9 million over 2019.
- Other revenue increased \$.6 million from interest earnings on unspent bond proceeds.
- Operating grants and contributions saw an overall decrease of \$.5 million from the prior fiscal year due to the increase in judicial funding from the compensation board being offset by a greater decrease in public works VDOT primary paving funds.
- Capital grants and contributions increased \$1.7 million over 2019 due to a transfer from the school board component unit to contribute to the cost of the high school renovation project.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2020 and 2019
(\$ In Millions)



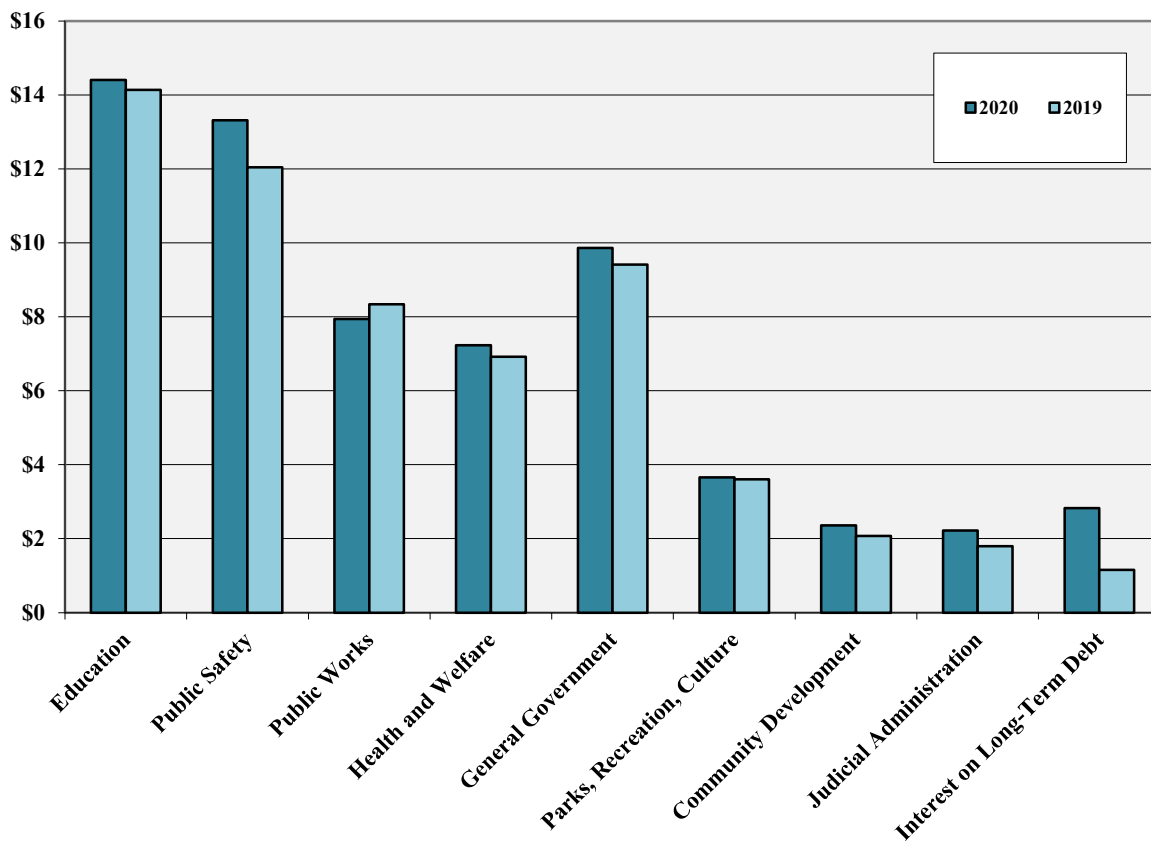
Governmental Activities - Expenses

- The total expenses from governmental activities were \$63.8 million for the year, an increase of \$4.3 million over the prior fiscal year.
- Education is the largest expense for the City at \$14.4 million or 22.58% of total governmental activities. Education expense increased slightly over 2019 by \$.4 million.
- Public Safety increased \$1.3 million due to increases in costs for the regional jail and pension and OPEB costs.
- Public Works decreased \$.4 million from the prior fiscal year mainly due to an increase in street maintenance and sidewalk repair costs as well as increases in pension and OPEB costs.
- General government increased \$.4 million from the prior fiscal year due to increases in pension and OPEB costs as well as year on year vacancies in the finance department being filled.
- Judicial administration increased \$.4 million from the prior fiscal year due to increases in salary and benefit costs of the Clerk of Circuit Court, Commonwealth Attorney, and Sheriff departments which were made possible in part by increases in funding from the state compensation board. Additional cost increases were due to increased pension and OPEB costs.
- Interest on Long-Term Debt increased \$1.7 million from the prior fiscal year due to normal scheduled debt service. The first interest payments on the 2019 bond issue for the high school renovation.

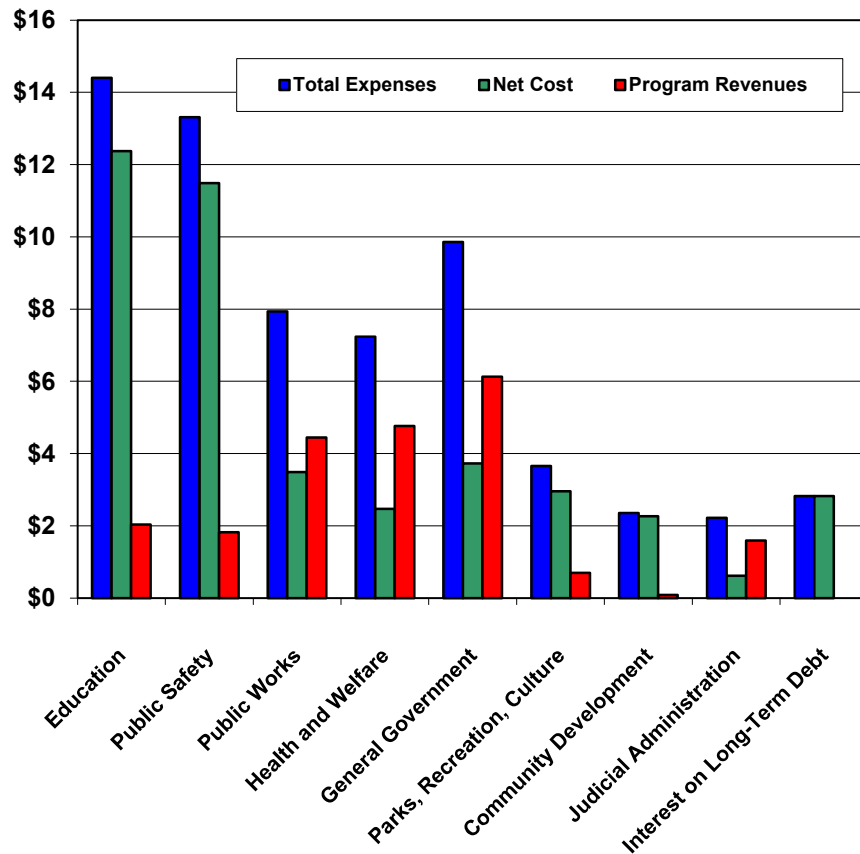
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2020 and 2019

(\$ 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 \$21.6 million and general revenues totaled \$47.5 million.

The net cost of services represents the amount of tax or other revenue required to support these functions. The Education function requires the largest amount of general revenue support at 29.31%, a decrease of \$1.3 million from the previous year. The decrease in net cost was due to a transfer during fiscal year 2020 from the school board component unit to support the costs of the high school renovation. Public safety net cost of service increased \$1.3 million from the previous year due to increases in costs for the regional jail and pension and OPEB costs. Net cost of interest on long-term debt increased \$1.7 million from the prior fiscal year due to normal scheduled debt service. The first interest payments on the 2019 bond issue for the high school renovation were made during fiscal year 2020.

Net Cost of the City of Staunton's Governmental Activities				
	2020		2019	
	Total Cost	Net Cost	Total Cost	Net Cost
Education	\$ 14,402,769	\$ 12,369,472	\$ 14,049,122	\$ 13,693,532
Public Safety	13,311,595	11,488,179	12,042,436	10,151,835
Public Works	7,937,417	3,490,405	8,339,556	3,129,512
Health and Welfare	7,230,640	2,470,549	6,917,916	2,252,764
General Government	9,856,062	3,724,394	9,410,713	3,433,027
Parks, Recreation, Culture	3,657,310	2,954,445	3,600,576	2,823,165
Community Development	2,356,384	2,266,036	2,156,672	2,030,813
Judicial Administration	2,219,700	621,679	1,795,684	304,073
Interest on Long-Term Debt	2,821,996	2,821,996	1,153,272	1,153,272
	\$ 63,793,873	\$ 42,207,155	\$ 59,465,947	\$ 38,971,993

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 \$73.7 million. The total increase in net position for business-type activities was \$1.7 million in FY 2020 compared to an increase of \$1.5 million in FY 2019. The growth, in large part, is attributable to developer contributed capital for water, sewer and storm water lines.

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, 2020, the City's governmental funds reported combined ending fund balances of \$43.3 million, a decrease of \$30.5 million in comparison with the prior year. Approximately 14.8% of this amount (\$6.4 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder was *nonspendable* (\$.1 million); *restricted* for particular purposes (\$.3 million); *committed* for particular purposes (\$8.7 million); or *assigned* for particular purposes (\$27.8 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 \$6.4 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 12.2 percent of total general fund expenditures, while total fund balance represents approximately 33.4 percent of that same amount.

The fund balance of the City's general fund increased \$1.4 million during the current fiscal year. Property tax revenues increased \$.9 million due to increased assessed value. Intergovernmental revenues increased \$.3 million due to an increase in state compensation board funding and federal CARES funding.

General Fund actual expenditures were \$52.7 million versus the revised budget totaling \$57 million. The contribution to the Component Unit School Board was the largest expense at \$13.9 million. Expenditure savings of \$4.2 million was spread through each governmental function, but significant savings resulted from \$2 million of CARES funding budgeted but not spent during the fiscal year; an overall budgetary decrease of \$1.6 million for spending cuts needed as a result of anticipated revenue reductions due to the pandemic; further expenditure savings of \$.3 million in public safety and \$.3 million in public works. The expenditure savings in public safety were due to forfeited asset and other grant funds budgeted but not spend during the fiscal year. The expenditure savings in public works was due to decreases in personnel costs because of vacancies in personnel positions.

Capital Projects 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 \$1.8 million in FY 2020 to the City Capital Improvement Fund for projects still in progress. The City updates the capital improvements plan on an annual basis.

Capital projects in progress at June 30, 2020:

PROJECT	REVISED BUDGET - PROJECT TO DATE	FY2020 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
FINANCIAL SOFTWARE	\$ 1,332,482	\$ 21,850	1,273,429	\$ 59,053
COMPUTER NETWORK EQUIPMENT	195,137	-	182,804	12,333
E911 CALL HANDLING EQUIPMENT	102,273	-	97,299	4,974
E911 RECORDING EQUIPMENT	150,000	-	150,011	(11)
FIRE TRUCK RESERVE	1,704,383	1,290,000	2,176,973	(472,590)
RADIO NARROWBAND	500,000	49,500	488,447	11,553
REGIONAL JAIL RESERVE	5,376,286	-	5,057,286	319,000
REGIONAL ANIMAL SHELTER	125,000	-	82,192	42,808
STREET IMPROVEMENT PROJECTS	1,355,250	283,702	1,269,701	85,549
URBAN STREET CONSTRUCTION 2% MATCH	786,478	-	465,395	321,083
STATLER/RICHMOND RD PROJ	50,000	-	-	50,000
RICHMOND RD/GREENVILLE AVE	35,000	-	-	35,000
CENTRAL AVE STREETSCAPE	2,647,015	48,065	194,177	2,452,838
STATE ROUTE 1426	2,110,000	-	1,789,303	320,697
NEW SIDEWALKS	700,000	-	-	700,000
BESSIE WELLER SAFE ROUTE TO SCHOOL	459,838	882	2,074	457,764
RICHMOND RD/COCHRAN PARKWAY	2,883,747	-	2,860,887	22,860
BRICK SIDEWALK PROJECTS	85,163	-	85,162	1
VDOT PRIMARY EXT PAVING	1,430,173	152,555	1,549,475	(119,302)
MLK MEMORIAL SIGN	41,450	-	40,940	510
PUBLIC WORKS EQUIPMENT RESERVE	400,000	282,975	282,975	117,025
RT 11/ RT 262 INTERSECTION TRUCK LANE IMPROVEMENTS	50,000	-	-	50,000
ADAPTIVE TRAFFIC CONTROL	150,000	-	-	150,000
FIRE STATION ROOF	845,000	22,680	207,715	637,285
PUBLIC SAFETY BUILDING	40,000	-	39,339	661
COCHRAN JUDICIAL CENTER	606,682	-	256,682	350,000
PUBLIC WORKS BUILDING MAINTENANCE RESERVE	200,000	25,516	156,366	43,634
BLUE RIDGE COMMUNITY COLLEGE	509,698	41,048	509,688	10
HIGH SCHOOL PROJECT	400,000	-	-	400,000
TRANSFER TO SCHOOL CIP	675,000	-	475,000	200,000
BOOKER T BUILDING	266,818	-	262,603	4,215
GHP BANDSTAND PROJECT	30,000	-	30,000	-
MONTGOMERY HALL SOCCER FIELDS	166,272	-	165,878	394
GHP POOL RENOVATIONS	500,000	-	492,565	7,435
MHP BATHROOM/WATER PARK	275,000	-	274,317	683
BETSY BELL PICNIC SHELTER	-	-	-	-
GREENWAYS PROJECT	400,000	-	-	400,000
FOOTBALL STADIUM ADA IMPROVEMENTS	100,000	-	87,682	12,318
GHP RESTROOM REPLACEMENT	350,000	-	-	350,000
GHP TOT PLAYGROUND	75,000	40,000	40,000	35,000
CORRIDOR OVERLAY INCENTIVES	25,000	-	1,350	23,650
BIKE & PEDESTRIAN PATH	125,000	-	-	125,000
COUNTY COURTS PROJECT	127,453	-	99,060	28,393
ECONOMIC DEVELOPMENT RESERVE	1,243,811	-	1,219,609	24,202
ENTERPRISE ZONE PROGRAM	360,521	-	262,834	97,687
STAUNTON CROSSING DEVELOPMENT	3,806,200	71,260	919,649	2,886,551
FRONTIER CULTURE PROJECT	100,000	-	88,051	11,949
CIP UNDESIGNATED	534,657	-	-	534,657
HIGH SCHOOL RENOVATION PROJECT	48,615,000	34,505,251	38,528,735	10,086,265
COMPLETED PROJECTS	5,063,456	-	5,063,837	(381)
TOTALS	\$ 88,110,243	\$ 36,835,284	\$ 67,229,490	\$ 20,880,753

General Fund Budgetary Highlights

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

- Budget Amendment Number 1 - \$224,500. This amendment appropriated additional state funds in the amount of \$162,447 from the compensation board and additional local court fee revenue in the amount of \$62,053. This appropriation funded additional positions in the clerk of circuit court and commonwealth attorney offices, and increases in salaries for certifications obtained by employees in the clerk of circuit court, the commissioner of revenue and treasurer's offices.
- Budget Amendment Number 2 - \$3,266,650. This amendment appropriated \$240,167 from prior year funds for the balance of grant programs, restricted donations and mandated state program carry-over funds for programs not completed at the end of the prior fiscal year. This amendment also included additional appropriations of \$33,855 for recovered costs from insurance proceeds. The amendment included a net decrease in appropriation of \$48,340 in grant funds in order to decrease anticipated funding for street maintenance funds by \$75,343 and increase appropriations for police grants by \$14,455 and victim witness grant \$12,548. The amendment also included appropriations of prior year unassigned fund balance of \$2,344,593 to be transferred to the CIP fund to be held in an undesignated CIP account until City Council approves the FY2020-2024 CIP in February 2020, and \$400,000 to be transferred to the Debt service fund to increase the required 1% debt reserve. This amendment also increased the safety net reserve to 15.5% by appropriating \$296,375 to increase the safety net reserve,
- Budget Amendment Number 3 - \$834,679. The amendment included additional appropriations of \$2,175,221 in CARES act funding received from the state; additional appropriations of \$2,708 for recovered costs, \$14,750 for miscellaneous grant and donation funds and \$42,000 in additional public safety grants. This amendment also included an reduction in appropriation to return \$1,400,000 previously transferred to the capital projects fund.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2020 amounts to \$162.9 million (net of depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges as well as utility line infrastructure. Total net capital assets are \$89.9 million for the governmental activities, and \$73 million for the business-type activities. The total increase in capital assets for the current fiscal year was \$32.5 million or 25%.

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

- Addition of \$35.8 million for construction in progress, mainly for the renovations to the high school.

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

- Addition of \$2.2 million of improvements to the City's utility (water, sewer and storm water) lines were added to capital assets.

- 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

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760	\$ 4,762,181	\$ 1,937,094	\$ 6,699,275
Landfill	-	1,085,060	1,085,060	-	1,285,267	1,285,267
Buildings	19,873,719	25,734,585	45,608,304	20,616,553	26,680,652	47,297,205
Improvements	1,935,484	3,754,154	5,689,638	2,007,462	3,966,882	5,974,344
Equipment	3,950,754	4,507,022	8,457,776	4,159,474	4,654,929	8,814,403
Infrastructure Construction in Progress	19,446,709	35,089,218	54,535,927	20,529,134	34,490,293	55,019,427
	<u>39,929,631</u>	<u>709,272</u>	<u>40,638,903</u>	<u>4,168,503</u>	<u>1,128,646</u>	<u>5,297,149</u>
Total	<u>\$ 89,898,478</u>	<u>\$ 73,031,890</u>	<u>\$ 162,930,368</u>	<u>\$ 56,243,307</u>	<u>\$ 74,143,763</u>	<u>\$ 130,387,070</u>

DEBT ADMINISTRATION

- The City of Staunton maintains an Aa2 bond rating from Moody's Investor Service, affirmed December 2006, and AA from Standard and Poor's affirmed September 2018.
- 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 \$205.2 million for the City. The City currently has net bonded debt payable of \$86.2 million. The current legal margin for creating additional debt for the City of Staunton is \$118.9 million.
- Additional information regarding outstanding debt can be found in Note 6 in the notes to the financial statements.

City of Staunton Outstanding Debt

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 71,263,546	-	\$ 71,263,546	\$ 66,043,499	-	\$ 66,043,499
Virginia Revolving Loan	-	14,580,113	14,580,113	-	16,580,246	16,580,246
Literary Loans	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>8,100,000</u>	<u>-</u>	<u>8,100,000</u>
Total	<u>\$ 71,663,546</u>	<u>\$ 14,580,113</u>	<u>\$ 86,243,659</u>	<u>\$ 74,143,499</u>	<u>\$ 16,580,246</u>	<u>\$ 90,723,745</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The FY 2021 general fund budget was adopted at \$56.4 million, a decrease of \$2.9 million from the \$59.3 million budget for FY 2020. The majority of the expected decreases in the budget are due to the unknown factors surrounding the Coronavirus pandemic.
- The Real Estate tax rate is \$.95/\$100 of assessed value and the Personal property tax rate is \$2.90/\$100 of assessed value. The January 1, 2020 taxable real estate assessment reflected an increase of 1.17%. Due to anticipated effects of the pandemic, a delinquency factor of .05 for real estate and .04 for personal property were applied to the estimated revenues. Consequently, real estate tax revenue is projected to decrease by \$.9 million and personal property tax revenue is projected to decrease by \$.05 million.
- Meals and sales tax are projected to be down by 25% compared to FY2020 while lodging tax is projected to decline by 20%. The result of these adjustments equals a decline of \$2.0 million because of expected decreases in sales due to the pandemic.
- Intergovernmental revenue constitutes 24.6% of the total general fund budget and is projected to increase just \$.2 million over 2020, from \$13.7 million to \$13.9 million. The largest categories of state funding are personal property tax relief, health and welfare and, children's services act. Street and highway maintenance, also funded by the state, is expected to decrease \$75,344 due to State funding adjustments.
- The FY 2021 adopted budget supports employees and continuity of quality city programs and services and recognizes and values the retention of existing staff and protection of city programs and services to the greatest extent possible under state-determined operating guidelines during the continuation of the public health emergency. Critical savings in personnel expenditures in the FY202 budget were achieved while at the same time avoiding layoffs and salary reductions. Despite very significant revenue reductions, this outcome was achieved by 1) subjecting all full-time employees to 10 furlough days, 2) eliminating the proposed 2% salary increase which was to have been effective on January 1, 2021 for a savings of \$183,000; and 3) freezing all vacant positions, with limited exceptions approved by the city manager.
- All capital projects approved in the CIP plan in February 2020 were deferred in order to assist in balancing the FY2021 budget. In addition, a transfer of \$307,378 from City Capital Improvement Fund to the General fund is budgeted.
- The General Fund transfer to the Debt Service Fund was the same as FY 2019 at \$4.8 million. The City will reduce its total outstanding debt by \$5.7 million in 2021.
- The General Fund transfer to the Education Fund totaled \$12 million, or 21.4% of the total general fund budget. The decrease of \$1.8 million from FY2020 is in accordance with an informal revenue sharing formula to which the city and schools have agreed. The reduction in funding is a direct result of projected revenues reductions resulting from the COVID 19 pandemic.
- As of September 2020, the unemployment rate for the City of Staunton was 5.5%. Staunton's rate is lower than the state's average unemployment rate of 6.1% and well below the national average of 7.7%.

All these factors were considered in preparing the FY 2021 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, 540-332-3809, or at trayerpm@ci.staunton.va.us.

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BASIC FINANCIAL STATEMENTS

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CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 39,364,328	\$ 7,762,923	\$ 47,127,251	\$ 6,807,521	\$ 521,118
Investments (Note 2)	5,128,331	7,374,841	12,503,172	-	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	5,662,042	-	5,662,042	-	-
Accounts	1,057,782	1,924,785	2,982,567	130,365	22,816
Interest	21,157	35,946	57,103	-	-
Due from other governments (Note 3)	5,257,517	-	5,257,517	1,988,376	-
Due from component unit (Note 17)	12,750,000	-	12,750,000	-	-
Inventory (Notes 1, 17)	251,723	-	251,723	-	12,970,053
Prepaid items	120,812	3,078	123,890	99,523	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	10,267,508	2,771,408	13,038,916	-	-
Due from other governments (Note 3)	-	1,896,447	1,896,447	-	-
Capital assets: (Note 5)					
Nondepreciable	44,691,812	2,861,851	47,553,663	236,000	793,946
Depreciable, net	45,206,666	70,170,039	115,376,705	9,776,081	6,145,776
Total assets	169,779,678	94,801,318	264,580,996	19,037,866	20,453,709
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	3,763,486	546,652	4,310,138	5,775,683	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,061,417	151,151	1,212,568	949,117	-
Deferred charges on refunding	-	53,148	53,148	-	-
Total deferred outflows of resources	4,824,903	750,951	5,575,854	6,724,800	-
LIABILITIES					
Accounts payable	1,195,318	459,840	1,655,158	389,021	480,885
Retainage payable	1,770,540	-	1,770,540	-	-
Accrued liabilities	1,768,030	221,371	1,989,401	1,669,252	-
Due to primary government (Note 17)	-	-	-	-	12,750,000
Unearned revenue (Note 1)	2,087,035	38,594	2,125,629	2,000	-
Amounts held for others	19,464	-	19,464	6,950	-
Deposits payable	7,000	342,153	349,153	-	-
Noncurrent liabilities:					
Due within one year (Note 6)	5,290,748	2,292,573	7,583,321	133,784	-
Due in more than one year:					
Net OPEB liability (Notes 9, 10, and 11)	5,909,966	864,994	6,774,960	6,228,330	-
Net pension liability (Notes 7, 8, and 11)	17,207,996	2,426,940	19,634,936	27,475,954	-
Other debt (Note 6)	69,162,519	14,933,548	84,096,067	587,896	-
Total liabilities	104,418,616	21,580,013	125,998,629	36,493,187	13,230,885
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	686,562	111,599	798,161	3,637,192	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	1,257,815	185,221	1,443,036	1,210,668	-
Deferred inflows related to grants	266	-	266	-	-
Property taxes (Note 13)	4,816,794	-	4,816,794	-	-
Total deferred inflows of resources	6,761,437	296,820	7,058,257	4,847,860	-
NET POSITION					
Net investment in capital assets	43,376,129	58,466,643	101,842,772	10,012,081	6,939,722
Restricted for:					
Programs	245,011	-	245,011	43,602	-
Donor purposes	16,157	-	16,157	150,353	-
Unrestricted	19,787,231	15,208,793	34,996,024	(25,784,417)	283,102
Total net position	\$ 63,424,528	\$ 73,675,436	\$ 137,099,964	\$ (15,578,381)	\$ 7,222,824

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

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 9,856,062	\$ 5,806,213	\$ 325,455	\$ -
Judicial administration	2,219,700	261,100	1,336,921	-
Public safety	13,311,595	387,061	1,421,855	14,500
Public works	7,937,417	-	4,398,947	48,065
Health and welfare	7,230,640	-	4,760,091	-
Education	14,402,769	-	368,297	1,665,000
Parks, recreation, and culture	3,657,310	341,168	283,697	78,000
Community development	2,356,384	17,074	73,274	-
Interest on long-term debt	2,821,996	-	-	-
Total governmental activities	63,793,873	6,812,616	12,968,537	1,805,565
Business-type activities:				
Water	3,575,079	4,563,592	-	613,625
Sewer	3,667,705	3,929,505	-	177,320
Storm Water	808,357	765,821	-	35,442
Environmental	3,193,550	2,912,708	5,928	-
Parking	676,676	358,004	-	-
Total business-type activities	11,921,367	12,529,630	5,928	826,387
Total primary government	\$ 75,715,240	\$ 19,342,246	\$ 12,974,465	\$ 2,631,952
Component Units:				
School Board	\$ 36,942,194	\$ 1,124,329	\$ 13,134,783	\$ 71,818
Economic Development Authority	854,133	37,263	599,532	-
Total component units	\$ 37,796,327	\$ 1,161,592	\$ 13,734,315	\$ 71,818

General revenues:

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

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

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

Net (Expenses) Revenues and Changes in Net Position			Component Units	
Primary Government			School Board	Economic Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ (3,724,394)		\$ (3,724,394)		
(621,679)		(621,679)		
(11,488,179)		(11,488,179)		
(3,490,405)		(3,490,405)		
(2,470,549)		(2,470,549)		
(12,369,472)		(12,369,472)		
(2,954,445)		(2,954,445)		
(2,266,036)		(2,266,036)		
(2,821,996)		(2,821,996)		
(42,207,155)		(42,207,155)		
-	\$ 1,602,138	1,602,138		
-	439,120	439,120		
-	(7,094)	(7,094)		
-	(274,914)	(274,914)		
-	(318,672)	(318,672)		
-	1,440,578	1,440,578		
(42,207,155)	1,440,578	(40,766,577)		
			\$ (22,611,264)	\$ -
			-	(217,338)
			(22,611,264)	(217,338)
27,354,266	-	27,354,266	-	-
4,855,331	-	4,855,331	-	-
5,333,457	-	5,333,457	-	-
2,444,937	-	2,444,937	-	-
1,168,267	-	1,168,267	-	-
1,158,936	-	1,158,936	-	-
1,168,090	-	1,168,090	-	-
958,576	263,369	1,221,945	39,833	914
2,994,099	-	2,994,099	10,676,602	-
23,865	-	23,865	-	-
-	-	-	12,191,908	-
47,459,824	263,369	47,723,193	22,908,343	914
5,252,669	1,703,947	6,956,616	297,079	(216,424)
58,171,859	71,971,489	130,143,348	(15,875,460)	7,439,248
\$ 63,424,528	\$ 73,675,436	\$ 137,099,964	\$ (15,578,381)	\$ 7,222,824

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2020**

	General	Capital Projects Fund Capital Improvements	Debt Service Fund Debt Service	Nonmajor Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 16,000,164	\$ 10,363,086	\$ 5,661,948	\$ 398,707	\$ 32,423,905
Investments	4,430,046	698,285	-	-	5,128,331
Receivables (net of allowances for uncollectibles):					
Taxes	5,662,042	-	-	-	5,662,042
Accounts	852,155	-	-	26,143	878,298
Interest	21,157	-	-	-	21,157
Due from other governments	4,983,988	152,618	-	120,910	5,257,516
Due from other funds	16,060	-	-	-	16,060
Prepaid items	100,048	-	-	-	100,048
Restricted assets:					
Cash and cash equivalents	7,000	10,260,508	-	-	10,267,508
Total assets	<u>\$ 32,072,660</u>	<u>\$ 21,474,497</u>	<u>\$ 5,661,948</u>	<u>\$ 545,760</u>	<u>\$ 59,754,865</u>
Liabilities					
Accounts payable	\$ 990,026	\$ 173,248	\$ -	\$ 15,910	\$ 1,179,184
Retainage payable	-	1,770,540	-	-	1,770,540
Accrued liabilities	758,245	-	-	27,254	785,499
Due to other funds	-	-	-	16,060	16,060
Unearned revenue	2,075,961	-	-	-	2,075,961
Amounts held for others	19,464	-	-	-	19,464
Deposits payable	7,000	-	-	-	7,000
Total liabilities	<u>3,850,696</u>	<u>1,943,788</u>	<u>-</u>	<u>59,224</u>	<u>5,853,708</u>
Deferred Inflows of Resources					
Unavailable revenue	10,598,270	-	-	266	10,598,536
Fund Balances					
Nonspendable	100,048	-	-	-	100,048
Restricted	242,949	-	-	18,219	261,168
Committed	8,738,079	-	-	-	8,738,079
Assigned	2,118,052	19,530,709	5,661,948	468,051	27,778,760
Unassigned	6,424,566	-	-	-	6,424,566
Total fund balances	<u>17,623,694</u>	<u>19,530,709</u>	<u>5,661,948</u>	<u>486,270</u>	<u>43,302,621</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,072,660</u>	<u>\$ 21,474,497</u>	<u>\$ 5,661,948</u>	<u>\$ 545,760</u>	<u>\$ 59,754,865</u>

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020**

Total Fund Balances - Governmental Funds		\$ 43,302,621
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	\$ 164,601,457	
Less: accumulated depreciation	<u>(74,702,979)</u>	
		89,898,478
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)		(2,291,031)
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.		
		6,666,260
Receivables that are not available to pay for current-period expenditures are deferred or not reported in the funds.		
Due from EDA	\$ 12,750,000	
Hotel rent	16,667	
Interest	21,157	
Miscellaneous reimbursement	30,789	
Jail buy in	3,147,019	
Real estate taxes	<u>2,554,770</u>	
		18,520,402
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 3,763,486	
Deferred inflows	(686,562)	
Net pension liability	<u>(17,207,996)</u>	
		(14,131,072)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 1,061,417	
Deferred inflows	(1,257,815)	
Net OPEB liability	<u>(5,909,966)</u>	
		(6,106,364)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	\$ (68,972,515)	
Literary fund loans	(400,000)	
Accrued interest payable	(1,016,819)	
Claims payable	(297,671)	
Compensated absences	<u>(1,747,761)</u>	
		(72,434,766)
Total Net Position - Governmental Activities		<u>\$ 63,424,528</u>

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, 2020**

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total Governmental
Revenues					
General property taxes	\$ 27,227,252	\$ -	\$ -	\$ -	\$ 27,227,252
Other local taxes	16,129,017	-	-	-	16,129,017
Permits, privilege fees, and regulatory licenses	210,011	-	-	-	210,011
Fines and forfeitures	201,199	-	-	-	201,199
Revenues from use of money and property	286,932	628,261	34,877	1,946	952,016
Charges for services	1,595,812	-	-	181,428	1,777,240
Miscellaneous	191,744	-	-	135,864	327,608
Recovered costs	1,197,430	-	-	-	1,197,430
Intergovernmental:					
Federal	1,758,201	38,452	-	83,033	1,879,686
Commonwealth	12,384,782	162,168	-	764,135	13,311,085
City of Staunton School Board	-	1,665,000	-	-	1,665,000
Total revenues	61,182,380	2,493,881	34,877	1,166,406	64,877,544
Expenditures					
Current:					
General government administration	5,876,832	21,850	-	-	5,898,682
Judicial administration	2,183,515	-	-	21,232	2,204,747
Public safety	11,981,706	1,339,500	-	1,000,711	14,321,917
Public works	5,934,143	768,310	-	-	6,702,453
Health and welfare	7,199,240	-	-	-	7,199,240
Education	13,864,908	41,048	-	-	13,905,956
Parks, recreation, and cultural	3,515,360	40,000	-	1,556	3,556,916
Community development	2,189,528	71,260	-	79,597	2,340,385
Capital projects	-	34,553,316	-	-	34,553,316
Debt service:					
Principal retirement	-	-	2,684,965	-	2,684,965
Interest and fiscal charges	-	-	2,050,800	-	2,050,800
Bond issuance costs	-	-	92,920	-	92,920
Total expenditures	52,745,232	36,835,284	4,828,685	1,103,096	95,512,297
Excess (deficiency) of revenues over expenditures	8,437,148	(34,341,403)	(4,793,808)	63,310	(30,634,753)
Other financing sources (uses)					
Issuance of debt	-	-	14,660,000	-	14,660,000
Refunding of bonds	-	-	(14,494,435)	-	(14,494,435)
Transfers in	-	1,785,643	5,244,415	-	7,030,058
Transfers out	(7,030,058)	-	-	-	(7,030,058)
Total other financing sources (uses)	(7,030,058)	1,785,643	5,409,980	-	165,565
Net change in fund balance	1,407,090	(32,555,760)	616,172	63,310	(30,469,188)
Fund balance - beginning of year	16,216,604	52,086,469	5,045,776	422,960	73,771,809
Fund balance - end of year	<u>\$ 17,623,694</u>	<u>\$ 19,530,709</u>	<u>\$ 5,661,948</u>	<u>\$ 486,270</u>	<u>\$ 43,302,621</u>

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2020

Net changes in fund balances - Governmental Funds \$ (30,469,188)

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	\$ (2,914,370)	
Capital expenditures	36,558,008	
Contributed Capital	<u>7,000</u>	33,650,638

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. (5,869)

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

Property taxes	\$ 127,014	
Interest	2,670	
Other operating revenues	<u>2,310</u>	131,994

Payments on loans receivable are revenues in the governmental funds, but decrease long term assets in the statement of position (589,874)

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

Proceeds from the issuance of refunding debt	\$ (14,660,000)	
Payoff of refunded debt	14,940,000	
Write off discount on refunded debt	(78,278)	
Write off deferred amount on refunded debt	(268,664)	
GO bond and literary loan payments	<u>2,239,400</u>	2,172,458

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. (370,164)

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	\$ 792,828	
OPEB expense	<u>(461,933)</u>	330,895

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	\$ 2,094,564	
Pension expense	<u>(2,451,825)</u>	(357,261)

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	\$ (146,427)	
Amortization of bond premium	<u>38,831</u>	(107,596)

The net income of internal service funds is reported within governmental activities on the statement of activities. 866,636

Change in net position - Governmental Activities \$ 5,252,669

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,979,433	\$ 1,389,743	\$ 2,319,720	\$ 359,338	\$ 714,689	\$ 7,762,923	\$ 6,940,423
Investments	3,466,009	2,563,003	-	1,345,829	-	7,374,841	-
Receivable:							
Accounts (net of allowance for uncollectibles)	572,735	722,387	119,392	506,990	3,281	1,924,785	179,484
Interest	17,261	13,114	-	5,571	-	35,946	-
Inventory	-	-	-	-	-	-	251,723
Prepaid items	-	-	-	3,078	-	3,078	20,764
Restricted assets:							
Cash and cash equivalents	208,102	-	128,169	2,429,255	5,882	2,771,408	-
Due from other governments	-	230,547	-	-	-	230,547	-
Total current assets	7,243,540	4,918,794	2,567,281	4,650,061	723,852	20,103,528	7,392,394
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	1,665,900	-	-	-	1,665,900	-
Capital assets:							
Nondepreciable	556,915	172,733	338,895	759,059	1,034,249	2,861,851	-
Depreciable, net	21,275,395	32,822,092	8,062,976	2,428,935	5,580,641	70,170,039	64,273
Total capital assets, net	21,832,310	32,994,825	8,401,871	3,187,994	6,614,890	73,031,890	64,273
Total noncurrent assets	21,832,310	34,660,725	8,401,871	3,187,994	6,614,890	74,697,790	64,273
Total assets	29,075,850	39,579,519	10,969,152	7,838,055	7,338,742	94,801,318	7,456,667
Deferred outflows of resources							
Deferred outflows related to pensions	291,610	35,165	16,296	203,581	-	546,652	-
Deferred outflows related to other postemployment benefits	82,708	9,675	3,907	54,861	-	151,151	-
Deferred charge on refunding	37,974	15,174	-	-	-	53,148	-
Total deferred outflows of resources	412,292	60,014	20,203	258,442	-	750,951	-
Liabilities							
Current liabilities:							
Accounts payable	44,872	177,197	38,087	191,194	8,490	459,840	16,134
Claims payable	-	-	-	-	-	-	710,000
Accrued liabilities	93,875	64,904	3,173	35,817	23,602	221,371	-
Unearned revenue	38,594	-	-	-	-	38,594	-
Deposits payable	208,102	-	128,169	-	5,882	342,153	-
Debt, current	788,783	1,195,467	-	-	109,751	2,094,001	-
Landfill closure/postclosure	-	-	-	49,082	-	49,082	-
Compensated absences	87,793	1,649	1,192	58,856	-	149,490	-
Total current liabilities	1,262,019	1,439,217	170,621	334,949	147,725	3,354,531	726,134
Noncurrent liabilities:							
Net OPEB liability	460,654	53,871	21,427	329,042	-	864,994	-
Net pension liability	1,333,345	160,786	74,510	858,299	-	2,426,940	-
Debt	3,187,215	7,337,126	-	-	1,961,771	12,486,112	-
Landfill closure/postclosure	-	-	-	2,367,392	-	2,367,392	-
Compensated absences	61,333	-	-	18,711	-	80,044	-
Total noncurrent liabilities	5,042,547	7,551,783	95,937	3,573,444	1,961,771	18,225,482	-
Total liabilities	6,304,566	8,991,000	266,558	3,908,393	2,109,496	21,580,013	726,134
Deferred Inflows of Resources							
Deferred inflows related to pensions	53,198	6,415	2,973	49,013	-	111,599	-
Deferred inflows related to other post employment benefits	98,116	11,464	4,389	71,252	-	185,221	-
	151,314	17,879	7,362	120,265	-	296,820	-
Net Position							
Net investment in capital assets	17,894,286	24,474,551	8,366,444	3,187,994	4,543,368	58,466,643	64,273
Unrestricted	5,137,976	6,156,103	2,348,991	879,845	685,878	15,208,793	6,666,260
Total net position	\$ 23,032,262	\$ 30,630,654	\$ 10,715,435	\$ 4,067,839	\$ 5,229,246	\$ 73,675,436	\$ 6,730,533

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2020**

	Business-Type Activities – Enterprise Funds					Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Internal Service
OPERATING REVENUES						
Parking fines	\$ -	\$ -	\$ -	\$ -	\$ 46,777	\$ -
Charges for services	4,484,311	3,928,858	765,821	2,910,455	312,667	8,336,646
Rental of property	76,610	-	-	1,859	2,310	-
Operating grants	-	-	-	5,928	-	-
Miscellaneous	-	647	-	394	-	9,751
Total operating revenues	4,560,921	3,929,505	765,821	2,918,636	361,754	8,346,397
OPERATING EXPENSES						
Personal services	848,066	639,007	66,626	1,543,727	115,492	-
Claims paid	-	-	-	-	-	5,345,403
Rental of property	3,881	1,800	119	3,950	5,500	2,431
Administrative fees	-	-	-	-	-	356,273
Stop loss fees	-	-	-	-	-	1,057,453
Repairs and maintenance	430,737	34,917	-	37,678	1,449	-
Contractual services	256,105	1,298,416	30,171	570,504	17,438	19,599
Materials and supplies	210,269	31,329	158	102,716	1,672	49,783
Depreciation	1,039,149	1,274,502	482,812	475,238	303,560	4,473
Utilities	210,265	5,321	-	2,437	28,980	-
Other expenses	465,940	190,962	228,471	296,518	122,292	680,538
Landfill closure/post-closure	-	-	-	160,782	-	-
Total operating expenses	3,464,412	3,476,254	808,357	3,193,550	596,383	7,515,953
Operating income (loss)	1,096,509	453,251	(42,536)	(274,914)	(234,629)	830,444
NONOPERATING REVENUES (EXPENSES)						
Interest income	90,114	66,923	17,470	81,722	7,140	48,806
Interest and fiscal charges	(110,667)	(244,632)	-	-	(80,293)	-
Gain (loss) on disposal of assets	2,671	-	-	-	(3,750)	(12,614)
Debt service recovery	-	53,181	-	-	-	-
Total nonoperating revenues (expenses)	(17,882)	(124,528)	17,470	81,722	(76,903)	36,192
Income (loss) before transfers and capital contributions	1,078,627	328,723	(25,066)	(193,192)	(311,532)	866,636
Capital Contributed-Developer	613,625	177,320	35,442	-	-	-
Change in net position	1,692,252	506,043	10,376	(193,192)	(311,532)	866,636
Total net position - beginning of year	21,340,010	30,124,611	10,705,059	4,261,031	5,540,778	5,863,897
Total net position - end of year	<u>\$ 23,032,262</u>	<u>\$ 30,630,654</u>	<u>\$ 10,715,435</u>	<u>\$ 4,067,839</u>	<u>\$ 5,229,246</u>	<u>\$ 6,730,533</u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	Internal Service
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 4,601,666	\$ 3,953,329	\$ 778,909	\$ 2,852,659	\$ 376,636	\$ 12,563,199	\$ 8,232,060
Cash paid to suppliers	(1,576,577)	(1,568,164)	(264,841)	(1,000,687)	(171,013)	(4,581,282)	(799,949)
Cash paid to employees	(828,624)	(657,696)	(99,547)	(1,448,227)	(118,160)	(3,152,254)	-
Claims paid	-	-	-	-	-	-	(5,335,403)
Administrative and stop loss fees	-	-	-	-	-	-	(1,408,778)
Operating grants received	-	-	-	5,928	-	5,928	-
Net cash provided by operating activities	2,196,465	1,727,469	414,521	409,673	87,463	4,835,591	687,930
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(265,513)	(772,775)	(115,583)	(510,452)	(107,381)	(1,771,704)	(27,490)
Principal paid on long-term debt	(670,121)	(1,136,745)	-	-	(90,000)	(1,896,866)	-
Interest paid on long-term debt	(184,986)	(270,652)	-	-	(87,906)	(543,544)	-
Proceeds from sale of capital assets	2,671	-	-	-	-	2,671	-
Collection of loans receivable (for debt	-	277,392	-	-	-	277,392	-
Net cash used by capital and related financing activities	(1,117,949)	(1,902,780)	(115,583)	(510,452)	(285,287)	(3,932,051)	(27,490)
INVESTING ACTIVITIES							
Interest received	16,799	12,747	17,470	52,504	7,140	106,660	48,806
Net cash provided by investing activities	16,799	12,747	17,470	52,504	7,140	106,660	48,806
Net increase (decrease) in cash and cash equivalents	1,095,315	(162,564)	316,408	(48,275)	(190,684)	1,010,200	709,246
CASH AND CASH EQUIVALENTS							
Beginning of year	2,092,220	1,552,307	2,131,481	2,836,868	911,255	9,524,131	6,231,177
End of year	\$ 3,187,535	\$ 1,389,743	\$ 2,447,889	\$ 2,788,593	\$ 720,571	\$ 10,534,331	\$ 6,940,423
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 2,979,433	\$ 1,389,743	\$ 2,319,720	\$ 359,338	\$ 714,689	\$ 7,762,923	\$ 6,940,423
Restricted cash and cash equivalents	208,102	-	128,169	2,429,255	5,882	2,771,408	-
Total	\$ 3,187,535	\$ 1,389,743	\$ 2,447,889	\$ 2,788,593	\$ 720,571	\$ 10,534,331	\$ 6,940,423

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, 2020

	Business-Type Activities – Enterprise Funds						Governmental Activities – Internal Service
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 1,096,509	\$ 453,251	\$ (42,536)	\$ (274,914)	\$ (234,629)	\$ 997,681	\$ 830,444
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	1,039,149	1,274,502	482,812	475,238	303,560	3,575,261	4,473
Pension and OPEB expense net of employer contributions	(538)	(21,236)	(17,756)	85,779	-	46,249	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	28,255	23,824	(81)	(60,049)	14,314	6,263	(114,337)
(Increase) decrease in prepaid items	-	-	-	4,839	-	4,839	(912)
(Increase) decrease in inventory	-	-	-	-	-	-	(33,426)
Increase (decrease) in accounts payable	620	(5,419)	(5,922)	57,358	6,318	52,955	(8,312)
Increase (decrease) in accrued liabilities	5,913	1,428	370	5,306	(2,668)	10,349	-
Increase (decrease) in unearned revenue	1,485	-	-	-	-	1,485	-
Increase (decrease) in deposits payable	11,005	-	13,169	-	568	24,742	-
Increase (decrease) in compensated absences	14,067	1,119	(15,535)	4,415	-	4,066	-
Increase (decrease) in claims payable	-	-	-	-	-	-	10,000
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	111,701	-	111,701	-
Net cash provided by operating activities	<u>\$ 2,196,465</u>	<u>\$ 1,727,469</u>	<u>\$ 414,521</u>	<u>\$ 409,673</u>	<u>\$ 87,463</u>	<u>\$ 4,835,591</u>	<u>\$ 687,930</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from developers	\$ 613,625	\$ 177,320	\$ 35,442	\$ -	\$ -	\$ 826,387	\$ -
Contributions of capital assets from other funds	58,988	-	-	17,899	-	76,887	-
Capital assets purchased on account	-	2,855	35,427	-	-	38,282	-
Total noncash activities	<u>\$ 672,613</u>	<u>\$ 180,175</u>	<u>\$ 70,869</u>	<u>\$ 17,899</u>	<u>\$ -</u>	<u>\$ 941,556</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, 2020

	OPEB Trust Fund
ASSETS	
Assets held in trust, at fair value	
Investment in pooled funds	\$ 3,377,497
Total assets	<u>3,377,497</u>
NET POSITION RESTRICTED FOR OPEB	
Held in trust for other post-employment benefits	<u>3,377,497</u>
Total net position restricted for OPEB	<u><u>\$ 3,377,497</u></u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2020

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 909,133
Plan members	<u>132,292</u>
Total contributions	1,041,425
Investment income (loss)	
Net increase in fair value of investments	91,128
Investment expenses	<u>(3,794)</u>
Net increase in fair value of investments	<u>87,334</u>
Total additions	<u>1,128,759</u>
DEDUCTIONS	
Benefit payments	<u>732,425</u>
Total deductions	<u>732,425</u>
Change in net position	396,334
Total net position restricted for OPEB - beginning of year	<u>2,981,163</u>
Total net position restricted for OPEB - end of year	<u><u>\$ 3,377,497</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

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

A. The Financial Reporting Entity

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

City of Staunton School Board

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

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

Staunton Economic Development Authority

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 City of Waynesboro and the County of Augusta, 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 \$2,158,431 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, 2020

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, 2020

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:

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 and the State and Federal Grants Fund.

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.

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 an agent 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). It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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)	\$ 659,983
General Fund (other local taxes)	11,571
Water Fund (charges for services)	35,861
Sewer Fund (charges for services)	42,578
Stormwater Fund (charges for services)	21,247
Parking Fund (charges for services)	4,760
Environmental Fund (charges for services)	34,685
	\$ 810,685

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Inventory

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

Prepaid Items

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

Capital Assets

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

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 position 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 position 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.

Compensated Absences

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

City Employees

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Component Unit School Board Employees

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

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

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

Unearned Revenue

In the Water fund, unearned revenue consists of cell tower rental fees which apply to subsequent periods.

In the General fund, unearned revenue consists of CARES funds, cell tower rental fees and golf membership fees which apply to subsequent periods.

In the School Board component unit, unearned revenue consists of summer school fees which apply to subsequent periods.

Long-Term Obligations

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Pensions

The Virginia Retirement System (VRS) Political Subdivision and School Division Non-professional Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision and School Division's Retirement Plan and the Teacher Employee Retirement Plan, as well as the additions to/deductions from both Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS).

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program

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

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Encumbrances

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

The component unit school board had a negative net position totaling \$15,578,381 at June 30, 2020 as a result of recognizing the net pension and OPEB liabilities. This deficit is not expected to be recovered in the near term.

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, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance Policies (Continued)

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

Stabilization Arrangement:

City Council has formally adopted by resolution a requirement to establish and maintain a safety net reserve equal to a minimum of 15.5% 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, 2020 for the general fund is \$8,738,079. 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, 2020

Note 2. Deposits and Investments

Deposits:

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

Investments:

Investment policy

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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	\$ 293,322	Not Rated
Federal Agency Bonds and Notes	7,489,306	AA+
US Treasury Bills/Notes	1,497,090	AA+
Corporate Bonds/Notes	383,175	AA+
Municipal Bonds/Notes	2,141,994	AA+ to AAA
VA State Non-Arbitrage Program (SNAP)	10,958,792	AAAm
Local Government Investment Pool (LGIP)	1,459,251	AAAm
Total primary government	24,222,930	
<u>Component Unit School Board</u>		
Local Government Investment Pool (LGIP)	370,685	AAAm
Total Component Unit School Board	370,685	
Grand total	\$ 24,593,615	

Credit Risk:

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

Concentration of Credit Risk:

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

Issuer	Percent of Total Portfolio
Federal Home Loan Bank	16.99%
US Treasury	5.86%

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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	\$ 293,322	N/A
Federal Agency Notes and Bonds	7,489,306	.85
US Treasury Bills	1,497,090	.80
Corporate Bonds/Notes	383,175	.85
Municipal Bonds	2,141,994	1.00
VA State Non-Arbitrage Program (SNAP)	10,958,792	N/A
Local Government Investment Pool (LGIP)	1,829,936	N/A
	<u>\$ 24,593,615</u>	

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

	Primary Government	Component Units	
		School Board	EDA
Deposits and investments:			
Cash on hand	\$ 8,949	\$ 175	\$ -
Deposits	48,437,460	6,436,661	521,118
Investments	24,222,930	370,685	-
	<u>\$ 72,669,339</u>	<u>\$ 6,807,521</u>	<u>\$ 521,118</u>
Statement of net position:			
Cash and cash equivalents	\$ 47,127,251	\$ 6,807,521	\$ 521,118
Investments	12,503,172	-	-
Restricted-cash and cash equivalents	13,038,916	-	-
	<u>\$ 72,669,339</u>	<u>\$ 6,807,521</u>	<u>\$ 521,118</u>

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, 2020:

	Level 2
Debt securities	
U.S. Agency securities	\$ 8,986,396
Corporate bonds	383,175
Municipal bonds	2,141,994
	<u>\$ 11,511,565</u>

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, 2020

Note 3. Due From Other Governmental Units

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

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities-	School Board
Various state and federal grants	\$ 2,110,498	\$ -	\$ 1,988,376
Virginia revolving loans	-	1,896,447	-
Regional jail buy-in	3,147,019	-	-
	<u>\$ 5,257,517</u>	<u>\$ 1,896,447</u>	<u>\$ 1,988,376</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	\$ 230,547	\$ 46,846
Amount receivable within 2 to 5 years	694,288	137,880
Amount receivable beyond 5 years	971,612	68,597
	<u>\$ 1,896,447</u>	<u>\$ 253,323</u>

Regional Jail Buy-in

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

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

	Governmental Activities	
	Principal	Interest
Amount receivable within 1 year	\$ 602,674	\$ 68,290
Amount receivable within 2 to 5 years	2,544,345	139,511
	<u>\$ 3,147,019</u>	<u>\$ 207,801</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 4. Interfund Transfers and Obligations

Primary Government:

Transfers Out	Transfers In		
	Capital Projects Fund	Debt Service Fund	Total
General Fund	\$ 1,785,643	\$ 5,244,415	\$ 7,030,058

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 debt service fund were to support debt service costs.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education fund	\$ -	\$ 1,050,800	\$ 1,050,800
Nonmajor governmental funds	84,667	-	84,667
Total	<u>\$ 84,667</u>	<u>\$ 1,050,800</u>	<u>\$ 1,135,467</u>

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

Interfund Advances:

The General Fund has a receivable in the amount of \$16,060 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 \$632,233 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, 2020

Note 5. Capital Assets

Primary Government:

Capital asset activity for the primary government is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 4,762,181	\$ -	\$ -	\$ 4,762,181
Construction in progress	4,168,503	35,859,419	98,291	39,929,631
Total capital assets, not depreciated	8,930,684	35,859,419	98,291	44,691,812
Capital assets, depreciated:				
Buildings	13,295,035	29,680	-	13,324,715
Improvements	4,633,695	68,950	9,089	4,693,556
School assets*	22,373,964	-	-	22,373,964
Equipment	16,862,735	713,001	472,563	17,103,173
Infrastructure	62,394,498	19,739	-	62,414,237
Total capital assets, depreciated	119,559,927	831,370	481,652	119,909,645
Less accumulated depreciation for:				
Buildings	7,065,902	297,543	-	7,363,445
Improvements	2,773,107	130,334	9,089	2,894,352
School assets*	7,839,670	485,565	-	8,325,235
Equipment	12,703,261	903,237	454,079	13,152,419
Infrastructure	41,865,364	1,102,164	-	42,967,528
Total accumulated depreciation	72,247,304	2,918,843	463,168	74,702,979
Total capital assets, depreciated, net	47,312,623	(2,087,473)	18,484	45,206,666
Total capital assets, net, governmental activities	\$ 56,243,307	\$ 33,771,946	\$ 116,775	\$ 89,898,478

Additions to the accumulated depreciation of governmental activities differ from depreciation expense for governmental activities due to internal service fund depreciation in the amount of \$4,473.

*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, 2020

Note 5. Capital Assets (Continued)

Primary Government: (Continued)

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 1,937,094	\$ 215,485	\$ -	\$ 2,152,579
Construction in progress	1,128,646	221,938	641,312	709,272
Total capital assets, not depreciated	3,065,740	437,423	641,312	2,861,851
Capital assets, depreciated:				
Landfill	3,586,962	-	37,649	3,549,313
Buildings	42,320,477	-	-	42,320,477
Improvements	5,294,670	-	-	5,294,670
Equipment	13,821,650	590,764	111,365	14,301,049
Utility lines	63,714,281	2,157,148	-	65,871,429
Total capital assets, depreciated	128,738,040	2,747,912	149,014	131,336,938
Less accumulated depreciation				
Landfill	2,301,695	200,207	37,649	2,464,253
Buildings	15,639,825	946,067	-	16,585,892
Improvements	1,327,788	212,728	-	1,540,516
Equipment	9,166,721	734,923	107,617	9,794,027
Utility lines	29,223,988	1,558,223	-	30,782,211
Total accumulated depreciation	57,660,017	3,652,148	145,266	61,166,899
Total capital assets, depreciated, net	71,078,023	(904,236)	3,748	70,170,039
Total capital assets, net, business-type activities	\$ 74,143,763	\$ (466,813)	\$ 645,060	\$ 73,031,890

Additions to accumulated depreciation of business-type activities differs from depreciation expense for business-type activities due to the transfer of a fully depreciated assets from governmental activities to the water fund in the amount of \$58,988 and environmental fund in the amount of \$17,899.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 5. Capital Assets (Continued)

Component Unit – School Board

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Component Unit – School Board:				
Capital assets, not depreciated:				
Land	\$ 236,000	\$ -	\$ -	\$ 236,000
Total capital assets, not depreciated	236,000	-	-	236,000
Buildings	40,445,079	424,841	-	40,869,920
Improvements	761,079	-	-	761,079
School assets allocated to the City*	(22,373,964)	-	-	(22,373,964)
Equipment	7,465,717	203,874	310,000	7,359,591
Total capital assets, depreciated	26,297,911	628,715	310,000	26,616,626
Less accumulated depreciation				
Buildings	17,816,178	903,425	-	18,719,603
Improvements	476,364	23,714	-	500,078
School assets allocated to the City*	(7,839,670)	(485,565)	-	(8,325,235)
Equipment	5,918,815	337,284	310,000	5,946,099
Total accumulated depreciation	16,371,687	778,858	310,000	16,840,545
Total capital assets, depreciated, net	9,926,224	(150,143)	-	9,776,081
Total capital assets, net	\$ 10,162,224	\$ (150,143)	\$ -	\$ 10,012,081

Additions to accumulated depreciation of the component unit school board differs from depreciation expense in the amount of \$7,439 due to the transfer of assets from the closure of the Genesis school.

*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, 2020

Note 5. Capital Assets (Continued)

Component Unit – EDA

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Component Unit – EDA:				
Capital assets, not depreciated:				
Land	\$ 793,946	\$ -	\$ -	\$ 793,946
Total capital assets, not depreciated	793,946	-	-	793,946
Capital assets, depreciated:				
Buildings	8,305,640	-	-	8,305,640
Equipment	1,990,831	-	-	1,990,831
Total capital assets, depreciated	10,296,471	-	-	10,296,471
Less accumulated depreciation				
Buildings	2,333,610	164,746	-	2,498,356
Equipment	1,587,865	64,474	-	1,652,339
Total accumulated depreciation	3,921,475	229,220	-	4,150,695
Total capital assets, depreciated, net	6,374,996	(229,220)	-	6,145,776
Total capital assets, net	\$ 7,168,942	\$ (229,220)	\$ -	\$ 6,939,722

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 183,569
Judicial administration	11,778
Public safety	319,930
Public works	1,553,023
Health and welfare	17,482
Education	485,565
Parks, recreation, and culture	<u>343,023</u>
Total depreciation expense – governmental	<u><u>\$ 2,914,370</u></u>

Business-type activities:

Water	\$ 1,039,149
Sewer	1,274,502
Storm water	482,812
Environmental	475,238
Parking	<u>303,560</u>
Total depreciation expense – business-type	<u><u>\$ 3,575,261</u></u>

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

Instruction	\$ 587,678
Administration, attendance and health	802
Pupil transportation	95,097
School food service	17,333
Operation and maintenance	<u>70,509</u>
Total depreciation expense – School Board	<u><u>\$ 771,419</u></u>

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

Community Development	<u><u>\$ 229,220</u></u>
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City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities

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

Primary Government:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental activities:					
General obligation debt:					
General obligation bonds	\$ 63,791,915	\$ 14,660,000	\$ 9,479,400	\$ 68,972,515	\$ 3,291,743
Literary fund loans	8,100,000	-	7,700,000	400,000	200,000
	71,891,915	14,660,000	17,179,400	69,372,515	3,491,743
Plus unamortized premium	2,329,862	-	38,831	2,291,031	77,662
Less unamortized discount	(78,278)	-	(78,278)	-	-
Total general obligation debt	74,143,499	14,660,000	17,139,953	71,663,546	3,569,405
Other liabilities:					
Compensated absences	1,694,210	1,060,922	973,609	1,781,523	1,007,371
Claims payable	947,855	5,409,718	5,349,375	1,008,198	713,972
Total other liabilities	2,642,065	6,470,640	6,322,984	2,789,721	1,721,343
Total governmental activities long-term liabilities	\$ 76,785,564	\$ 21,130,640	\$ 23,462,937	\$ 74,453,267	\$ 5,290,748

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities (Continued)

Primary Government (Continued):

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Business-type activities:					
Bonds payable:					
Virginia revolving loans	\$ 15,563,829	\$ -	\$ 1,896,866	\$ 13,666,963	\$ 1,963,134
Plus unamortized premium	1,044,017	-	130,867	913,150	130,867
Less unamortized discount	(27,600)	-	(27,600)	-	-
	<u>16,580,246</u>	<u>-</u>	<u>2,000,133</u>	<u>14,580,113</u>	<u>2,094,001</u>
Total bonds and loans payable					
Other liabilities:					
Landfill closure/post closure liability	2,304,773	160,782	49,081	2,416,474	49,082
Compensated absences	225,468	161,273	157,207	229,534	149,490
	<u>2,530,241</u>	<u>322,055</u>	<u>206,288</u>	<u>2,646,008</u>	<u>198,572</u>
Total other liabilities					
Total business-type activities long-term liabilities	<u>\$ 19,110,487</u>	<u>\$ 322,055</u>	<u>\$ 2,206,421</u>	<u>\$ 17,226,121</u>	<u>\$ 2,292,573</u>

Component Unit – School Board

Other liabilities:

Compensated absences	\$ 635,610	\$ 179,177	\$ 93,107	\$ 721,680	\$ 133,784
Total Component Unit School Board long-term liabilities	<u>\$ 635,610</u>	<u>\$ 179,177</u>	<u>\$ 93,107</u>	<u>\$ 721,680</u>	<u>\$ 133,784</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 6. Long-Term liabilities (Continued)

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
<u>General Obligation Bonds:</u>						
2005 CIP Bonds-City and School Improvement projects	3.43%	06/2005	02/2025	\$ 4,600,000	\$ 1,508,724	\$ -
2019B Refunding Bonds-Refunding Hotel and golf course GO bonds and McSwain and Ware literary loans	1.88%	11/2019	02/2034	14,660,000	14,660,000	-
2019A VPSA Spring Pool – Staunton High School	3.05-5.05%	5/2019	7/2049	43,760,000	43,760,000	-
2012 GO Bonds-Staunton Crossing	2.21%	10/2012	10/2027	10,000,000	6,142,791	-
2013 GO Bonds-Staunton Crossing	2.58%	01/2013	01/2028	5,000,000	2,901,000	-
					<u>\$ 68,972,515</u>	<u>\$ -</u>
<u>Literary Fund Loans:</u>						
2002 Bessie Weller Elem renovations	4.00%	02/2002	03/2022	4,000,000	\$ 400,000	\$ -
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase II improvements	3.50%	09/1999	03/2021	6,411,399	-	444,556
Middle River Wastewater Phase IIIA improvements	3.00%	01/2008	03/2030	9,309,033	-	5,362,927
Middle River Wastewater Phase IIIB improvements	3.00%	09/2008	03/2030	2,066,747	-	1,192,176
2009A Refunding Bonds-Water Treatment Plant	1.125%-5.125%	06/2009	10/2021	4,150,000	-	465,000
2010A VRA Water and Sewer CIP projects	2.78%-5.2%	06/2010	10/2030	7,080,000	-	330,000
New Hope Road Industrial Park Sewer Lines	3.85%	03/2002	09/2021	629,734	-	67,304
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	3,940,000
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	5/2018	10/2033	1,955,000	-	1,865,000
					<u>\$ -</u>	<u>\$ 13,666,963</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 6. Long-Term liabilities (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending	Governmental Activities			
	General Obligation Bonds		Literary Fund Loans	
June 30,	Principal	Interest	Principal	Interest
2021	\$ 3,291,743	\$ 2,211,568	\$ 200,000	\$ 16,000
2022	3,414,407	2,065,973	200,000	8,000
2023	3,494,402	1,966,318	-	-
2024	3,571,740	1,863,487	-	-
2025	3,651,432	1,757,596	-	-
2026-2030	14,584,791	7,246,579	-	-
2031-2035	9,039,000	5,287,876	-	-
2036-2040	7,855,000	3,915,266	-	-
2041-2045	9,215,000	2,555,805	-	-
2046-2050	10,855,000	918,968	-	-
	<u>\$ 68,972,515</u>	<u>\$ 29,789,436</u>	<u>\$ 400,000</u>	<u>\$ 24,000</u>

Year Ending	Business-Type Activities	
	Virginia Revolving Loan	
June 30,	Principal	Interest
2021	\$ 1,963,134	471,801
2022	1,036,815	412,642
2023	1,044,140	376,948
2024	1,084,714	339,846
2025	1,120,682	300,048
2026-2030	6,262,478	846,244
2031-2035	1,155,000	59,373
	<u>\$ 13,666,963</u>	<u>\$ 2,806,902</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 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>

Employees Covered by Benefit Terms

As of the June 30, 2018 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>292</u>
Inactive members:	
Vested inactive members	40
Non-vested inactive members	70
Inactive members active elsewhere in VRS	<u>127</u>
Total inactive members	237
Active members	<u>290</u>
Total covered employees	<u><u>819</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

	School Non- Professional
Inactive members or their beneficiaries currently receiving benefits	45
Inactive members:	
Vested inactive members	8
Non-vested inactive members	33
Inactive members active elsewhere in VRS	13
Total inactive members	54
Active members	47
Total covered employees	146

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's and school division's contractually required contribution rate for the year ended June 30, 2020 was 13.59% and 7.39%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$2,095,533 and \$2,001,376 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the pension plan from the school division were \$87,447 and \$85,079 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 40%-70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.63 %

- * The above allocation provides for a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 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, 2020

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, 2018	\$ 78,783,057	\$ 62,572,769	\$ 16,210,288
Changes for the year:			
Service cost	1,547,097	-	1,547,097
Interest	5,351,222	-	5,351,222
Differences between expected and actual experience	933,725	-	933,725
Changes in assumptions	2,298,391	-	2,298,391
Contributions – employer	-	1,952,366	(1,952,366)
Contributions – employee	-	721,122	(721,122)
Net investment income	-	4,103,358	(4,103,358)
Benefit payments, including refunds of employee contributions	(4,674,055)	(4,674,055)	-
Administrative expenses	-	(41,560)	41,560
Other changes	-	(2,580)	2,580
Net changes	5,456,380	2,058,651	3,397,729
Balances at June 30, 2019	\$ 84,239,437	\$ 64,631,420	19,608,017
Add Net Pension Liability from Landfill			26,919
Total Net Pension Liability at June 30, 2019			\$ 19,634,936

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability-School Nonprofessionals

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 4,477,113	\$ 4,185,080	\$ 292,033
Changes for the year:			
Service cost	104,830	-	104,830
Interest	300,368	-	300,368
Differences between expected and actual experience	(150,376)	-	(150,376)
Change in assumptions	101,683	-	101,683
Contributions – employer	-	77,730	(77,730)
Contributions – employee	-	56,748	(56,748)
Net investment income	-	269,021	(269,021)
Benefit payments, including refunds of employee contributions	(372,279)	(372,279)	-
Administrative expenses	-	(2,847)	2,847
Other changes	-	(168)	168
Net changes	(15,774)	28,205	(43,979)
Balances at June 30, 2019	\$ 4,461,339	\$ 4,213,285	\$ 248,054

Sensitivity of the Net Pension Liability 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 (not including Landfill)	\$ 30,055,950	\$ 19,608,017	\$ 11,261,581
School nonprofessional employees net pension liability	\$ 690,960	\$ 248,054	\$ (110,531)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2020, the City recognized pension expense of \$2,451,825. At June 30, 2020, 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	\$ 633,492	\$ 212,880
Change in assumptions	1,559,359	7,960
Net difference between projected and actual earnings on pension plan investments	-	561,478
Employer contributions subsequent to the measurement date	2,095,533	-
Total	\$ 4,288,384	\$ 782,318
Add deferred outflows and inflows from the landfill*	21,754	15,843
Total	\$ 4,310,138	\$ 798,161

*The City's share of deferred outflows and inflows of the Augusta Regional Landfill, a hybrid undivided/joint interest venture.

For the year ended June 30, 2020, the school division recognized pension expense of \$21,082 for nonprofessional employees. At June 30, 2020, 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	\$ -	\$ 92,951
Change in assumptions	57,280	-
Net difference between projected and actual earnings on pension plan investments	-	34,164
Employer contributions subsequent to the measurement date	87,447	-
Total	\$ 144,727	\$ 127,115

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$2,095,533 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 year ending June 30, 2021. 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,	Increase (Reduction) to Pension Expense
2021	\$ 812,470
2022	455,534
2023	101,494
2024	41,035
2025	-

The \$87,447 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 year ending June 30, 2021. 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,	Increase (Reduction) to Pension Expense
2021	\$ (27,345)
2022	(45,220)
2023	(372)
2024	3,102
2025	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020, approximately \$172,982 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2020, approximately \$4,455 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 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 employers pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously funded service.

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each school division’s contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$ 2,830,265 and \$2,728,289 for the years ended June 30, 2020 and June 30, 2019, respectively.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2020, the school division reported a liability of \$27,227,900 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .20689% as compared .21287% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,522,313. 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.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,743,517
Change in assumptions	2,696,200	-
Net difference between projected and actual earnings on pension plan investments	-	597,860
Changes in proportionate share	104,491	1,168,700
Employer contributions subsequent to the measurement date	2,830,265	-
Total	\$ 5,630,956	\$ 3,510,077

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 \$2,830,265 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 year ended June 30, 2021. 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,	Increase (Reduction) to Pension Expense
2021	\$ (257,032)
2022	(834,861)
2023	(46,803)
2024	274,405
2025	154,905

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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

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, 2020

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 40,989,818	\$ 27,227,900	\$ 15,849,342

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020, approximately \$72,556 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Note 9. Other Post-Employment Benefits – Local Plans

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

Trust Fund Investments

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

Concentrations. There are no investments of Trust Portfolio I in any one organization that represent 5 percent or more of the OPEB Trust's fiduciary net position.

Rate of return. For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was +3.01 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. This rate of return is for Trust Portfolio I. The average long-term rate of return assumed in calculations is 7.87% with inflation calculated at 2.5%.

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	48
Active members	318
Total covered employees	366

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	18
Active members	434
Total covered employees	452

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 of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

Funding Policy

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

City

The contribution requirements of the City healthcare plan members and City are established and may be amended by the City Council. During fiscal year 2020, the City paid an average of 83% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

For the fiscal year ended June 30, 2020, the City contributed \$567,000 to the City's healthcare plan for health insurance and contributed \$131,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and the City contributions to the healthcare plan combine to fully fund the actuarially determined contribution (ADC) of \$698,000 for fiscal year 2020. 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 2020, the School Board paid approximately 71% of the existing rate for subscriber only coverage and the retiree paid the remaining 29% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2020, the School Board contributed \$153,000 to the School Board's healthcare plan for health insurance and contributed \$178,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and contributions to the healthcare plan combine to over fund the actuarially determined contribution of \$331,000 for fiscal year 2020. 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 \$5,508,000 and \$1,896,000, respectively, were measured as of July 1, 2019 and was determined by an actuarial valuation performed as of July 1, 2019.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

Actuarial Assumptions and Other Inputs

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

Salary increases, including inflation	2.5%
Healthcare cost trend rates	6.5% for fiscal year 2020, then decreasing .25% per year to an ultimate rate of 4.5%
Investment rate of return	7.87%
Mortality rates	RP-2014 Mortality table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

Discount Rate

For both the City and the School Board, the discount rate used was 7.87%. 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, 2020

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, 2018	\$ 7,932,000	\$ 1,320,000	\$ 6,612,000
Changes for the year:			
Service cost	192,000	-	192,000
Interest	522,000	-	522,000
Difference between expected and actual			
Experience	(347,000)	-	(347,000)
Assumption changes	(810,000)	-	(810,000)
Contributions – employer	-	527,000	(527,000)
Contributions – employee	-	74,000	(74,000)
Net investment income	-	60,000	(60,000)
Benefit payments	(414,000)	(414,000)	-
Net changes	(857,000)	247,000	(1,104,000)
Balances at June 30, 2019	<u>\$ 7,075,000</u>	<u>\$ 1,567,000</u>	<u>\$ 5,508,000</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, 2018	\$ 3,899,000	\$ 1,218,000	\$ 2,681,000
Changes for the year:			
Service cost	125,000	-	125,000
Interest	252,000	-	252,000
Difference between expected and actual			
Experience	(187,000)	-	(187,000)
Assumption changes	(377,000)	-	(377,000)
Contributions – employer	-	452,000	(452,000)
Contributions – employee	-	91,000	(91,000)
Net investment income	-	55,000	(55,000)
Benefit payments	(402,000)	(402,000)	-
Net changes	(589,000)	196,000	(785,000)
Balances at June 30, 2019	<u>\$ 3,310,000</u>	<u>\$ 1,414,000</u>	<u>\$ 1,896,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 7.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.87%) or one percentage point higher (8.87%) than the current rate:

	1.00% Decrease (6.87%)	Current Discount Rate (7.87%)	1.00% Increase (8.87%)
City's net OPEB liability	\$ 6,122,000	\$ 5,508,000	\$ 4,965,000
School Board net OPEB liability	\$ 2,183,000	\$ 1,896,000	\$ 1,638,000

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 6.50%, 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 (5.50%) or one percentage point higher (7.50%) than the current rate:

	1.00% Decrease (5.50%)	Current Healthcare Cost Trend Rates Rate (6.50%)	1.00% Increase (7.50%)
City's net OPEB liability	\$ 4,896,000	\$ 5,508,000	\$ 6,216,000
School Board net OPEB liability	\$ 1,580,000	\$ 1,896,000	\$ 2,262,000

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$429,000. At June 30, 2020, 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	\$ -	\$ 638,000
Change in assumptions	198,000	689,000
Net difference between projected and actual earnings on OPEB plan investments	26,000	16,000
Employer contributions subsequent to the measurement date	707,000	-
Total	\$ 931,000	\$ 1,343,000

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 \$707,000 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 year ended June 30, 2021. 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,	Increase (Reduction) to Pension Expense
2021	\$ (202,000)
2022	(202,000)
2023	(203,000)
2024	(199,000)
2025	(194,000)
Thereafter	(119,000)

For the year ended June 30, 2020, the School Board recognized OPEB expense of \$158,000. At June 30, 2020, 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	\$ -	\$ 394,000
Change in assumptions	-	492,000
Net difference between projected and actual earnings on OPEB plan investments	24,000	8,000
Employer contributions subsequent to the measurement date	335,000	-
Total	<u>\$ 359,000</u>	<u>\$ 894,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 \$335,000 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 year ended June 30, 2021. 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,	Increase (Reduction) to Pension Expense
2021	\$ (145,000)
2022	(145,000)
2023	(147,000)
2024	(143,000)
2025	(149,000)
Thereafter	(141,000)

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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program – School Division

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

As of the June 30, 2018 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	22
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	22
Active members	47
Total covered employees	69

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program-City

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$80,434
June 30, 2019 Contribution	\$76,785

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$100,193
June 30, 2019 Contribution	\$ 96,556

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.20% of covered employee compensation.
June 30, 2020 Contribution	\$216,602
June 30, 2019 Contribution	\$208,798

General Employee Health Insurance Credit Program – School Division

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	.65% of covered employee compensation.
June 30, 2020 Contribution	\$7,692
June 30, 2019 Contribution	\$7,483

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2020 proportionate share of liability	\$1,225,820
June 30, 2019 proportion	.07533%
June 30, 2018 proportion	.07365%
June 30, 2020 expense	\$32,933

Group Life Insurance Program-School Division Professional employees

June 30, 2020 proportionate share of liability	\$1,445,826
June 30, 2019 proportion	.08885%
June 30, 2018 proportion	.09095%
June 30, 2020 expense	\$21,062

Group Life Insurance Program-School Division Non-professional employees

June 30, 2020 proportionate share of liability	\$95,521
June 30, 2019 proportion	.00587%
June 30, 2018 proportion	.00592%
June 30, 2020 expense	\$2,087

Teacher Health Insurance Credit Program

June 30, 2020 proportionate share of liability	\$2,715,722
June 30, 2019 proportion	.20745%
June 30, 2018 proportion	.21373%
June 30, 2020 expense	\$201,502

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2018	\$ 99,897	\$ 25,483	\$ 74,414
Changes for the year:			
Service cost	1,883	-	1,883
Interest	6,631	-	6,631
Differences between expected and actual experience	(673)	-	(673)
Changes in assumptions	1,946	-	1,946
Contributions – employer	-	7,484	(7,484)
Net investment income	-	1,489	(1,489)
Benefit payments, including refunds of employee contribution	(10,338)	(10,338)	-
Administrative expenses	-	(31)	31
Other changes	-	(2)	2
Net changes	(551)	(1,398)	847
Balances at June 30, 2019	\$ 99,346	\$ 24,085	\$ 75,261

The School Division recognized OPEB expense of \$6,759 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

At June 30, 2020, 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	\$ 82,000	\$ 16,000
Change in assumptions	77,000	37,000
Net difference between projected and actual earnings on OPEB plan investments	-	25,000
Changes in proportion	39,000	12,000
Employer contributions subsequent to the measurement date	80,434	-
Total	<u>\$ 278,434</u>	<u>\$ 90,000</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 102,509	\$ 19,995
Change in assumptions	97,312	46,478
Net difference between projected and actual earnings on OPEB plan investments	-	31,660
Changes in proportion	-	57,525
Employer contributions subsequent to the measurement date	100,193	-
Total	<u>\$ 300,014</u>	<u>\$ 155,658</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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	\$ -	\$ 15,381
Change in assumptions	63,207	18,871
Net difference between projected and actual earnings on OPEB plan investments	171	-
Changes in proportion	-	124,933
Employer contributions subsequent to the measurement date	216,602	-
Total	<u>\$ 279,980</u>	<u>\$ 159,185</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 737	\$ 532
Change in assumptions	1,539	866
Net difference between projected and actual earnings on OPEB plan investments	155	427
Employer contributions subsequent to the measurement date	7,692	-
Total	<u>\$ 10,123</u>	<u>\$ 1,825</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 year ended June 30, 2021. 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,	Increase (Reduction) to OPEB Expense
2021	\$ 9,000
2022	9,000
2023	20,000
2024	31,000
2025	31,000
Thereafter	8,000

Group Life Insurance Program-School Division

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (7,017)
2022	(7,016)
2023	6,393
2024	20,117
2025	24,638
Thereafter	7,048

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (19,432)
2022	(19,435)
2023	(18,245)
2024	(18,643)
2025	(14,456)
Thereafter	(5,596)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (105)
2022	(54)
2023	518
2024	247
2025	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

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, 2020

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, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,390,238	\$ 1,438,114
Plan fiduciary net position	1,762,972	129,016
Employers' net OPEB liability (asset)	\$ 1,627,266	\$ 1,309,098
Plan fiduciary net position as a percentage of total OPEB liability	52.00%	8.97%

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, 2020

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.63 %

- * The above allocation provides for a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability-City	\$ 1,610,388	\$ 1,225,820	\$ 913,946
GLI Net OPEB liability-School division nonprofessional	\$ 125,488	\$ 95,521	\$ 71,219
GLI Net OPEB liability-School division professional	\$ 1,899,415	\$ 1,445,826	\$ 1,077,978
Teacher HIC Net OPEB liability	\$ 3,039,355	\$ 2,715,722	\$ 2,440,797
General Employee HIC Net OPEB liability – School Division	\$ 83,767	\$ 75,261	\$ 67,868

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

• Group Life Insurance-political subdivision	\$ 6,619
• Group Life Insurance-school division-non professional	313
• Group Life Insurance-school division-professional	2,406
• Teacher Employee Health Insurance Credit	5,553
• General Employee Health Insurance Credit	392

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 11. Summary of Pension and other Postemployment Benefit Elements

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

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit (School Board)
Deferred outflows of resources - Related to Pensions:				
VRS-City	\$ 3,763,486	\$ 524,898	\$ 4,288,384	\$ -
Net deferred Outflows from Augusta County Service Authority	-	21,754	21,754	-
VRS-School Non-professional	-	-	-	144,727
VRS-School Professional	-	-	-	5,630,956
Total deferred outflows of resources - Pensions	<u>\$ 3,763,486</u>	<u>\$ 546,652</u>	<u>\$ 4,310,138</u>	<u>\$ 5,775,683</u>
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 817,231	\$ 113,769	\$ 931,000	\$ 359,000
Net OPEB Outflows from Augusta Regional Landfill	-	3,134	3,134	-
VRS Group Life plan	244,186	34,248	278,434	300,014
VRS Health insurance credit plan-Professional	-	-	-	279,980
VRS Health insurance credit plan-Non-professional	-	-	-	10,123
Total deferred outflows of resources - OPEB	<u>\$ 1,061,417</u>	<u>\$ 151,151</u>	<u>\$ 1,212,568</u>	<u>\$ 949,117</u>
Net pension liability:				
VRS-City	\$ 17,207,996	\$ 2,400,021	\$ 19,608,017	\$ -
Net Pension liability from Augusta County Service Authority	-	26,919	26,919	-
VRS-School Non-professional	-	-	-	248,054
VRS-School Professional	-	-	-	27,227,900
Total net pension liability	<u>\$ 17,207,996</u>	<u>\$ 2,426,940</u>	<u>\$ 19,634,936</u>	<u>\$ 27,475,954</u>
Net OPEB liability:				
OPEB Local Health plan	\$ 4,834,922	\$ 673,078	\$ 5,508,000	\$ 1,896,000
Net OPEB Liability from Augusta Regional Landfill	-	41,140	41,140	-
VRS Group Life plan	1,075,044	150,776	1,225,820	1,541,347
VRS Health insurance credit plan-Professional	-	-	-	2,715,722
VRS Health insurance credit plan-Non-professional	-	-	-	75,261
Total net OPEB liability	<u>\$ 5,909,966</u>	<u>\$ 864,994</u>	<u>\$ 6,774,960</u>	<u>\$ 6,228,330</u>
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 686,562	\$ 95,756	\$ 782,318	\$ -
Net deferred inflow from Augusta County Service Authority	-	15,843	15,843	-
VRS-School Non-professional	-	-	-	127,115
VRS-School Professional	-	-	-	3,510,077
Total deferred inflows of resources - Pensions	<u>\$ 686,562</u>	<u>\$ 111,599</u>	<u>\$ 798,161</u>	<u>\$ 3,637,192</u>
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,178,885	\$ 164,115	\$ 1,343,000	\$ 894,000
Net OPEB inflow from Augusta Regional Landfill	-	10,036	10,036	-
VRS Group Life plan	78,930	11,070	90,000	155,658
VRS Health insurance credit plan-Professional	-	-	-	159,185
VRS Health insurance credit plan-Non-professional	-	-	-	1,825
Total deferred inflows of resources - OPEB	<u>\$ 1,257,815</u>	<u>\$ 185,221</u>	<u>\$ 1,443,036</u>	<u>\$ 1,210,668</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 12. Commitments and Contingencies

State and Federal Programs:

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

Legal Matters:

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

EDA Commitments

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

Commonwealth Opportunity Fund

In May 2016, the City and EDA were notified of the award of a Commonwealth Opportunity Grant in the amount of \$250,000. The funds were received and disbursed to the related local business during FY2017. The required local match for the grant is \$282,100. Local enterprise zone grants from the City, through the EDA, for 5 years are expected to serve as the required local match. If the enterprise zone grants do not equal the required match at the end of 5 years, the City, through the EDA, will pay the necessary amounts to the local business to meet the match requirements.

Construction and Other Significant Commitments including Encumbrances

The City has entered into construction contracts, which include several water, sewer and storm water related projects as well as street related projects. As of June 30, the City had outstanding construction contracts totaling \$9,573,968 that will be financed from operating funds and bond issue proceeds. Other significant commitments include the encumbrances outstanding for the general fund and nonmajor governmental funds as shown below.

	<u>Construction Commitments</u>	<u>Encumbrances</u>
Water fund	\$ 148,745	\$ 13,168
Storm Water fund	166,905	34,610
General fund	37,337	331,192
Capital Improvements Fund	9,220,981	373,716
Nonmajor funds	-	140,169
	<u>\$ 9,573,968</u>	<u>\$ 892,855</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

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, 2019 and due December 5, 2019 as well as the portion of the January 1, 2020 assessment due June 20, 2020 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, 2019 and 2020 levies were \$.95 per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2020 and due December 5, 2020, are reflected in the accompanying financial statements as a receivable and are offset by deferred inflows of resources, in the amount of \$2,316,208, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2020 are also included in deferred inflows of resources, in the amount of \$2,500,586 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 2020, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2019 assessment due December 5, 2019, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2019 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2019 tax rate for all other personal property was \$2.90 per \$100 of assessed value.

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	\$ 342,153
Receivable for share of debt	-	1,896,447
Unspent bond proceeds	10,260,508	-
Landfill sinking fund*	-	2,429,255
Total	<u>\$ 10,267,508</u>	<u>\$ 4,667,855</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 2020. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended levels.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 15. Risk Management (Continued)

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, 2020, 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. The portion currently due and payable is \$527 and is reported in the General Fund. The long-term liability is estimated to be \$297,671.

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 \$150,000. At June 30, incurred but not reported claims for the City and Schools are estimated to be \$710,000.

Changes in the claims liability amount in fiscal years 2018, 2019 and 2020 were as follows:

<u>Year Ended June 30,</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2018	\$ 792,273	\$ 5,316,995	\$ 5,155,386	\$ 953,882
2019	\$ 953,882	\$ 5,509,239	\$ 5,515,266	\$ 947,855
2020	\$ 947,855	\$ 5,409,718	\$ 5,349,375	\$ 1,008,198

Note 16. Landfill Closure and Post-closure Care Costs

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

State and federal laws and regulations require the Augusta Regional Landfill to place a final cover or cap on a landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Under the cost sharing agreement, the City will bear 39.67% of such costs for Permit 21 and 24.83% 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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 16. Landfill Closure and Post-closure Care Costs (Continued)

The \$1,476,649 reported as landfill closure liability at June 30, 2020 represents the cumulative amount reported to date based on the use of 93.1% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 40.5% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$939,825 reported as post-closure monitoring liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill and 93.1% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 40.5% of the estimated capacity of the Permit #585 Phase 4 landfill. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2020 for both joint ventures are \$2,416,474.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$112,937 for Permit #585 (phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$485,832 for the newly constructed Phase 4 cell as the remaining estimated capacity is filled over the next 6 to 8 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 2019.

The landfill accumulates assets in a sinking fund to pay for future closure and post-closure costs. The City reports its proportionate share of the sinking fund assets, \$2,429,255, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 17. Community Development

Staunton Crossing:

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

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

In October 2012 and January 2013, the City issued \$10 million and \$5 million, respectively, in bank qualified debt to pay for the property.

The land was recorded as inventory by the EDA at its estimated fair value of \$14,000,000 at the time of its acquisition. As a result of a partial sale of property during fiscal year 2017, the adjusted inventory value was reported at \$12,970,053 as of June 30, 2017 and remains the same as of June 30, 2020.

In fiscal year 2020, the City's management concluded that no material declines in the property's value had occurred and the amount due back to the City is still valued at \$12,750,000.

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

Note 18. Operating Lease

In August 2013, the City, as a lessee, entered into an operating lease for certain office facilities. A summary of future minimum lease payments under such operating leases is as follows:

Year Ending June 30,	
2021	\$ 45,125
2022	46,028
2023	46,948
2024	47,887
2025	48,845
2026-2027	100,640
Total	<u>\$ 335,473</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2020:

	General	Capital Projects	Debt Service	Nonmajor Governmental	School Board Component Unit
Nonspendable					
Prepays	\$ 100,048	\$ -	\$ -	\$ -	\$ 3,945
Total Nonspendable	<u>\$ 100,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,945</u>
Restricted:					
Donor purposes	\$ 16,157	\$ -	\$ -	\$ -	\$ 150,353
Programs	226,792	-	-	18,219	43,602
Total restricted	<u>\$ 242,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,219</u>	<u>\$ 193,955</u>
Committed:					
Stabilization arrangement	<u>\$ 8,738,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:					
Accrued leave	\$ 1,747,761	\$ -	\$ -	\$ -	\$ -
Capital projects	-	9,936,012	-	-	1,689,591
Debt service	-	-	5,661,948	-	-
General government	167,485	-	-	-	-
Judicial administration	2,563	-	-	-	-
Public safety	99,255	328,654	-	267,397	-
Public works	62,803	89,778	-	-	-
Parks and recreation	38,185	-	-	-	-
Community development	-	45,063	-	200,654	-
Education	-	9,131,202	-	-	3,604,485
Textbooks	-	-	-	-	899,07
Food service	-	-	-	-	431,626
Total assigned	<u>\$ 2,118,052</u>	<u>\$ 19,530,709</u>	<u>\$ 5,661,948</u>	<u>\$ 468,051</u>	<u>\$ 6,625,609</u>
Unassigned	<u>\$ 6,424,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 20. Tax Abatements

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

<u>Tax Abatement Program</u>	<u>FY 20 Taxes Abated</u>
Economic Development Incentive Programs	
Incremental taxes-Frontier	\$ 464,218
Incremental taxes-Villages	41,326
Real estate tax abatement-Villages	19,502
Total	<u>\$ 525,046</u>

Note 21. Current Refunding of Debt

On November 26, 2019, the City issued \$14,660,000 million in tax exempt general obligation bonds with an interest rate of 1.88% to currently refund \$7,744,435 of outstanding 2007 Refunding and GO Bonds with an average interest rate of 3.88% and \$6,750,000 of outstanding Literary Fund Loans with an interest rate of 3%.

The net proceeds of \$14,660,000 were used to pay \$14,494,435 principal, \$64,911 accrued interest and \$100,654 other issuance and administrative costs.

The City reduced its aggregate debt service payments by \$1,564,336 over the next 14 years.

Note 22. 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. The bonds are payable solely from the revenues of the projects and do not constitute an obligation of the Commonwealth of Virginia, the City, the EDA or any political subdivision thereof. All of the EDA's rights (other than indemnification and its fees) are assigned to a Trustee to administer the bonds for the benefit of bondholders. The EDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the EDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in its financial statements. \$9,890,000 of such conduit bonds were outstanding at June 30, 2020.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 23. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In August 2018, the GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61***. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2020

Note 23. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STAUNTON, VIRGINIA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 26,390,500	\$ 26,390,500	\$ 27,227,252	\$ 836,752
Other local taxes	15,507,000	15,507,000	16,129,017	622,017
Permits, privilege fees, and regulatory licenses	280,900	280,900	210,011	(70,889)
Fines and forfeitures	165,500	227,554	201,199	(26,355)
Revenue from use of money and property	246,100	246,100	286,932	40,832
Charges for services	1,822,366	1,822,366	1,595,812	(226,554)
Miscellaneous	28,500	61,728	191,744	130,016
Recovered costs	1,146,264	1,187,577	1,197,430	9,853
Intergovernmental:				
Federal	1,283,507	3,518,230	1,758,201	(1,760,029)
Commonwealth	12,404,363	12,717,907	12,384,782	(333,125)
Total revenues	59,275,000	61,959,862	61,182,380	(777,482)
EXPENDITURES				
Current:				
General government administration	6,381,791	9,443,272	5,876,832	3,566,440
Judicial administration	2,050,032	2,302,150	2,183,515	118,635
Public safety	12,087,308	12,437,584	11,981,706	455,878
Public works	6,288,654	6,260,808	5,934,143	326,665
Health and welfare	7,088,026	7,088,026	7,199,240	(111,214)
Education	13,858,000	13,858,000	13,864,908	(6,908)
Parks, recreation, and cultural	3,897,262	3,679,996	3,515,360	164,636
Community development	1,938,462	1,896,451	2,189,528	(293,077)
Total expenditures	53,589,535	56,966,287	52,745,232	4,221,055
Excess of revenues over expenditures	5,685,465	4,993,575	8,437,148	3,443,573
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year reserves/encumbrances	-	2,036,483	-	(2,036,483)
Transfers out	(5,685,465)	(7,030,058)	(7,030,058)	-
Total other financing sources (uses)	(5,685,465)	(4,993,575)	(7,030,058)	(2,036,483)
Net change in fund balance	\$ -	\$ -	\$ 1,407,090	\$ 1,407,090

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2020

	2014	2015	Plan Year 2016	2017	2018	2019
Total Pension Liability						
Service cost	\$ 1,379,588	\$ 1,417,990	\$ 1,428,109	\$ 1,469,762	\$ 1,474,558	\$ 1,547,097
Interest on total pension liability	4,740,682	4,916,956	5,029,018	5,157,439	5,223,818	5,351,222
Difference between expected and actual experience	-	(1,160,922)	(946,229)	(1,483,949)	(372,060)	933,725
Changes in assumptions	-	-	-	(140,647)	-	2,298,391
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)
Net change in total pension liability	2,479,976	1,610,181	1,928,446	1,232,429	1,987,847	5,456,380
Total pension liability - beginning	69,544,178	72,024,154	73,634,335	75,562,781	76,795,210	78,783,057
Total pension liability - ending	72,024,154	73,634,335	75,562,781	76,795,210	78,783,057	84,239,437
Plan Fiduciary Net Position						
Contributions - employer	2,180,741	2,260,879	2,349,913	1,956,240	2,047,913	1,952,366
Contributions - employee	632,939	636,054	655,097	688,105	679,027	721,122
Net investment income	7,195,341	2,383,649	947,931	6,585,902	4,399,332	4,103,358
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)
Administrative expenses	(39,137)	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)
Other	379	(504)	(399)	(5,847)	(3,884)	(2,580)
Net change in plan fiduciary net position	6,329,969	1,683,445	336,568	5,415,860	2,745,313	2,058,651
Plan fiduciary net position - beginning	46,061,614	52,391,583	54,075,028	54,411,596	59,827,456	62,572,769
Plan fiduciary net position - ending	52,391,583	54,075,028	54,411,596	59,827,456	62,572,769	64,631,420
Net pension liability - ending	\$ 19,632,571	\$ 19,559,307	\$ 21,151,185	\$ 16,967,754	\$ 16,210,288	\$ 19,608,017
Add Net Pension Liability from Augusta Regional landfill	23,723	29,260	48,902	23,253	17,478	26,919
Total Net pension liability - ending	\$ 19,656,294	\$ 19,588,567	\$ 21,200,087	\$ 16,991,007	\$ 16,227,766	\$ 19,634,936
Plan fiduciary net position as a percentage of total pension liability	73%	73%	72%	78%	79%	77%
Covered payroll of the plan year	\$ 12,343,202	\$ 12,625,654	\$ 13,175,660	\$ 13,293,478	\$ 13,979,807	\$ 14,726,831
Net pension liability as a percentage of covered payroll	159%	155%	161%	128%	116%	133%

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
COMPONENT UNIT-SCHOOL NONPROFESSIONAL
Year Ended June 30, 2020

	<u>2014</u>	<u>2015</u>	<u>Plan Year</u> <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Pension Liability						
Service cost	\$ 88,093	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830
Interest on total pension liability	289,866	290,196	289,147	295,498	303,757	300,368
Other changes	-	-	-	62	-	-
Difference between expected and actual experience	-	(60,971)	33,649	(15,763)	(94,997)	(150,376)
Changes in assumptions	-	-	-	3,268	-	101,683
Benefit payments, including refunds of employee contributions	<u>(282,780)</u>	<u>(323,637)</u>	<u>(324,923)</u>	<u>(342,985)</u>	<u>(333,320)</u>	<u>(372,279)</u>
Net change in total pension liability	95,179	(15,214)	99,302	42,480	(28,933)	(15,774)
Total pension liability - beginning	4,282,336	4,377,515	4,292,261	4,391,563	4,434,043	4,477,113
Adjustment to add (remove) Genesis	<u>-</u>	<u>(70,040)</u>	<u>-</u>	<u>-</u>	<u>72,003</u>	<u>-</u>
Total pension liability - ending	<u>4,377,515</u>	<u>4,292,261</u>	<u>4,391,563</u>	<u>4,434,043</u>	<u>4,477,113</u>	<u>4,461,339</u>
Plan Fiduciary Net Position						
Contributions - employer	102,300	102,963	115,259	82,788	86,071	77,730
Contributions - employee	41,269	44,375	49,030	49,531	51,516	56,748
Net investment income	547,950	173,171	63,623	448,101	296,521	269,021
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,922)	(342,985)	(333,320)	(372,279)
Administrative expenses	(3,047)	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)
Other	<u>29</u>	<u>(36)</u>	<u>(28)</u>	<u>(393)</u>	<u>(260)</u>	<u>(168)</u>
Net change in plan fiduciary net position	405,721	(5,674)	(99,503)	234,307	97,861	28,205
Plan fiduciary net position - beginning	3,550,322	3,956,043	3,887,072	3,787,569	4,021,876	4,185,080
Adjustment to add (remove) Genesis	<u>-</u>	<u>(63,297)</u>	<u>-</u>	<u>-</u>	<u>65,343</u>	<u>-</u>
Plan fiduciary net position - ending	<u>3,956,043</u>	<u>3,887,072</u>	<u>3,787,569</u>	<u>4,021,876</u>	<u>4,185,080</u>	<u>4,213,285</u>
Net pension liability - ending	<u>\$ 421,472</u>	<u>\$ 405,189</u>	<u>\$ 603,994</u>	<u>\$ 412,167</u>	<u>\$ 292,033</u>	<u>\$ 248,054</u>
Plan fiduciary net position as a percentage of total pension liability	<u>90%</u>	<u>91%</u>	<u>86%</u>	<u>91%</u>	<u>93%</u>	<u>94%</u>
Covered payroll for the plan year	<u>\$ 828,365</u>	<u>\$ 921,127</u>	<u>\$ 1,041,460</u>	<u>\$ 1,048,417</u>	<u>\$ 1,111,195</u>	<u>\$ 1,151,298</u>
Net pension liability as a percentage of covered payroll	<u>51%</u>	<u>44%</u>	<u>58%</u>	<u>39%</u>	<u>26%</u>	<u>22%</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 2014 information was presented in the entity's fiscal year 2015 financial report.

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2020

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					
2020	\$ 2,095,533	\$ 2,095,533	\$ -	\$ 15,419,665	13.59%
2019	2,001,376	2,001,376	-	14,726,831	13.59%
2018	2,082,997	2,082,997	-	13,979,807	14.90%
2017	1,980,734	1,980,734	-	13,293,478	14.90%
2016	2,363,713	2,363,713	-	13,175,660	17.94%
2015	2,265,042	2,265,042	-	12,625,654	17.94%
Schools - Nonprofessional Employees					
2020	\$ 87,447	\$ 87,447	\$ -	\$ 1,183,318	7.39%
2019	85,079	85,079	-	1,151,298	7.39%
2018	92,452	92,452	-	1,111,195	8.32%
2017	87,226	87,226	-	1,048,417	8.32%
2016	119,455	119,455	-	1,041,460	11.47%
2015	112,193	112,193	-	921,127	12.18%

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

*Does not include regional landfill

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
Year Ended June 30, 2020

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
2019	0.20689%	\$ 27,227,900	\$ 17,399,819	156.48%	73.51%
2018	0.21287%	25,034,000	17,285,216	144.83%	74.81%
2017	0.21545%	25,788,557	16,558,204	155.74%	72.92%
2016	0.22048%	30,051,395	16,313,392	184.21%	68.28%
2015	0.21775%	26,647,826	15,705,288	169.67%	70.68%
2014	0.21711%	25,560,457	15,304,922	167.01%	70.88%

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
Year Ended June 30, 2020

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
2020	\$ 2,830,265	\$ 2,830,265	\$ -	\$ 18,050,152	15.68%
2019	2,728,289	2,728,289	-	17,399,819	15.68%
2018	2,745,601	2,745,601	-	16,823,514	16.32%
2017	2,427,393	2,427,393	-	16,558,204	14.66%
2016	2,293,663	2,293,663	-	16,313,392	14.06%
2015	2,277,267	2,277,267	-	15,705,288	14.50%

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2020

		<u>Local Plan</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000
Interest	-	571,000	588,000	522,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)
Assumption changes	-	-	-	(810,000)
Other changes	-	-	282,000	-
Net change in total pension liability	1,114,000	242,000	4,000	(857,000)
Total OPEB liability - beginning	6,306,000	7,420,000	7,928,000	7,932,000
Adjustment to beginning balance	-	266,000	-	-
Total OPEB liability - ending	7,420,000	7,928,000	7,932,000	7,075,000
Plan Fiduciary Net Position				
Contributions - employer	648,000	712,000	643,000	527,000
Contributions - employee	-	-	69,000	74,000
Net investment income	(2,730)	100,000	101,000	60,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)
Administrative expenses	(1,000)	-	-	-
Net change in plan fiduciary net position	137,270	299,000	247,000	247,000
Plan fiduciary net position - beginning	636,680	773,950	1,073,000	1,320,000
Adjustment to beginning balance	-	50	-	-
Plan fiduciary net position - ending	773,950	1,073,000	1,320,000	1,567,000
Total Net OPEB liability - ending	\$ 6,646,050	\$ 6,855,000	\$ 6,612,000	\$ 5,508,000
Plan fiduciary net position as a percentage of total OPEB liability	10.43%	13.53%	16.64%	22.15%
Covered employee payroll	\$ 11,179,000	\$ 13,777,000	\$ 14,063,000	\$ 16,341,000
Net OPEB liability as a percentage of covered employee payroll	59.45%	49.76%	47.02%	33.71%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%

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, 2020

	Local Plan				VRS Health Insurance-School Non professional		
	2016	2017	2018	2019	2017	2018	2019
Total OPEB Liability							
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 2,087	\$ 1,766	\$ 1,883
Interest	1,000	304,000	318,000	252,000	6,865	6,669	6,631
Difference between expected and actual experience	-	-	(318,000)	(187,000)	-	1,259	(673)
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	(2,243)	-	1,946
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(8,899)	(10,140)	(10,338)
Other changes	-	-	(227,000)	-	-	-	-
Net change in total pension liability	1,109,000	173,000	(329,000)	(589,000)	(2,190)	(446)	(551)
Total OPEB liability - beginning	3,010,000	4,119,000	4,228,000	3,899,000	102,533	100,343	99,897
Adjustment to beginning balance	-	(64,000)	-	-	-	-	-
Total OPEB liability - ending	4,119,000	4,228,000	3,899,000	3,310,000	100,343	99,897	99,346
Plan Fiduciary Net Position							
Contributions - employer	339,000	433,000	293,000	452,000	7,031	7,334	7,484
Contributions - employee	-	-	118,000	91,000	-	-	-
Net investment income (loss)	(2,719)	90,000	90,000	55,000	2,786	1,774	1,489
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(8,899)	(10,140)	(10,338)
Administrative expenses	(995)	-	-	-	(41)	(38)	(31)
Other changes	-	-	-	-	149	(149)	(2)
Net change in plan fiduciary net position	60,286	260,000	264,000	196,000	1,026	(1,219)	(1,398)
Plan fiduciary net position - beginning	634,029	694,315	954,000	1,218,000	25,676	26,702	25,483
Adjustment to beginning balance	-	(315)	-	-	-	-	-
Plan fiduciary net position - ending	694,315	954,000	1,218,000	1,414,000	26,702	25,483	24,085
Total Net OPEB liability - ending	\$ 3,424,685	\$ 3,274,000	\$ 2,681,000	\$ 1,896,000	\$ 73,641	\$ 74,414	\$ 75,261
Plan fiduciary net position as a percentage of total OPEB liability	16.86%	22.56%	31.24%	42.72%	26.61%	25.51%	24.24%
Covered employee payroll	<u>\$ 12,820,000</u>	<u>\$ 18,550,000</u>	<u>\$ 18,641,000</u>	<u>\$ 19,843,000</u>			
Covered payroll					<u>\$ 1,065,247</u>	<u>\$ 1,111,195</u>	<u>\$ 1,151,298</u>
Net OPEB liability as a percentage of covered employee payroll/covered payroll	26.71%	17.65%	14.38%	9.56%	6.91%	6.70%	6.54%
Annual money-weighted rate of return, net of investment expense	13.04%	11.69%	8.65%	4.27%	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 plan year - i.e., plan year 2016 information is presented in the entity's fiscal year 2017 financial report.

Covered employee payroll represents the payroll of employees that are provided with OPEB through the OPEB plan since contributions are not based on measure of pay
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, 2020

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:					
2020	\$ 698,000	\$ 707,000	\$ (9,000)	\$ 16,341,000	4.33%
2019	698,000	601,000	97,000	16,341,000	4.27%
2018	734,000	712,000	22,000	14,063,000	5.17%
School Board Component Unit					
Local Plan:					
2020	\$ 331,000	\$ 335,000	\$ (4,000)	\$ 19,843,000	1.69%
2019	331,000	543,000	(212,000)	19,843,000	2.74%
2018	397,000	411,000	(14,000)	18,641,000	2.20%
VRS Health Insurance Credit Non-Professional Plan:					
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, 2020

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					
2019	0.07533%	\$ 1,225,820	\$ 14,766,392	8.30%	52.00%
2018	0.73650%	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					
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					
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, 2020

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					
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					
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					
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, 2020

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, 2020

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

Changes of Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

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

Changes of Assumptions (Continued)

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

Changes of Assumptions

The last full actuarial valuation for both the City and School Board was performed as of July 1, 2019.

The valuation was updated as of July 1, 2018. The following items have changed:

- The termination and retirement tables used are the same as those used for the June 30, 2018 VRS Comprehensive annual financial report.
- The mortality table used is the RP-2014, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.
- The discount rate used is 7.87%.
- Medical trend rates are 6.5% for 2020, then decreasing .25% per year to an ultimate rate of 4.5%

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

CITY OF STAUNTON, VIRGINIA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Revenue Funds			Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	
Assets				
Cash and cash equivalents	\$ 274,988	\$ -	\$ 123,719	\$ 398,707
Receivables, net	26,143	-	-	26,143
Due from other governmental units	22,606	17,449	80,855	120,910
Total assets	<u>\$ 323,737</u>	<u>\$ 17,449</u>	<u>\$ 204,574</u>	<u>\$ 545,760</u>
Liabilities				
Accounts payable	\$ 10,601	\$ 1,389	\$ 3,920	\$ 15,910
Accrued liabilities	27,254	-	-	27,254
Due to other funds	-	16,060	-	16,060
Total liabilities	<u>37,855</u>	<u>17,449</u>	<u>3,920</u>	<u>59,224</u>
Deferred Inflows of Resources				
Unavailable revenue	266	-	-	266
Fund balances				
Restricted	18,219	-	-	18,219
Assigned	267,397	-	200,654	468,051
Total fund balances	<u>285,616</u>	<u>-</u>	<u>200,654</u>	<u>486,270</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 323,737</u>	<u>\$ 17,449</u>	<u>\$ 204,574</u>	<u>\$ 545,760</u>

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020**

	Special Revenue Funds			Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	
REVENUES				
Revenues from use of money and property	\$ 1,066	\$ -	\$ 880	\$ 1,946
Charges for services	181,428	-	-	181,428
Miscellaneous	135,864	-	-	135,864
Intergovernmental:				
Federal	-	37,492	45,541	83,033
Commonwealth	747,107	-	17,028	764,135
Total revenues	<u>1,065,465</u>	<u>37,492</u>	<u>63,449</u>	<u>1,166,406</u>
EXPENDITURES				
Current:				
Judicial administration	-	21,232	-	21,232
Public safety	986,007	14,704	-	1,000,711
Parks, recreation, and culture	-	1,556	-	1,556
Community development	-	-	79,597	79,597
Total expenditures	<u>986,007</u>	<u>37,492</u>	<u>79,597</u>	<u>1,103,096</u>
Excess (deficiency) of revenues over expenditures	<u>79,458</u>	<u>-</u>	<u>(16,148)</u>	<u>63,310</u>
Net change in fund balance	79,458	-	(16,148)	63,310
Fund balances - beginning of year	206,158	-	216,802	422,960
Fund balances - ending of year	<u>\$ 285,616</u>	<u>\$ -</u>	<u>\$ 200,654</u>	<u>\$ 486,270</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
BLUE RIDGE COURT SERVICES FUND
Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 1,066	\$ 1,066
Charges for services	180,400	181,428	1,028
Miscellaneous	165,869	135,864	(30,005)
Intergovernmental:			
Commonwealth	760,236	747,107	(13,129)
Total revenues	<u>1,106,505</u>	<u>1,065,465</u>	<u>(41,040)</u>
EXPENDITURES			
Current:			
Public safety	1,106,505	986,007	120,498
Total expenditures	<u>1,106,505</u>	<u>986,007</u>	<u>120,498</u>
Excess of revenues over expenditures	<u>-</u>	<u>79,458</u>	<u>79,458</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 79,458</u>	<u>\$ 79,458</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, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 35,901	\$ 37,492	\$ 1,591
Commonwealth	52,500	-	(52,500)
Total revenues	88,401	37,492	(50,909)
EXPENDITURES			
Current:			
Judicial Administration	22,917	21,232	1,685
Public Safety	80,234	14,704	65,530
Parks and Recreation	3,250	1,556	1,694
Total expenditures	106,401	37,492	68,909
Excess (deficiency) of revenues over expenditures	(18,000)	-	18,000
Net change in fund balance	\$ (18,000)	\$ -	\$ 18,000

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 880	\$ 880
Intergovernmental:			
Federal	504,543	45,541	(459,002)
Commonwealth	-	17,028	17,028
Total revenues	<u>504,543</u>	<u>63,449</u>	<u>(441,094)</u>
EXPENDITURES			
Current:			
Community Development	<u>561,569</u>	<u>79,597</u>	<u>481,972</u>
Total expenditures	<u>561,569</u>	<u>79,597</u>	<u>481,972</u>
Deficiency of revenues under expenditures	<u>(57,026)</u>	<u>(16,148)</u>	<u>40,878</u>
Net change in fund balance	<u><u>\$ (57,026)</u></u>	<u><u>\$ (16,148)</u></u>	<u><u>\$ 40,878</u></u>

BUDGET TO ACTUAL COMPARISON – MAJOR GOVERNMENTAL FUNDS

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.

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.

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CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 34,877	\$ 34,877
Total revenues	<u>-</u>	<u>34,877</u>	<u>34,877</u>
EXPENDITURES			
Current:			
Debt Service			
Principal	2,644,400	2,684,965	(40,565)
Interest and fiscal charges	2,200,015	2,050,800	149,215
Bond issuance costs	-	92,920	(92,920)
Debt reserve	400,000	-	400,000
Total expenditures	<u>5,244,415</u>	<u>4,828,685</u>	<u>415,730</u>
Deficiency of revenues under expenditures	<u>(5,244,415)</u>	<u>(4,793,808)</u>	<u>450,607</u>
OTHER FINANCING SOURCES			
Issuance of debt	-	14,660,000	14,660,000
Debt service - principal	-	(14,494,435)	(14,494,435)
Transfers in:			
Transfer from General fund	<u>5,244,415</u>	<u>5,244,415</u>	<u>-</u>
Total other financing sources	<u>5,244,415</u>	<u>5,409,980</u>	<u>165,565</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 616,172</u>	<u>\$ 616,172</u>

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, 2020

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 407,011	\$ 628,261	\$ 1,035,272	\$ 305,314
Recovered costs	2,406,271	-	2,406,271	2,162,094
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	665,240	38,452	703,692	2,290,907
Commonwealth of Virginia	4,430,759	162,168	4,592,927	5,198,817
City of Staunton School Board	-	1,665,000	1,665,000	1,915,000
Total revenues	<u>7,933,731</u>	<u>2,493,881</u>	<u>10,427,612</u>	<u>11,882,582</u>
EXPENDITURES				
Capital outlay:				
General government administration	2,622,975	21,850	2,644,825	2,716,210
Public safety	6,712,708	1,339,500	8,052,208	7,957,942
Public works	10,838,130	816,375	11,654,505	17,329,730
Education	4,852,616	34,546,299	39,398,915	50,079,990
Parks, recreation, and culture	2,138,542	40,000	2,178,542	2,988,587
Community development	2,949,727	71,260	3,020,987	6,218,419
CIP Undesignated	-	-	-	534,657
Debt service:				
Bond issuance costs	114,508	-	114,508	119,708
Interest and fiscal charges	165,000	-	165,000	165,000
Total expenditures	<u>30,394,206</u>	<u>36,835,284</u>	<u>67,229,490</u>	<u>88,110,243</u>
Deficiency of revenues under expenditures	<u>(22,460,475)</u>	<u>(34,341,403)</u>	<u>(56,801,878)</u>	<u>(76,227,661)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	43,760,000	-	43,760,000	46,000,000
Premium on school construction bonds	2,329,862	-	2,329,862	-
Transfers in	29,029,779	1,785,643	30,815,422	39,799,604
Transfers out	<u>(7,656,943)</u>	<u>-</u>	<u>(7,656,943)</u>	<u>(7,656,943)</u>
Total other financing sources (uses)	<u>67,462,698</u>	<u>1,785,643</u>	<u>69,248,341</u>	<u>78,142,661</u>
Net change in fund balance		<u>\$ (32,555,760)</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, 2020

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,509,264	\$ 431,159	\$ 6,940,423
Receivables, net	178,107	1,377	179,484
Inventory	-	251,723	251,723
Prepaid items	-	20,764	20,764
Total current assets	6,687,371	705,023	7,392,394
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	64,273	64,273
Total capital assets, net	-	64,273	64,273
Total noncurrent assets	-	64,273	64,273
Total assets	6,687,371	769,296	7,456,667
LIABILITIES			
Current liabilities:			
Accounts payable	13,689	2,445	16,134
Claims payable	710,000	-	710,000
Total current liabilities	723,689	2,445	726,134
Total liabilities	723,689	2,445	726,134
NET POSITION			
Net investment in capital assets	-	64,273	64,273
Unrestricted	5,963,682	702,578	6,666,260
Total net position	\$ 5,963,682	\$ 766,851	\$ 6,730,533

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2020**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 7,586,742	\$ 749,904	\$ 8,336,646
Miscellaneous	9,751	-	9,751
Total operating revenues	7,596,493	749,904	8,346,397
OPERATING EXPENSES			
Claims paid	5,345,403	-	5,345,403
Rental of property	-	2,431	2,431
Administrative charges	356,273	-	356,273
Stop loss fees	1,057,453	-	1,057,453
Contractual services	-	19,599	19,599
Materials and supplies	-	49,783	49,783
Depreciation	-	4,473	4,473
Other expenses	-	680,538	680,538
Total operating expenses	6,759,129	756,824	7,515,953
Operating income	837,364	(6,920)	830,444
NONOPERATING REVENUES (EXPENSES)			
Interest income	45,906	2,900	48,806
Gain (loss) on disposal of assets	-	(12,614)	(12,614)
Total nonoperating revenues	45,906	(9,714)	36,192
Income before transfers	883,270	(16,634)	866,636
Total net position - beginning of year	5,080,412	783,485	5,863,897
Total net position - end of year	\$ 5,963,682	\$ 766,851	\$ 6,730,533

EXHIBIT B-3

**CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2020**

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 7,478,992	\$ 753,068	\$ 8,232,060
Cash paid to suppliers	-	(799,949)	(799,949)
Claims paid	(5,335,403)	-	(5,335,403)
Administrative and stop loss fees	(1,408,778)	-	(1,408,778)
Net cash provided (used) by operating activities	734,811	(46,881)	687,930
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(27,490)	(27,490)
Net cash used by capital and related financing activities	-	(27,490)	(27,490)
INVESTING ACTIVITIES			
Interest received	45,906	2,900	48,806
Net cash provided (used) by investing activities	45,906	2,900	48,806
Net increase (decrease) in cash and cash equivalents	780,717	(71,471)	709,246
CASH AND CASH EQUIVALENTS			
Beginning of year	5,728,547	502,630	6,231,177
End of year	\$ 6,509,264	\$ 431,159	\$ 6,940,423
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 837,364	\$ (6,920)	\$ 830,444
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	4,473	4,473
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(117,501)	3,164	(114,337)
Decrease in prepaid items	-	(912)	(912)
Decrease in inventory	-	(33,426)	(33,426)
(Increase) decrease in accounts payable	4,948	(13,260)	(8,312)
Increase in claims payable	10,000	-	10,000
Net cash provided (used) by operating activities	\$ 734,811	\$ (46,881)	\$ 687,930

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

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Major Funds

Special Revenue Funds:

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

Nonmajor Funds

Special Revenue Funds:

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

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

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

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, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,807,521
Accounts receivable	130,365
Due from other governmental units	1,988,376
Prepaid items	99,523
Capital assets:	
Land	236,000
Other capital assets, net of accumulated depreciation	9,776,081
Total assets	<u>19,037,866</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,775,683
Deferred outflows related to other post employment benefits	949,117
	<u>6,724,800</u>
LIABILITIES	
Accounts payable	389,021
Accrued liabilities	1,669,252
Amounts held for others	6,950
Unearned revenue	2,000
Noncurrent liabilities:	
Due within one year	133,784
Due in more than one year	
Net pension liability	27,475,954
Net other post employment benefit liability	6,228,330
Other debt	587,896
Total liabilities	<u>36,493,187</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,637,192
Deferred inflows related to other postemployment benefits	1,210,668
Total deferred inflows of resources	<u>4,847,860</u>
NET POSITION	
Net investment in capital assets	10,012,081
Restricted for:	
Programs	43,602
Donor purposes	150,353
Unrestricted	<u>(25,784,417)</u>
Total net position	<u><u>\$ (15,578,381)</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Instruction and related services	\$ 27,290,450	\$ 951,179	\$ 11,474,507	\$ 19,519	\$ (14,845,245)
Administration, attendance, and health	2,199,514	-	-	-	(2,199,514)
Pupil transportation	1,286,706	-	1,436	-	(1,285,270)
Food service	1,555,136	173,150	1,510,870	-	128,884
Operations	2,903,827	-	33,320	52,299	(2,818,208)
Facilities	135,129	-	114,650	-	(20,479)
Technology	1,571,432	-	-	-	(1,571,432)
Total School Board	<u>\$ 36,942,194</u>	<u>\$ 1,124,329</u>	<u>\$ 13,134,783</u>	<u>\$ 71,818</u>	(22,611,264)
General revenues:					
Unrestricted investment earnings					39,833
Grants and contributions not restricted to specific programs					10,676,602
Net payment from City of Staunton					<u>12,191,908</u>
Total general revenues					<u>22,908,343</u>
Change in net position					297,079
Net position - beginning of year					<u>(15,875,460)</u>
Net position - end of year					\$ (15,578,381)

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2020

	<u>Education</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Assets			
Cash and cash equivalents	\$ 3,771,468	\$ 3,036,053	\$ 6,807,521
Accounts receivable	61,511	68,854	130,365
Prepaid items	3,945	95,578	99,523
Due from other governmental units	1,254,738	733,638	1,988,376
Due from other funds	632,233	-	632,233
	<u>632,233</u>	<u>-</u>	<u>632,233</u>
Total assets	<u>\$ 5,723,895</u>	<u>\$ 3,934,123</u>	<u>\$ 9,658,018</u>
Liabilities			
Accounts payable	\$ 379,304	\$ 9,717	\$ 389,021
Accrued liabilities	1,495,167	215,230	1,710,397
Due to other funds	-	632,233	632,233
Unearned revenue	2,000	-	2,000
Held for others	2,641	4,309	6,950
	<u>2,641</u>	<u>4,309</u>	<u>6,950</u>
Total liabilities	<u>1,879,112</u>	<u>861,489</u>	<u>2,740,601</u>
Deferred Inflows of Resources			
Unavailable revenue	<u>93,908</u>	<u>-</u>	<u>93,908</u>
Fund Balances			
Nonspendable	3,945	-	3,945
Restricted			
Programs	-	43,602	43,602
Donor	142,445	7,908	150,353
Assigned	3,604,485	3,021,124	6,625,609
	<u>3,604,485</u>	<u>3,021,124</u>	<u>6,625,609</u>
Total fund balances	<u>3,750,875</u>	<u>3,072,634</u>	<u>6,823,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,723,895</u>	<u>\$ 3,934,123</u>	<u>\$ 9,658,018</u>

CITY OF STAUNTON, VIRGINIA

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

June 30, 2020

Total Fund Balances – Component Unit School Board		\$ 6,823,509
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	\$ 26,852,626	
Less: accumulated depreciation	<u>(16,840,545)</u>	10,012,081
Receivables that are not available to pay for current period expenditures are not reported in the funds.		
		93,908
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 5,775,683	
Deferred inflows	(3,637,192)	
Net pension liability	<u>(27,475,954)</u>	(25,337,463)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 949,117	
Deferred inflows	(1,210,668)	
Net OPEB liability	<u>(6,228,330)</u>	(6,489,881)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(680,535)</u>
Total Net Position – Component Unit School Board		<u><u>\$ (15,578,381)</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, 2020

	<u>Education</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES			
Revenues from use of money and property	\$ 12,047	\$ 29,656	\$ 41,703
Charges for services	949,309	173,150	1,122,459
Miscellaneous	232,418	46,114	278,532
Recovered costs	311,543	471,880	783,423
Intergovernmental:			
Federal	2,058,126	1,472,495	3,530,621
Commonwealth	16,656,537	2,575,552	19,232,089
City of Staunton	13,856,908	-	13,856,908
Total revenues	<u>34,076,888</u>	<u>4,768,847</u>	<u>38,845,735</u>
EXPENDITURES			
Current:			
Payment to City	-	1,665,000	1,665,000
Education	32,079,075	5,120,712	37,199,787
Total expenditures	<u>32,079,075</u>	<u>6,785,712</u>	<u>38,864,787</u>
Excess (deficiency) of revenues over expenditures	<u>1,997,813</u>	<u>(2,016,865)</u>	<u>(19,052)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	84,667	1,050,800	1,135,467
Transfers out	(1,050,800)	(84,667)	(1,135,467)
Total other financing sources (uses)	<u>(966,133)</u>	<u>966,133</u>	<u>-</u>
Net change in fund balances	1,031,680	(1,050,732)	(19,052)
Fund balances - beginning of year	2,719,195	4,123,366	6,842,561
Fund balances - end of year	<u>\$ 3,750,875</u>	<u>\$ 3,072,634</u>	<u>\$ 6,823,509</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, 2020

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	\$ (19,052)
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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	\$ (771,419)	
Capital expenses	608,146	
Contributed Capital	<u>13,130</u>	(150,143)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(37,369)
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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	\$ 670,072	
OPEB expense	<u>(389,410)</u>	280,662

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	\$ 2,833,099	
Pension expense	<u>(2,543,395)</u>	289,704

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>(66,723)</u>
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Change in net position of governmental activities	<u><u>\$ 297,079</u></u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	School Construction	
Assets					
Cash and cash equivalents	\$ 446,555	\$ 899,907	\$ -	\$ 1,689,591	\$ 3,036,053
Receivables:					
Accounts receivable	552	-	68,302	-	68,854
Prepaid expenses	95,578	-	-	-	95,578
Due from other governmental units	-	-	733,638	-	733,638
	<u>-</u>	<u>-</u>	<u>733,638</u>	<u>-</u>	<u>733,638</u>
Total assets	<u>\$ 542,685</u>	<u>\$ 899,907</u>	<u>\$ 801,940</u>	<u>\$ 1,689,591</u>	<u>\$ 3,934,123</u>
Liabilities					
Accounts payable	\$ 9,386	\$ -	\$ 331	\$ -	\$ 9,717
Accrued liabilities	50,163	-	165,067	-	215,230
Due to other funds	-	-	632,233	-	632,233
Held for others	-	-	4,309	-	4,309
Total liabilities	<u>59,549</u>	<u>-</u>	<u>801,940</u>	<u>-</u>	<u>861,489</u>
Fund Balance					
Restricted					
Programs	43,602	-	-	-	43,602
Donor	7,908	-	-	-	7,908
Assigned	431,626	899,907	-	1,689,591	3,021,124
	<u>483,136</u>	<u>899,907</u>	<u>-</u>	<u>1,689,591</u>	<u>3,072,634</u>
Total liabilities and fund balances	<u>\$ 542,685</u>	<u>\$ 899,907</u>	<u>\$ 801,940</u>	<u>\$ 1,689,591</u>	<u>\$ 3,934,123</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, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	School Construction	
REVENUES					
Revenues from use of money and property	\$ 1,755	\$ 5,516	\$ -	\$ 22,385	\$ 29,656
Charges for services	173,150	-	-	-	173,150
Miscellaneous	23,336	-	22,778	-	46,114
Recovered costs	-	-	419,581	52,299	471,880
Intergovernmental:					
Federal	1,348,555	-	123,940	-	1,472,495
Commonwealth	56,202	160,222	2,325,808	33,320	2,575,552
Total revenues	1,602,998	165,738	2,892,107	108,004	4,768,847
EXPENDITURES					
Current:					
Payment to the City Education	-	-	-	1,665,000	1,665,000
	1,482,202	213,768	2,807,440	617,302	5,120,712
Total expenditures	1,482,202	213,768	2,807,440	2,282,302	6,785,712
Excess (deficiency) of revenues over expenditures	120,796	(48,030)	84,667	(2,174,298)	(2,016,865)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	100,800	-	950,000	1,050,800
Transfers out	-	-	(84,667)	-	(84,667)
Total other financing sources (uses)	-	100,800	(84,667)	950,000	966,133
Net change in fund balances	120,796	52,770	-	(1,224,298)	(1,050,732)
Fund balances - beginning of year	362,340	847,137	-	2,913,889	4,123,366
Fund balances - end of year	\$ 483,136	\$ 899,907	\$ -	\$ 1,689,591	\$ 3,072,634

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 15,000	\$ 15,000	\$ 12,047	\$ (2,953)
Charges for services	1,014,781	1,014,781	949,309	(65,472)
Miscellaneous	152,758	294,640	232,418	(62,222)
Recovered costs	19,000	19,000	311,543	292,543
Intergovernmental:				
Federal	1,761,834	3,106,912	2,058,126	(1,048,786)
Commonwealth	16,736,477	16,811,561	16,656,537	(155,024)
City of Staunton	13,850,000	13,850,000	13,856,908	6,908
Total revenues	33,549,850	35,111,894	34,076,888	(1,035,006)
EXPENDITURES				
Current:				
Education	33,436,850	35,572,611	32,079,075	3,493,536
Total expenditures	33,436,850	35,572,611	32,079,075	3,493,536
Excess (deficiency) of revenues over expenditures	113,000	(460,717)	1,997,813	2,458,530
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year reserve/encumbrances	-	1,423,717	-	(1,423,717)
Transfers in:				
Transfer from State Operated Programs Fund	87,800	87,800	84,667	(3,133)
Transfers out:				
Transfer to School Textbook Fund	(100,800)	(100,800)	(100,800)	-
Transfer to School Construction Fund	(100,000)	(950,000)	(950,000)	-
Total other financing sources (uses)	(113,000)	460,717	(966,133)	(1,426,850)
Net change in fund balance	\$ -	\$ -	\$ 1,031,680	\$ 1,031,680

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	Agency Fund Genesis
ASSETS	
Cash and cash equivalents	\$ -
Total assets	\$ -
LIABILITIES	
Amounts held for Program	\$ -
Accounts payable	-
Accrued liabilities	-
Total liabilities	\$ -

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUND
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
GENESIS FUND				
ASSETS				
Cash and cash equivalents	\$ 485,340	\$ -	\$ 485,340	\$ -
Total assets	<u>\$ 485,340</u>	<u>-</u>	<u>485,340</u>	<u>\$ -</u>
LIABILITIES				
Amounts held for Program	\$ 443,582	\$ -	\$ 443,582	\$ -
Accounts payable	2,080	-	2,080	-
Accrued liabilities	<u>39,678</u>	<u>-</u>	<u>39,678</u>	<u>-</u>
Total liabilities	<u>\$ 485,340</u>	<u>\$ -</u>	<u>\$ 485,340</u>	<u>\$ -</u>

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, 2020

ASSETS

Cash and cash equivalents	\$ 521,118
Accounts receivable	22,816
Inventory	12,970,053
Capital assets:	
Nondepreciable assets	793,946
Depreciable assets, net	<u>6,145,776</u>
Total assets	<u>20,453,709</u>

LIABILITIES

Accounts payable	480,885
Due to primary government	<u>12,750,000</u>
Total liabilities	<u>13,230,885</u>

NET POSITION

Net investment in capital assets	6,939,722
Unrestricted	<u>283,102</u>
Total net position	<u>\$ 7,222,824</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2020

OPERATING REVENUES

Charges for services	\$ 6,263
Rental of property	31,000
Operating grants-City	<u>599,532</u>
Total operating revenues	<u>636,795</u>

OPERATING EXPENSES

Professional fees	381
Stonewall Jackson rental payment	25,000
Enterprise Zone payment	74,486
Villages	60,828
Staunton Frontier	464,218
Depreciation	<u>229,220</u>
Total operating expenses	<u>854,133</u>
Operating loss	<u>(217,338)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	<u>914</u>
Total nonoperating revenues (expenses)	<u>914</u>
Change in net position	(216,424)
Net position - beginning of year	<u>7,439,248</u>
Net position - end of year	<u><u>\$ 7,222,824</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

OPERATING ACTIVITIES

Cash received from customers	\$ 31,114
Cash paid to suppliers/grantees	(607,567)
Other operating grants	599,532
Net cash provided by operating activities	23,079

INVESTING ACTIVITIES

Interest received	914
Net cash provided by investing activities	914
Net increase in cash and cash equivalents	23,993

CASH AND CASH EQUIVALENTS

Beginning of year	497,125
End of year	\$ 521,118

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (217,338)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	229,220
Change in assets and liabilities:	
Increase in receivables	(6,149)
Increase in accounts payable	17,346
Net cash provided by operating activities	\$ 23,079

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, 2020

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	\$ 19,275,000	\$ 19,432,754	\$ 157,754
Real and personal public service corporation property taxes	904,000	956,323	52,323
Personal property taxes	5,275,000	5,866,658	591,658
Machinery and tools taxes	491,500	508,983	17,483
Penalties and interest	445,000	462,534	17,534
Total General Property Taxes	26,390,500	27,227,252	836,752
Other local taxes:			
Local sales and use taxes	4,300,000	4,855,330	555,330
Consumers' utility taxes	1,165,000	1,168,267	3,267
Local communication tax	1,250,000	1,158,936	(91,064)
Business license taxes	2,200,000	2,444,937	244,937
Bank stock taxes	475,000	492,376	17,376
Taxes on recordation and wills	207,000	238,914	31,914
Lodging taxes	890,000	785,605	(104,395)
Restaurant food tax	4,600,000	4,547,853	(52,147)
Short term rental tax	25,000	26,588	1,588
Cigarette tax	395,000	410,211	15,211
Total Other Local Taxes	15,507,000	16,129,017	622,017
Permits, privilege fees, and regulatory licenses:			
Animal licenses	12,000	8,326	(3,674)
Permits and other licenses	268,900	201,685	(67,215)
Total Permits, Privilege Fees, and Regulatory Licenses	280,900	210,011	(70,889)
Fines and forfeitures	227,554	201,199	(26,355)
Revenue from use of money and property:			
Revenue from use of money	200,000	242,014	42,014
Revenue from use of property	46,100	44,918	(1,182)
Total Revenue from Use of Money and Property	246,100	286,932	40,832

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, 2020

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	\$ 14,000	\$ 16,727	\$ 2,727
Charges for Commonwealth's Attorney	3,500	4,165	665
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	35,000	39,306	4,306
Jail admission fee	3,500	3,218	(282)
Charges for publications and maps	-	624	624
Charges for parks and recreation	368,000	202,367	(165,633)
Charges for golf	102,000	119,618	17,618
Charges for library fines	25,000	15,878	(9,122)
Charges for copies	-	532	532
Property clean up fees	2,000	2,025	25
Administrative fees	28,000	44,867	16,867
Payments in lieu of tax from Enterprise funds	1,233,959	1,137,510	(96,449)
Charges for tax-exempt organizations	4,790	6,358	1,568
Total Charges for Services	1,822,366	1,595,812	(226,554)
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	13,500	14,023	523
Sale of salvage and surplus	15,000	20,186	5,186
Donations	24,653	129,333	104,680
Restitution	-	2,298	2,298
Safety grants	-	5,357	5,357
Tourism grants	8,575	10,705	2,130
Miscellaneous	-	9,842	9,842
Total Miscellaneous Revenue	61,728	191,744	130,016
Recovered Costs	1,187,577	1,197,430	9,853
Total Revenue from Local Sources	45,723,725	47,039,397	1,315,672
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	120,000	80,483	(39,517)
Rolling stock taxes	14,000	9,793	(4,207)
Auto rental taxes	80,000	94,620	14,620
Law enforcement	919,044	954,888	35,844
Grantor's tax	50,000	59,567	9,567
Recordation tax	70,000	44,176	(25,824)
PPTRA reimbursement	1,652,200	1,652,200	-
Total Non-Categorical Aid	2,905,244	2,895,727	(9,517)

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, 2020

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	\$ 544,152	\$ 538,603	\$ (5,549)
Sheriff	302,800	340,914	38,114
Commissioner of the revenue	126,165	123,801	(2,364)
Treasurer	124,858	121,740	(3,118)
Registrar/Electoral Board	38,525	49,006	10,481
Circuit court clerk	323,076	318,984	(4,092)
Circuit court clerk-technology trust fund	-	16,671	16,671
Total Shared Expenses	1,459,576	1,509,719	50,143
Health and welfare	1,366,303	1,377,701	11,398
Other Categorical Aid:			
Street and highway maintenance	4,214,683	4,214,682	(1)
Library	155,160	155,160	-
E911 Wireless funds	96,000	103,355	7,355
Fire programs	162,124	86,487	(75,637)
Commission for the Arts	4,500	4,500	-
Comprehensive Services Act funds	2,174,000	1,977,842	(196,158)
Four-for-Life funds	48,539	-	(48,539)
Animal license plates	750	1,157	407
Victim/Witness funds	28,137	19,202	(8,935)
Forfeited assets	92,891	33,276	(59,615)
Jurors/Witness fees	10,000	5,974	(4,026)
Total Other Categorical Aid	6,986,784	6,601,635	(385,149)
Total Categorical Aid	9,812,663	9,489,055	(323,608)
Total Revenue from the Commonwealth	12,717,907	12,384,782	(333,125)
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,030,721	1,219,112	188,391
Comprehensive Services Act funds	-	185,436	185,436
Victim/Witness	84,411	57,607	(26,804)
Coronavirus Relief Funds	2,175,221	98,372	(2,076,849)
FEMA Disaster payment	-	1,092	1,092
Federal Crime forfeited	13,636	-	(13,636)
US Marshall JLEO funds	22,000	13,089	(8,911)
Police DMV Selective enforcement grant	14,455	6,323	(8,132)
SAFER grant	177,786	177,170	(616)
Total Revenue from the Federal Government	3,518,230	1,758,201	(1,760,029)
Total General Fund	\$ 61,959,862	\$ 61,182,380	\$ (777,482)

(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, 2020

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	\$ -	\$ 1,066	\$ 1,066
Total Revenue from Use of Money and Property	-	1,066	1,066
Charges for services:			
Supervision fees	37,400	31,315	(6,085)
Drug screen fees	8,000	2,163	(5,837)
Home electronic monitoring fees	130,000	145,710	15,710
Group therapy fees	5,000	2,240	(2,760)
Total Charges for Services	180,400	181,428	1,028
Miscellaneous:			
CAPSAW	20,500	20,640	140
Augusta Health	25,000	19,200	(5,800)
Rockbridge Jail Emergency funding	17,000	17,000	-
VCSB-MH Rural Jail diversion	48,000	23,492	(24,508)
VCSB-Therapeutic docket	55,369	55,532	163
Total Miscellaneous Revenue	165,869	135,864	(30,005)
Total Revenue from Local Sources	346,269	318,358	(27,911)
Revenue from the Commonwealth:			
Supreme Court - Drug Court	33,750	33,750	-
Supreme Court - Behavioral health docket	94,307	79,219	(15,088)
Community Corrections and Pre-trial services funds	632,179	634,138	1,959
Total Revenue from the Commonwealth	760,236	747,107	(13,129)
Total Blue Ridge Court Services Fund	\$ 1,106,505	\$ 1,065,465	\$ (41,040)
State and Federal Grants Fund:			
Revenue from the Commonwealth:			
OEMS grant	\$ 52,500	\$ -	\$ (52,500)
Total Revenue from the Commonwealth	52,500	-	(52,500)
Revenue from the Federal Government:			
LEMPG-fire equipment	7,500	7,500	-
JAG-Byrne Justice Assistance Grant	25,151	28,436	3,285
Va Forestry-Cooperative Forestry Assistance	3,250	1,556	(1,694)
Total Revenue from the Federal Government	35,901	37,492	1,591
Total Grants Fund	\$ 88,401	\$ 37,492	\$ (50,909)

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, 2020

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	\$ -	\$ 880	\$ 880
Total Revenue from Local Sources	-	880	880
Revenue from the Commonwealth:			
Dam Safety, Flood Prevention and Protection Assistance funds	-	17,028	17,028
Total Revenue from the Commonwealth	-	17,028	17,028
Revenue from the Federal Government:			
HUD entitlement	304,543	21,741	(282,802)
HUD VIDA program	200,000	23,800	(176,200)
Total Revenue from the Federal Government	504,543	45,541	(459,002)
Total Community Development Fund	\$ 504,543	\$ 63,449	\$ (441,094)
Total Special Revenue Funds	\$ 1,699,449	\$ 1,166,406	\$ (533,043)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 63,659,311	\$ 62,348,786	\$ (1,310,525)
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	\$ -	\$ 10,177	\$ 10,177
Revenue from use of property	15,000	1,870	(13,130)
Total Revenue from Use of Money and Property	15,000	12,047	(2,953)
Charges for services:			
Charges for education	12,000	16,812	4,812
Tuition or other payments from another county or city	1,002,781	932,497	(70,284)
Total Charges for Services	1,014,781	949,309	(65,472)
Miscellaneous revenue:			
Donations	144,244	120,294	(23,950)
E-Rate reimbursement	56,455	-	(56,455)
Wellness program	15,000	9,472	(5,528)
Miscellaneous grants	78,941	74,135	(4,806)
Sale of salvage and surplus	-	28,517	28,517
Total Miscellaneous Revenue	294,640	232,418	(62,222)
Recovered Costs	19,000	311,543	292,543
Contribution from City of Staunton	13,850,000	13,856,908	6,908
Total Revenue from Local Sources	15,193,421	15,362,225	168,804

(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, 2020

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	\$ 3,614,194	\$ 3,641,223	\$ 27,029
Basic school aid	7,100,975	7,072,748	(28,227)
Foster care	31,463	26,183	(5,280)
Gifted and talented-SOQ	78,962	79,562	600
Remedial Education-SOQ	328,483	330,977	2,494
ISAEP funds	16,773	16,773	-
Special education-SOQ	664,863	669,911	5,048
Special education-foster care	20,000	5,684	(14,316)
Homebound	5,068	2,360	(2,708)
Regional tuition programs	648,964	463,798	(185,166)
Primary Class size (K-3)	362,172	375,851	13,679
Vocational education-SOQ	330,063	332,569	2,506
Social security instructional	457,982	458,276	294
VRS retirement instructional	1,009,139	1,012,027	2,888
Lottery	583,355	582,409	(946)
Group Life Insurance instructional	31,585	31,825	240
At risk	364,271	365,429	1,158
VPSA Technology grants	180,000	180,000	-
At Risk - Four Year Olds (VPSI)	209,506	209,506	-
Compensation Supplement	489,369	457,334	(32,035)
Remedial Summer School	40,901	47,823	6,922
English as a second language	28,057	37,134	9,077
Early Reading Intervention	45,100	63,551	18,451
SOL-Algebra readiness	37,451	35,943	(1,508)
Vision Screening	5,936	5,936	-
Vocational - Equipment	10,786	10,786	-
Project Graduation	4,018	4,018	-
Mentor Teacher Program	2,889	1,685	(1,204)
DMAS Medicaid	51,930	75,902	23,972
National board certification	-	5,000	5,000
High School Program Innovation (HSPI)	50,000	50,000	-
Other state funds	7,306	4,314	(2,992)
Total Categorical Aid	16,811,561	16,656,537	(155,024)
Total Revenue from the Commonwealth	16,811,561	16,656,537	(155,024)

(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, 2020

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Federal Government:			
Categorical Aid:			
Title I	\$ 1,111,167	\$ 835,358	\$ (275,809)
Title I Neglected and Delinquent	89,868	42,385	(47,483)
Title VI - B - Special Education	1,380,598	688,568	(692,030)
Preschool grants	96,407	63,578	(32,829)
Title II A-Improving teacher training	144,946	139,788	(5,158)
Title IV A-Student Support and Academic Enrichment	56,786	73,514	16,728
Title III ESEA - Limited English proficient	-	5,732	5,732
Career Tech Ed grants (BRCC)	5,538	-	(5,538)
Perkins CTE-Vocational education basic grant	71,164	71,092	(72)
School improvement grant	150,438	138,111	(12,327)
Total Categorical Aid	3,106,912	2,058,126	(1,048,786)
Total Revenue from the Federal Government	3,106,912	2,058,126	(1,048,786)
Total Education Fund	\$ 35,111,894	\$ 34,076,888	\$ (1,035,006)
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ 50	\$ 1,755	\$ 1,705
Charges for services:			
Charges for food service	318,400	173,150	(145,250)
Miscellaneous Revenue:			
Donations	3,627	5,475	1,848
Chef Ann Foundation Grant	50,000	-	(50,000)
Share our Strength grant	6,350	12,850	6,500
Other	3,600	5,011	1,411
Total Miscellaneous revenue	63,577	23,336	(40,241)
Total Revenue from Local Sources	382,027	198,241	(183,786)
Revenue from the Commonwealth:			
Meal reimbursement	15,100	14,082	(1,018)
State Breakfast Incentive	18,000	29,123	11,123
Breakfast after the Bell	-	12,997	12,997
Total revenue from the Commonwealth	33,100	56,202	23,102
Revenue from the Federal Government:			
Child care food program	-	95,247	95,247
Summer Food service program		309,518	309,518
National school lunch and breakfast program	974,367	943,790	(30,577)
Total Revenue from the Federal Government	974,367	1,348,555	374,188
Total School Cafeteria Fund	\$ 1,389,494	\$ 1,602,998	\$ 213,504

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, 2020

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD: (cont'd)			
Special Revenue Funds: (cont'd)			
Textbook Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:	\$ -	\$ 5,516	\$ 5,516
Total Revenue from Local Sources	-	5,516	5,516
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	159,000	160,222	1,222
Total Textbook Fund	\$ 159,000	\$ 165,738	\$ 6,738
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ 15,000	\$ 22,778	\$ 7,778
Recovered costs	444,752	419,581	(25,171)
Total Revenue from local sources	459,752	442,359	(17,393)
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	2,352,148	2,325,808	(26,340)
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D	155,676	104,014	(51,662)
Title VI-B	38,077	19,926	(18,151)
Total Revenue from Federal Government	193,753	123,940	(69,813)
Total State Operated Programs Fund	\$ 3,005,653	\$ 2,892,107	\$ (113,546)
Total Special Revenue Funds	\$ 4,554,147	\$ 4,660,843	\$ 106,696
Grand Total Revenues - Component Unit			
School Board	\$ 39,666,041	\$ 38,737,731	\$ (928,310)

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, 2020**

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 153,493	\$ 153,658	\$ (165)
City Council	49,667	46,144	3,523
Total Legislative	203,160	199,802	3,358
General and Financial Administration:			
City Manager	511,744	514,116	(2,372)
City Attorney	343,618	316,251	27,367
City Memberships	27,884	28,984	(1,100)
Professional Consultants	67,200	72,200	(5,000)
Commissioner of the Revenue	332,719	337,127	(4,408)
Assessor and Equalization Board	274,637	275,701	(1,064)
Treasurer	449,969	446,133	3,836
Finance	2,419,521	1,138,540	1,280,981
Information Technology	1,150,668	1,127,912	22,756
Risk Management	655,922	577,611	78,311
Human Resources	615,323	608,065	7,258
Communications Manager	81,091	78,126	2,965
Coronavirus Relief	2,175,221	-	2,175,221
Total General and Financial Administration	9,105,517	5,520,766	3,584,751
Board of Elections:			
Electoral Board and Registrar	134,595	156,264	(21,669)
Total Board of Elections	134,595	156,264	(21,669)
Total General Government Administration	9,443,272	5,876,832	3,566,440
Judicial Administration:			
Courts:			
Circuit court	161,021	139,853	21,168
General District Court	10,900	5,319	5,581
Juvenile and Domestic Relations Court	74,692	67,599	7,093
Clerk of the Circuit Court	587,946	574,046	13,900
Sheriff	570,023	578,156	(8,133)
Victim/Witness	99,435	92,315	7,120
Magistrates	1,916	1,916	-
Total Courts	1,505,933	1,459,204	46,729
Commonwealth Attorney	796,217	724,311	71,906
Total Judicial Administration	2,302,150	2,183,515	118,635

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, 2020

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	\$ 5,283,626	\$ 5,003,959	\$ 279,667
E-911 Communications	794,502	771,253	23,249
Total Law Enforcement and Traffic Control	6,078,128	5,775,212	302,916
Fire and Rescue Services:			
Fire Department	3,260,518	3,271,098	(10,580)
EMS Council/Four for Life	48,539	37,777	10,762
State Fire Programs	179,587	88,636	90,951
Total Fire and Rescue Services	3,488,644	3,397,511	91,133
Correction and Detention:			
Juvenile Detention Home - Contribution	100,053	58,442	41,611
Jail Facility	2,167,161	2,158,431	8,730
Youth Commission	151,100	134,280	16,820
Total Correction and Detention	2,418,314	2,351,153	67,161
Inspections:			
Building Inspection	377,248	372,266	4,982
Other Protection:			
Animal control - Animal Care	75,000	85,244	(10,244)
Medical Examiner	250	320	(70)
Total Other Protection	75,250	85,564	(10,314)
Total Public Safety	12,437,584	11,981,706	455,878
Public Works:			
Administration	268,572	302,717	(34,145)
Traffic Engineering (lines and signs)	264,393	185,138	79,255
Highways, Streets, and Sidewalks	3,302,251	3,044,137	258,114
City Engineering	318,865	318,261	604
Traffic Signals	382,533	374,525	8,008
Total	4,536,614	4,224,778	311,836
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,262,990	1,242,919	20,071
Equipment Maintenance	461,204	466,446	(5,242)
Total Maintenance of General Buildings, Grounds, Equipment	1,724,194	1,709,365	14,829
Total Public Works	6,260,808	5,934,143	326,665

(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, 2020

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	\$ 305,390	\$ 305,391	\$ (1)
Mental Health and Mental Retardation:			
Chapter X Board	184,139	184,139	-
Total Health	489,529	489,530	(1)
Welfare:			
DSS-public assistance	3,193,805	3,417,283	(223,478)
Children Services Act	3,100,000	3,002,221	97,779
Tax Relief - Elderly and Disabled	120,000	102,195	17,805
Tax Relief - Veterans	85,000	88,319	(3,319)
Valley Children's Advocacy Center	5,000	5,000	-
Staunton Senior Center	6,000	6,000	-
CAPSAW	26,650	26,650	-
Contribution to Area Agency on Aging (VPAS)	20,000	20,000	-
CATS Contribution	42,042	42,042	-
Total Welfare	6,598,497	6,709,710	(111,213)
Total Health and Welfare	7,088,026	7,199,240	(111,214)
Education:			
Contribution to Community College	8,000	8,000	-
Contribution to Component Unit - School Board	13,850,000	13,856,908	(6,908)
Total Education	13,858,000	13,864,908	(6,908)
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,119,290	1,018,393	100,897
Park Maintenance	1,109,994	1,113,932	(3,938)
Golf	111,292	102,741	8,551
Horticulture	164,429	165,058	(629)
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	2,525,005	2,420,124	104,881
Cultural Enrichment:			
Contributions to Community Organizations	14,000	14,000	-
Total Cultural Enrichment	14,000	14,000	-
Library:			
Library Administration and Operations	1,140,991	1,081,236	59,755
Total Library	1,140,991	1,081,236	59,755
Total Parks, Recreation, and Cultural	3,679,996	3,515,360	164,636

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, 2020

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	\$ 642,061	\$ 974,872	\$ (332,811)
Planning and Development	300,078	300,999	(921)
Tourism Development	497,511	454,866	42,645
CSPDC Transit	63,000	63,000	-
Staunton Welcome Center	56,296	44,958	11,338
Special Service District (SDDA)	175,000	188,202	(13,202)
Contribution - Valley Airport	48,159	48,159	-
Planning District Commission	34,346	34,472	(126)
Historic Staunton Foundation	35,000	35,000	-
GART Tourism Board	25,000	25,000	-
Staunton Creative Community Fund	20,000	20,000	-
Total Planning and Community Development	1,896,451	2,189,528	(293,077)
Total Community Development	1,896,451	2,189,528	(293,077)
Total General Fund	\$ 56,966,287	\$ 52,745,232	\$ 4,221,055
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 805,843	\$ 729,651	\$ 76,192
Therapeutic Docket	55,986	55,532	454
MH rural jail diversion	48,496	23,492	25,004
Augusta Health Grant	25,000	15,969	9,031
Behavioral Health docket	59,876	60,738	(862)
Drug Court	111,304	100,625	10,679
Total Correction and Detention	1,106,505	986,007	120,498
Total Public Safety	1,106,505	986,007	120,498
Total Blue Ridge Court Services Fund	\$ 1,106,505	\$ 986,007	\$ 120,498
State and Federal Grants Fund:			
Judicial Administration			
Sheriff Department Grants	\$ 22,917	\$ 21,232	\$ 1,685
Public Safety			
Police department grants	20,234	7,204	13,030
Fire department grants	60,000	7,500	52,500
Total Public Safety	80,234	14,704	65,530
Parks and Recreation			
Horticulture department grants	3,250	1,556	1,694
Total Parks and Recreation	3,250	1,556	1,694
Total State and Federal Grants Fund	\$ 106,401	\$ 37,492	\$ 68,909
Community Development Fund			
Community Development:			
Flood Plain study	\$ 46,506	\$ 34,056	\$ 12,450
HUD Entitlement	315,063	21,741	293,322
VIDA Program	200,000	23,800	176,200
Total Community Development Fund	\$ 561,569	\$ 79,597	\$ 481,972
Total Special Revenue Funds	\$ 1,774,475	\$ 1,103,096	\$ 671,379
Grand Total - Expenditures -Primary Government- General and special revenue	\$ 58,740,762	\$ 53,848,328	\$ 4,892,434

(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, 2020

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD:			
Education:			
Instructional Costs	\$ 26,912,237	\$ 24,200,401	\$ 2,711,836
Administration, Attendance & Health	2,204,403	2,156,044	48,359
Pupil Transportation	1,428,142	1,203,290	224,852
Operations and Maintenance	3,235,560	2,826,765	408,795
Technology	1,792,269	1,577,426	214,843
Facility	-	115,149	(115,149)
Total Education Fund	<u>\$ 35,572,611</u>	<u>\$ 32,079,075</u>	<u>\$ 3,493,536</u>
School Cafeteria Fund:			
Food Service	<u>\$ 1,600,344</u>	<u>\$ 1,482,202</u>	<u>\$ 118,142</u>
Total School Cafeteria Fund	<u>\$ 1,600,344</u>	<u>\$ 1,482,202</u>	<u>\$ 118,142</u>
Textbook Fund			
Education:			
Instructional costs	<u>\$ 384,136</u>	<u>\$ 213,768</u>	<u>\$ 170,368</u>
Total Textbook Fund	<u>\$ 384,136</u>	<u>\$ 213,768</u>	<u>\$ 170,368</u>
State Operated Programs Fund			
Education:			
Instructional costs	<u>\$ 2,918,695</u>	<u>\$ 2,807,440</u>	<u>\$ 111,255</u>
Total State Operated Programs Fund	<u>\$ 2,918,695</u>	<u>\$ 2,807,440</u>	<u>\$ 111,255</u>
Total Special Revenue Funds	<u>\$ 4,903,175</u>	<u>\$ 4,503,410</u>	<u>\$ 399,765</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 40,475,786</u>	<u>\$ 36,582,485</u>	<u>\$ 3,893,301</u>

STATISTICAL SECTION

Financial Trends – These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity – These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.

Debt Capacity – These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment with which the City’s financial activities take place and to help make comparison over time and with other governments.

Operating Information – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Note: For presentation purposes, the impact of new GASB statements is applied prospectively.

TABLE 1

CITY OF STAUNTON, VIRGINIA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities										
Net investment in capital assets	\$ 43,376,129	\$ 41,909,936	\$ 43,232,721	\$ 45,372,360	\$ 43,963,323	\$ 32,734,112	\$ 32,253,859	\$ 31,074,300	\$ 31,321,359	\$ 29,909,806
Restricted	261,168	265,941	31,265	41,469	27,466	117,646	122,452	120,217	184,868	103,639
Unrestricted	19,787,231	15,995,982	8,386,181	9,292,048	6,545,657	6,839,895	21,671,005	20,530,870	17,813,098	18,269,177
Total governmental activities net position	<u>\$ 63,424,528</u>	<u>\$ 58,171,859</u>	<u>\$ 51,650,167</u>	<u>\$ 54,705,877</u>	<u>\$ 50,536,446</u>	<u>\$ 39,691,653</u>	<u>\$ 54,047,316</u>	<u>\$ 51,725,387</u>	<u>\$ 49,319,325</u>	<u>\$ 48,282,622</u>
Business-type activities										
Net investment in capital assets	\$ 58,466,643	\$ 57,742,860	\$ 57,260,176	\$ 55,688,479	\$ 54,599,310	\$ 53,499,079	\$ 51,946,042	\$ 51,646,845	\$ 51,212,802	\$ 49,958,761
Unrestricted	15,208,793	14,228,629	13,252,492	13,842,399	12,535,217	12,545,752	15,594,582	15,253,532	16,101,004	17,720,858
Total business-type activities net position	<u>\$ 73,675,436</u>	<u>\$ 71,971,489</u>	<u>\$ 70,512,668</u>	<u>\$ 69,530,878</u>	<u>\$ 67,134,527</u>	<u>\$ 66,044,831</u>	<u>\$ 67,540,624</u>	<u>\$ 66,900,377</u>	<u>\$ 67,313,806</u>	<u>\$ 67,679,619</u>
Primary government										
Net investment in capital assets	\$ 101,842,772	\$ 99,652,796	\$ 100,492,897	\$ 101,060,839	\$ 98,562,633	\$ 86,233,191	\$ 82,721,145	\$ 82,721,145	\$ 79,868,567	\$ 74,685,046
Restricted	261,168	265,941	31,265	41,469	27,466	117,646	120,217	120,217	103,639	27,485
Unrestricted	34,996,024	30,224,611	21,638,673	23,134,447	19,080,874	19,385,647	35,784,402	35,784,402	35,990,035	32,337,070
Total primary net position	<u>\$ 137,099,964</u>	<u>\$ 130,143,348</u>	<u>\$ 122,162,835</u>	<u>\$ 124,236,755</u>	<u>\$ 117,670,973</u>	<u>\$ 105,736,484</u>	<u>\$ 118,625,764</u>	<u>\$ 118,625,764</u>	<u>\$ 115,962,241</u>	<u>\$ 107,049,601</u>

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General government	\$ 9,856,062	\$ 9,410,713	\$ 8,613,523	\$ 8,881,755	\$ 9,063,531	\$ 6,639,656	\$ 4,744,935	\$ 4,524,704	\$ 4,372,745	\$ 4,269,567
Judicial administration	2,219,700	1,795,684	1,844,938	1,882,696	1,774,669	1,753,470	1,750,740	1,703,187	1,734,157	1,612,892
Public safety	13,311,595	12,042,436	11,829,002	11,718,559	10,622,194	10,864,551	11,088,236	10,869,981	10,137,714	9,808,670
Public works	7,937,417	8,339,556	6,647,903	7,688,195	7,195,893	6,975,749	6,645,051	7,053,141	6,262,440	5,666,355
Health and welfare	7,230,640	6,917,916	7,051,987	6,236,892	5,975,631	6,438,253	6,075,695	5,642,143	5,587,112	5,532,072
Education	14,402,769	14,139,047	16,566,371	12,895,304	12,792,065	12,245,921	12,136,856	11,597,335	11,199,889	10,814,412
Parks, recreation and culture	3,657,310	3,600,576	3,420,386	3,488,880	3,354,852	3,368,301	3,115,119	3,091,574	2,905,849	2,860,422
Community development	2,356,384	2,066,747	1,541,098	2,243,574	1,621,715	1,682,092	1,672,001	1,508,661	2,067,996	1,720,234
Interest on long-term debt	2,821,996	1,153,272	1,017,723	1,111,334	1,207,248	1,290,984	1,360,734	1,333,627	1,198,129	1,332,691
Total governmental activities expenses	63,793,873	59,465,947	58,532,931	56,147,189	53,607,798	51,258,977	48,589,367	47,324,353	45,466,031	43,617,315
Business-Type Activities:										
Water	3,575,079	3,410,244	3,886,966	3,425,966	3,611,452	3,421,897	3,610,302	3,595,525	3,557,493	3,446,557
Sewer	3,667,705	3,711,562	3,917,693	3,534,495	3,556,814	3,629,070	3,532,854	3,908,777	3,984,420	3,358,564
Stormwater	808,357	1,068,398	966,907	806,458	785,238	724,382	749,025	781,975	710,250	742,232
Environmental	3,193,550	2,653,356	2,790,626	2,456,118	2,207,342	2,210,477	2,362,161	2,431,257	2,594,453	1,777,831
Golf	-	-	146,068	152,966	151,865	155,309	158,691	167,950	191,022	179,702
Parking	676,676	523,631	506,123	460,136	414,275	430,555	411,135	421,934	468,930	423,434
Total business-type activities expenses	11,921,367	11,367,191	12,214,383	10,836,139	10,726,986	10,571,690	10,824,168	11,307,418	11,506,568	9,928,320
Total primary government expenses	\$ 75,715,240	\$ 70,833,138	\$ 70,747,314	\$ 66,983,328	\$ 64,334,784	\$ 61,830,667	\$ 59,413,535	\$ 58,631,771	\$ 56,972,599	\$ 53,545,635
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 1,137,510	\$ 1,233,959	\$ 1,246,761	\$ 1,220,130	\$ 1,034,202	\$ 980,711	\$ 1,035,568	\$ 1,083,122	\$ 1,056,120	\$ 1,127,162
Public safety	387,061	398,704	425,342	433,289	558,495	391,728	317,028	291,172	309,363	226,605
Parks and recreation	341,168	503,846	421,828	395,378	371,053	329,414	315,569	336,266	354,003	314,065
Other activities	4,946,877	4,802,989	4,649,306	4,856,611	4,753,222	3,115,420	562,709	480,508	512,293	445,442
Operating grants and contributions	12,968,537	13,514,588	11,748,393	11,227,647	16,839,852	11,676,827	10,694,950	9,759,857	10,003,989	10,018,844
Capital grants and contributions	1,805,565	39,868	1,356,628	2,215,355	1,105,977	546,586	683,527	471,852	274,810	4,684,814
Total governmental activities program revenues	21,586,718	20,493,954	19,848,258	20,348,410	24,662,801	17,040,686	13,609,351	12,422,777	12,510,578	16,816,932

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ 90,398	\$ -	\$ 118,900	\$ 120,931	\$ 137,413	\$ 147,255	\$ 147,371	\$ 147,200
Water	4,563,592	4,438,199	4,285,464	613,625	3,744,712	3,590,380	3,598,658	3,610,812	4,036,110	3,235,783
Sewer	3,929,505	4,154,640	3,976,558	177,320	3,946,570	3,908,059	3,908,330	3,544,433	3,423,605	3,239,743
Stormwater	765,821	766,487	767,497	35,442	760,611	788,237	715,878	689,179	709,206	464,462
Environmental	2,912,708	2,655,567	2,660,459	-	2,397,526	2,312,748	1,953,912	2,064,570	1,740,587	1,705,239
Parking	358,004	422,709	444,622	-	407,383	396,382	302,234	315,158	241,846	240,989
Operating grants and contributions	5,928	6,359	6,092	-	14,389	65,031	13,374	5,044	13,341	2,876
Capital grants and contributions	826,387	-	785,443	1,440,578	139,445	686,595	-	65,871	925,347	1,269,948
Total business-type activities program revenues	13,361,945	12,443,961	13,016,533	2,266,965	11,529,536	11,868,363	10,629,799	10,442,322	11,237,413	10,306,240
Total primary government program revenues	\$ 34,948,663	\$ 32,937,915	\$ 32,864,791	\$ 22,615,375	\$ 36,192,337	\$ 28,909,049	\$ 24,239,150	\$ 22,865,099	\$ 23,747,991	\$ 27,123,172
Net (expense)/revenue										
Governmental activities	\$ (42,207,155)	\$ (38,971,993)	\$ (38,684,673)	\$ (35,798,779)	\$ (28,944,997)	\$ (34,218,291)	\$ (34,980,016)	\$ (34,901,576)	\$ (32,955,453)	\$ (26,800,383)
Business-type activities	1,440,578	1,076,770	802,150	1,318,823	802,550	1,296,673	(194,369)	(865,096)	(269,155)	377,920
Total primary government net expense	\$ (40,766,577)	\$ (37,895,223)	\$ (37,882,523)	\$ (34,479,956)	\$ (28,142,447)	\$ (32,921,618)	\$ (35,174,385)	\$ (35,766,672)	\$ (33,224,608)	\$ (26,422,463)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 27,354,266	\$ 26,405,015	\$ 25,335,057	\$ 24,281,660	\$ 23,798,051	\$ 22,339,862	\$ 22,333,005	\$ 20,076,871	\$ 20,296,688	\$ 20,311,531
Sales tax	4,855,331	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,729,201	3,588,738	3,381,018	3,495,905
Hotel and meals tax	5,333,457	5,602,271	4,796,184	4,032,180	3,651,814	3,546,923	3,141,504	2,988,497	2,794,600	2,698,937
Business license	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,197,306	2,113,160	1,925,106	1,828,598
Utility tax	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,123,536	1,102,556	1,120,868	1,103,514
Local communication tax	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,430,821	1,427,036	1,456,638	1,463,883
Other taxes	1,168,090	1,210,199	1,135,829	1,026,652	1,023,050	1,000,048	728,998	763,722	741,910	1,110,569
Unrestricted investment earnings	958,576	385,545	155,183	133,649	68,532	11,241	11,370	18,196	26,298	32,403
Grants and contributions not restricted to a specific program	2,994,099	2,910,432	2,881,272	2,862,470	2,805,667	2,805,165	2,827,514	2,526,975	2,527,349	2,756,972
Miscellaneous	23,865	21,942	18,684	57,572	29,086	25,089	8,783	27,765	52,673	19,380
Transfers	-	(189,316)	(1,066,603)	(1,041,073)	(236,488)	12,752	(224,400)	(641,360)	(224,400)	(224,400)
Total governmental activities	47,459,824	45,493,685	42,038,900	39,968,210	39,789,790	38,397,131	37,307,638	33,992,156	34,098,748	34,597,292

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type activities:										
Unrestricted investment earnings	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192	\$ 39,790	\$ 57,073	\$ 80,782	\$ 102,258
Transfers	-	189,316	1,066,603	1,041,073	236,488	(12,752)	224,400	641,360	224,400	224,400
Total business-type activities	263,369	460,505	1,158,784	1,077,528	287,146	16,440	264,190	698,433	305,182	326,658
Total primary government	<u>\$ 47,723,193</u>	<u>\$ 45,954,190</u>	<u>\$ 43,197,684</u>	<u>\$ 41,045,738</u>	<u>\$ 40,076,936</u>	<u>\$ 38,413,571</u>	<u>\$ 37,571,828</u>	<u>\$ 34,690,589</u>	<u>\$ 34,403,930</u>	<u>\$ 34,923,950</u>
Change in Net Position										
Governmental activities	\$ 5,252,669	\$ 6,521,692	\$ 3,354,227	\$ 4,169,431	\$ 10,844,793	\$ 4,178,840	\$ 2,327,622	\$ (909,420)	\$ 1,143,295	\$ 7,796,909
Business-type activities	1,703,947	1,537,275	1,960,934	2,396,351	1,089,696	1,313,113	69,821	(166,663)	36,027	704,578
Total primary government	<u>\$ 6,956,616</u>	<u>\$ 8,058,967</u>	<u>\$ 5,315,161</u>	<u>\$ 6,565,782</u>	<u>\$ 11,934,489</u>	<u>\$ 5,491,953</u>	<u>\$ 2,397,443</u>	<u>\$ (1,076,083)</u>	<u>\$ 1,179,322</u>	<u>\$ 8,501,487</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund										
Nonspendable	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252	\$ 78,126	\$ 95,561	\$ 58,666	\$ 61,789	\$ 125,118
Restricted	242,949	250,953	15,219	25,401	15,825	117,646	122,452	120,217	149,868	88,639
Committed	8,738,079	8,891,250	8,489,250	8,137,500	7,295,960	6,607,250	5,777,532	5,178,250	4,540,000	4,738,109
Assigned	2,118,052	2,346,271	2,221,017	2,516,915	2,790,139	2,762,575	2,152,899	2,089,799	1,857,022	1,878,480
Unassigned	<u>6,424,566</u>	<u>4,630,500</u>	<u>4,605,965</u>	<u>2,632,596</u>	<u>2,106,836</u>	<u>2,364,510</u>	<u>3,386,768</u>	<u>3,472,715</u>	<u>2,647,250</u>	<u>2,496,844</u>
Total General Fund	<u>\$ 17,623,694</u>	<u>\$ 16,216,604</u>	<u>\$ 15,529,941</u>	<u>\$ 13,787,510</u>	<u>\$ 12,312,012</u>	<u>\$ 11,930,107</u>	<u>\$ 11,535,212</u>	<u>\$ 10,919,647</u>	<u>\$ 9,255,929</u>	<u>\$ 9,327,190</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 49,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	18,219	14,987	16,046	16,068	11,641	3,490	-	-	35,000	15,000
Assigned	25,660,708	57,540,218	10,561,334	10,109,522	9,415,644	10,561,433	9,453,593	9,910,873	9,414,308	9,689,435
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,308)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 25,678,927</u>	<u>\$ 57,555,205</u>	<u>\$ 10,577,380</u>	<u>\$ 10,175,161</u>	<u>\$ 9,427,285</u>	<u>\$ 10,564,923</u>	<u>\$ 9,453,593</u>	<u>\$ 9,905,565</u>	<u>\$ 9,449,308</u>	<u>\$ 9,704,435</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
General property taxes	\$ 27,227,252	\$ 26,357,304	\$ 25,439,640	\$ 24,368,117	\$ 23,036,507	\$ 22,789,212	\$ 22,544,761	\$ 21,767,074	\$ 20,073,697	\$ 20,069,387
Sales and use tax	4,855,330	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,760,505	3,729,202	3,588,738	3,381,018
Hotel and meals tax	4,547,853	4,727,323	4,118,267	3,391,337	3,203,638	3,099,130	2,868,910	2,732,598	2,599,776	2,406,577
Utility taxes	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,406,473	1,123,537	1,102,556	1,120,868
Business license tax	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,092,817	2,197,306	2,113,198	1,925,106
Local communication tax	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,127,910	1,430,821	1,427,036	1,456,638
Other local taxes	1,953,694	2,085,147	1,813,746	1,667,495	1,471,226	1,447,840	1,178,087	1,137,304	1,151,406	1,129,732
Permits, privilege fees, and regulatory licenses	210,011	254,962	287,878	204,627	340,019	194,875	157,536	192,509	211,744	176,104
Fines and forfeitures	201,199	254,056	134,887	94,155	97,667	96,231	102,876	61,682	71,616	59,336
Charges for services	1,777,240	2,004,950	1,946,372	1,954,079	1,728,423	1,608,212	1,622,035	1,606,586	1,620,194	1,603,565
Intergovernmental	16,855,771	15,628,576	14,605,541	15,077,113	14,217,692	13,964,649	14,003,453	12,562,122	12,579,801	12,879,542
Investment earnings	872,221	359,855	152,529	124,450	74,703	11,826	9,238	14,607	28,659	510,633
Other revenues	1,604,833	1,488,076	2,066,758	3,264,835	1,191,662	1,189,448	693,820	665,595	681,836	61,329
Total revenues	64,877,544	62,307,846	59,348,912	58,761,308	54,011,615	53,057,474	51,568,421	49,220,943	47,250,257	46,779,835
EXPENDITURES										
General government administration	5,898,682	5,639,449	5,491,832	5,323,924	5,256,366	4,995,152	4,612,315	4,200,956	4,074,848	4,052,531
Judicial administration	2,204,747	1,991,569	1,986,549	1,887,175	1,908,434	1,819,367	1,741,001	1,717,714	1,720,680	1,594,913
Public safety	14,321,917	12,416,082	11,988,429	11,840,326	10,983,509	10,995,906	10,921,912	10,692,670	9,151,531	9,750,857
Public works	6,702,453	7,120,877	6,783,337	6,545,773	6,406,425	6,048,808	5,467,440	5,532,890	5,126,188	5,048,667
Health and welfare	7,199,240	6,906,155	6,973,721	6,217,517	5,953,836	6,418,179	6,063,427	5,636,446	5,582,630	5,527,635
Education	13,905,956	13,449,048	12,799,048	12,570,848	12,188,148	11,896,270	11,780,170	11,004,427	10,715,366	10,602,061
Parks, recreation and cultural	3,556,916	3,602,905	3,462,734	3,386,445	3,495,384	3,235,318	3,107,917	2,964,000	2,860,619	2,793,380
Community development	2,340,385	2,217,450	1,601,234	1,954,345	1,639,414	1,723,742	1,778,665	1,510,259	2,263,642	1,724,699
Capital outlay	34,553,316	3,691,767	2,050,884	1,798,102	2,969,485	339,235	1,868,965	533,126	2,900,387	625,192
Debt service:										
Principal retirement	2,684,965	2,597,575	2,877,922	2,827,195	2,546,046	2,500,449	2,466,353	1,783,845	1,785,018	2,042,417
Interest and fiscal charges	2,050,800	964,810	1,024,272	1,117,284	1,205,009	1,289,295	1,372,263	1,203,682	1,220,736	1,298,202
Bond issue costs	92,920	114,508	-	-	-	-	-	96,553	-	-
Total expenditures	95,512,297	60,712,195	57,039,962	55,468,934	54,552,056	51,261,721	51,180,428	46,876,568	47,401,645	45,060,554
Excess (deficiency) of revenues over (under) expenditures	(30,634,753)	1,595,651	2,308,950	3,292,374	(540,441)	1,795,753	387,993	2,344,375	(151,388)	1,719,281

(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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	43,760,000	-	-	-	-	-	-	-	-
Refunding bonds issued	14,660,000	-	-	-	-	-	15,000,000	-	-	-
Debt Service - Principal pd on refunded bonds	(14,494,435)	-	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	2,329,862	-	-	-	-	-	-	-	-
Sale of building and equipment	-	-	-	-	-	-	-	-	17,848	20,159
Payment to refunding bond escrow agent*	-	-	-	-	-	-	(15,000,000)	-	-	-
Transfers in	7,030,058	8,538,800	5,065,250	6,491,550	5,391,619	5,992,012	8,933,104	9,296,443	5,945,984	4,077,358
Transfers out	(7,030,058)	(8,559,825)	(5,229,550)	(7,560,550)	(5,606,911)	(6,281,540)	(9,157,504)	(9,471,443)	(6,170,384)	(4,301,758)
Total other financing sources (uses)	165,565	46,068,837	(164,300)	(1,069,000)	(215,292)	(289,528)	(224,400)	(175,000)	(206,552)	(204,241)
Net change in fund balance	\$ (30,469,188)	\$ 47,664,488	\$ 2,144,650	\$ 2,223,374	\$ (755,733)	\$ 1,506,225	\$ 163,593	\$ 2,169,375	\$ (357,940)	\$ 1,515,040
Debt service as a percentage of noncapital expenditures	8.03%	6.30%	7.20%	7.40%	7.40%	7.57%	7.92%	6.47%	6.71%	7.73%

Notes:

Includes only the primary government

* in 2013 \$15,000,000 was paid to the Commonwealth of Virginia to settle debt on the Staunton Crossing property. See note 18.

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>
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	0.95
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	0.97
2016	1,441,318,317	309,192,006	55,452,633	1,805,962,956	0.95
2015	1,431,614,975	309,735,756	52,469,958	1,793,820,689	0.95
2014	1,423,202,760	311,476,860	53,212,038	1,787,891,658	0.95
2013	1,417,105,412	311,919,138	53,212,038	1,782,236,588	0.90
2012	1,465,244,126	313,111,572	52,355,253	1,830,710,951	0.90
2011	1,456,303,391	315,889,749	48,128,961	1,820,322,101	0.90

Sources:

City of Staunton Assessor's Office.

Notes:

- Property in the City of Staunton is reassessed every other year.
- The City assesses all real property at 100% of actual value, therefore the actual assessed value equals the taxable assessed value.
- Tax rates are per \$100 of assessed value.
- Includes real estate and downtown service district taxes.
- This schedule includes assessments made during the calendar year, January through December. The current calendar year includes taxes assessed in May but due 75% in June and 25% in December.
- There are no overlapping governments and therefore are no overlapping tax rates.

TABLE 6

CITY OF STAUNTON, VIRGINIA

**Revenue Capacity Information
Principal Property Taxpayers
Current Year and Nine Years Ago
UNAUDITED**

Taxpayer Name	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
One Industry Way Co-Owners	\$ 14,021,600	1	0.68%	\$ 14,014,000	1	0.17%
Wal-Mart Real Estate Business	11,638,200	2	0.57%	11,638,200	3	0.64%
ETCL Staunton LLC	10,996,050	3	0.54%			
Staunton Station LLC	10,254,880	4	0.50%			
Big Sky LLC	10,163,100	5	0.50%	9,628,200	4	0.53%
Statler Station LLC	10,099,300	6	0.49%			
Big Sky II LLC	9,990,970	7	0.49%			
BH Brightview Baldwin Park LLC	9,022,330	8	0.44%			
LRC Willow View LP	8,820,700	9	0.43%			
Woodcrest Properties	7,606,400	10	0.37%			
FAP Properties	-		-	12,145,780	2	0.67%
Baldwin Park LLC	-		-	9,305,870	5	0.51%
RCC Statler Square	-		-	9,257,800	6	0.51%
Staunton Plaza LLC	-		-	9,096,980	7	0.50%
North Augusta LLC	-		-	8,367,060	8	0.46%
Land'Or Williamsburg LLC	-		-	8,329,950	9	0.46%
Staunton Hotel LLC	-		-	7,812,440	10	0.43%
Totals	<u>\$ 102,613,530</u>		<u>5.01%</u>	<u>\$ 99,596,280</u>		<u>4.88%</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		
2020	(1) \$	19,325,700	(2) \$	-	0.00%	\$	-	0.00%	
2019		19,261,803		18,481,911	95.95%		291,830	18,773,741	97.47%
2018		18,239,912		17,452,121	95.68%		446,789	17,898,910	98.13%
2017		18,025,255		17,170,918	95.26%		466,115	17,637,033	97.85%
2016		17,097,175		16,281,518	95.23%		570,161	16,851,679	98.56%
2015		16,968,376		16,082,688	94.78%		617,488	16,700,176	98.42%
2014		16,887,817		15,988,802	94.68%		706,902	16,695,704	98.86%
2013		16,782,813		15,819,093	94.26%		755,300	16,574,393	98.76%
2012		16,261,738		15,280,479	93.97%		820,980	16,101,459	99.01%
2011		16,140,585		15,094,471	93.52%		908,160	16,002,631	99.15%
2010		17,426,047		16,310,945	93.60%		857,488	17,168,433	98.52%

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	Contractual Obligations	Literary Loans	Capital Leases	General Obligation Bonds	VRA Loans			
2020	\$ 71,263,546	\$ -	\$ 400,000	\$ -	\$ -	\$14,580,113	\$ 86,243,659	6.32%	\$ 3,527
2019	66,043,499	-	8,100,000	-	-	16,580,246	90,723,745	5.71%	3,738
2018	21,161,511	-	9,050,000	-	540,047	18,441,805	49,193,363	10.52%	2,030
2017	23,080,231	-	10,000,000	-	772,426	17,897,090	51,749,747	9.29%	2,124
2016	24,947,870	-	10,950,000	-	996,003	19,570,861	56,464,734	8.25%	2,293
2015	26,534,048	-	11,900,000	-	1,211,072	21,433,518	61,078,638	7.37%	2,489
2014	28,074,301	-	12,850,000	-	1,723,328	23,469,544	66,117,173	6.63%	2,692
2013	29,596,293	-	13,800,000	-	2,217,443	25,427,880	71,041,616	5.80%	2,944
2012	15,435,709	15,000,000	14,750,000	-	2,693,605	27,324,698	75,204,012	5.33%	3,096
2011	16,976,230	15,000,000	15,000,000	-	3,153,233	29,167,307	79,296,770	5.03%	3,266

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Table 11 for personal income and population data.

TABLE 9

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Literary Loans	VRA Loans	Net Bonded Debt		
2020	\$ 71,263,546	\$ 400,000	\$ 14,580,113	\$ 86,243,659	4.20%	\$ 3,527
2019	66,043,499	8,100,000	16,580,246	90,723,745	4.48%	3,738
2018	21,701,558	9,050,000	18,441,805	49,193,363	2.62%	2,030
2017	23,852,657	10,000,000	17,897,090	51,749,747	2.78%	2,124
2016	25,943,873	10,950,000	19,570,861	56,464,734	3.10%	2,293
2015	27,745,120	11,900,000	21,433,518	61,078,638	3.40%	2,489
2014	29,797,629	12,850,000	23,469,544	66,117,173	3.67%	2,692
2013	31,813,736	13,800,000	25,427,880	71,041,616	3.95%	2,944
2012	18,129,314	14,750,000	27,324,698	60,204,012	3.25%	2,473
2011	20,129,463	15,000,000	29,167,307	64,296,770	3.49%	2,666

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.

TABLE 10

CITY OF STAUNTON, VIRGINIA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 205,183,463	\$ 202,497,121	\$ 187,757,100	\$ 186,338,121	\$ 180,596,296	\$ 179,382,069	\$ 178,789,166	\$ 178,223,659	\$ 183,071,095	\$ 182,032,210
Total net debt applicable to limit	<u>86,243,659</u>	<u>90,723,745</u>	<u>49,193,363</u>	<u>51,749,747</u>	<u>55,997,284</u>	<u>61,078,638</u>	<u>66,117,173</u>	<u>71,041,616</u>	<u>60,204,012</u>	<u>64,296,770</u>
Legal debt margin	<u>\$ 118,939,804</u>	<u>\$ 111,773,376</u>	<u>\$ 138,563,737</u>	<u>\$ 134,588,374</u>	<u>\$ 124,599,012</u>	<u>\$ 118,303,431</u>	<u>\$ 112,671,993</u>	<u>\$ 107,182,043</u>	<u>\$ 122,867,083</u>	<u>\$ 117,735,440</u>
Legal debt margin as a percentage of the debt limit	57.97%	55.20%	73.80%	72.23%	68.99%	65.95%	63.02%	60.14%	67.11%	64.68%

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)
2020	24,453	\$ 5,451,146	\$ 44,316	42.5	2,595	8.4%
2019	24,273	5,177,207	42,436	42.0	2,578	2.9%
2018	24,234	5,177,207	42,436	44.2	2,563	3.2%
2017	24,363	4,808,881	40,000	44.0	2,534	3.8%
2016	24,416	4,620,405	38,579	43.4	2,535	3.9%
2015	24,538	4,501,809	37,664	42.3	2,590	5.1%
2014	24,350	4,343,540	36,597	42.3	2,535	5.6%
2013	23,921	4,085,833	34,442	42.9	2,522	6.3%
2012	24,067	3,969,481	33,502	42.9	2,605	6.3%
2011	23,834	3,912,376	33,114	42.1	2,528	6.7%

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 2019.
- (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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	6.41%	500-999	1	4.86%
Staunton City School Board	250-499	2	3.20%	500-999	2	4.86%
City of Staunton	250-499	3	3.20%	250-499	5	3.31%
Mary Baldwin College	250-499	4	3.20%	250-499	3	3.31%
Walmart	250-499	5	3.20%	250-499	4	3.31%
Federated Auto Parts	100-249	6	1.50%	100-249	7	0.66%
Brightview Senior Living LLC	100-249	7	1.50%			
VDOT	100-249	8	1.50%	100-249	8	0.66%
Cadence Inc	100-249	9	1.50%			
Graphic Packaging	100-249	10	1.50%			
Virginia School for the Deaf and Blind				100-249	9	0.66%
Alphastaff Inc				250-499	6	3.31%
Home Instead Senior Care				100-249	10	0.66%
Total	2150-4490		26.70%	2550-4440		25.60%

Source: Virginia Employment Commission (VEC)

Notes:

Percentage of Total City employment (2020) 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 as of June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	38	38	33	33	35	35	32	33	31	31
Judicial	22	22	22	22	22	21	21	21	21	21
Public Safety	109	109	103	103	103	99	99	99	99	98
Public Works	42	41	41	40	40	40	38	38	38	38
Parks, Recreation, and Culture	27	27	25	24	24	24	24	23	23	22
Community Development	9	9	8	8	7	7	7	7	7	7
Blue Ridge Courts	9	9	9	9	9	9	8	8	8	8
Golf	0	0	1	1	1	1	1	1	1	1
Water	28	26	26	26	26	25	25	25	25	25
Sewer	5	5	5	5	5	5	5	5	5	5
Environmental	18	18	18	18	18	18	18	18	18	20
Stormwater	1	1	1	1	1	1	1	1	1	1
Total	308	305	292	290	291	285	279	279	277	289

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety:										
Police:										
Arrests	2,568	2,671	2,660	2,560	2,542	2,363	2,438	2,429	2,415	2,402
Parking tickets	3,735	4,674	5,269	4,618	4,855	4,813	4,931	5,036	5,548	5,117
Traffic summons	3,811	4,831	3,381	2,541	3,143	3,066	4,263	2,982	3,809	4,693
Fire:										
Incident responses	3,089	3,681	3,245	2,693	3,200	3,176	3,087	3,450	2,640	3,372
Fires extinguished	63	64	67	65	50	78	50	55	56	65
Inspections	1,571	1,921	1,910	1,611	1,311	1,250	1,193	918	424	417
Inspections:										
Building permits issued	843	1,035	945	588	960	907	957	881	1,010	1,036
Building inspections conducted	2,902	3,302	3,339	2,615	3,054	2,352	2,353	2,772	2,592	2,753
Public Works:										
Refuse:										
Recycling collected (tons per day)	1.81	2.34	2.20	2.26	2.28	2.73	2.27	2.16	2.12	1.72
Refuse collected (tons per day)	67.8	68.4	64.9	59.6	61.0	57.4	59.6	61.8	63.7	62.6
Other public works:										
Lane miles paved	13.4	18.17	6.42	10.5	12	13.7	11.1	10.2	12.3	10.08
Parks and Recreation:										
Rounds of golf	8,334	7,101	6,133	6,871	7,796	8,555	9,040	9,698	9,731	9,863
Library:										
Volumes in collection	112,577	119,763	130,039	145,943	163,930	172,836	174,577	177,957	177,037	175,505
Total volumes borrowed	171,426	378,818	373,359	401,074	388,795	379,306	393,416	389,551	397,243	418,107
Utility:										
New connections-water	17	10	11	13	4	8	8	8	9	16
Active customers-water	9,653	9,612	9,572	9,520	9,454	9,401	9,351	9,347	9,358	9,335

Sources: Various city departments; regional landfill

na- data not available

TABLE 15

CITY OF STAUNTON, VIRGINIA

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	23	24	21	21	18	18	19	19	19	20
Units-unmarked	31	29	26	26	20	20	18	18	18	16
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	7	7	7	7	7	8	8	10	8	7
Recycling trucks	4	3	3	3	3	3	3	3	4	3
Other Public Works										
Lane miles of streets	300.57	300.57	300.57	300.52	300.19	300.28	299.72	298.7	298.7	298.55
Traffic Signals-signals and flashers	65	65	65	65	65	65	65	65	65	63
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	198	1,452	820	1,580	1,670	1,798	1,619	1,614	1,585	1,560
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	98	376	350	195	385	196	211	220	212	195
Water										
Miles of water mains	184.52	184.09	183.44	181.97	181.41	181.27	181.11	181.4	179.41	175.37
Fire Hydrants	1094	1086	1072	1065	1062	964	957	919	912	912
Storage capacity (thousands of gal)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Sewer										
Miles of sanitary sewers	135.10	134.62	134.47	133.85	133.41	133.39	132.8	132.84	132.84	132.79

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 the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2020.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 30, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Staunton, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Staunton, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 30, 2020

CITY OF STAUNTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

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

Fire Aide Program

Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education

Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

Title I	84.010
Special Education Cluster – Grants to States	84.027
Special Education Cluster – Preschool Grants	84.173

8. The **threshold** for distinguishing Type A and B programs was **\$750,000**.
9. The City was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Granting Agency/Pass-Through State Agency/Grant Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Forestry:</u>				
Cooperative Forestry Assistance	10.664	20VTCW09		\$ 1,556
<u>Virginia Department of Agriculture:</u>				
Child Nutrition Cluster:				
National School Lunch Program - Non Cash Commodities	10.555	N/A		82,777
<u>Virginia Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	201919N10994;202020N10994	297,760	
COVID-19 School Breakfast Program	10.553	202020N850341	24,609	
Total School Breakfast Program			322,369	
National School Lunch Program	10.555	201919N10994;202020N10994	576,278	
COVID-19 National School Lunch Program	10.555	202020N850341	45,143	
Total Child Nutrition Cluster			621,421	943,790
Child and Adult Care Food Program				
COVID-19 Child and Adult Care Food Program	10.558	201919N10994; 202020N10994;202020N20204	14,626	
	10.558	202020N850341	80,621	95,247
Summer Food Service Program for Children				
COVID-19 Summer Food Service Program for Children	10.559	201919N10994	22,034	
	10.559	202020N850341	287,484	309,518
<u>Virginia Department of Social Services:</u>				
Food Stamp Cluster:				
State Administrative Matching Grants for the Food Stamp Program:				
Cost Allocations - Food Stamps	10.561	84322		4,281
Total Department of Agriculture				1,437,169
<u>DEPARTMENT OF EDUCATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Education:</u>				
Title I Educationally Deprived Children - LEA	84.010	S010A180046; S010A190046		877,743
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A170046;A013A180046		104,014
Special Education Cluster (IDEA)				
		H027A170107;H027A180107;H02		
Special Education Grants to States	84.027	75A170107	708,494	
Special Education Preschool Grants	84.173	H173A170112;H173A180112	31,880	
Total Special Education Cluster				740,374
Career and Technical Education -- Basic Grants to States- Perkins	84.048	V048A180046; V048A190046		71,092
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)-Title II	84.367	S367A18044; A367A19044		139,788
School Improvement Grants	84.377	S377A140047		138,111
Title IV-Student Support and Academic Enrichment Grants	84.424	S424A170048		73,514
Preschool Development Grants	84.419	S419B150010		31,698
<u>Virginia Polytechnic Institute:</u>				
Title III ESEA - Limited English Proficient	84.365	na		5,732
Total Department of Education				2,182,066

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Granting Agency/Pass-Through State Agency/Grant Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
(Continued)				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Social Services:</u>				
Temporary Assistance for Needy Families:	93.558			
TANF-Manual checks		80801	\$	(441)
VIEW Component and Component-Related Activities		87201		1,100
VIEW-Supportive Services		87202		1,772
VIEW- Transitional Transportation		87204		307
VIEW-Transportation		87207		7,335
VIEW-Transitional Support		87211		414
Child Care and Development Block Grant:	93.575			
Fee child care 100%		88302		(25)
Child Care and Development Fund:-Mandatory and Matching Funds	93.596			
VIEW-Working Child Care		87101		(28)
Foster Care - Title IV-E:	93.658			
Children's Residential Facility		81107		226,689
Licensed Child Placing Agency-Basic Maintenance		81108		106,608
Local Agency Foster Home-Basic Maintenance		81110		35,447
Licensed Child Placing Agency-Enhanced Maintenance for Additional Daily Supervision		81112		160,490
Local agency		81113		1,685
Fostering Futures LCP Basic Maintenance		81401		1,430
Fostering Futures IL Basic Maintenance		81403		14,754
Fostering Futures LCP Enhanced Maintenance		81404		1,852
Central Service Cost Allocation - IV-E serv		84319		1,624
Adjustment		na		(2,438)
Adoption Assistance:	93.659			
Subsidized Adoption Assistance-Basic Maintenance		81201		305,234
Nonrecurring Adoption Assistance		81202		2,872
Federal Adoption Assistance-Enhanced Maintenance for Additional Daily Supervision		81203		315,629
Central Service Cost Allocation-IVE Adoption		84324		164
Social Services Block Grant:	93.667			
State Adoption Assistance Purchase of Service		81701		14,252
Home Based Homemaker (State Supplement)		83304		9,168
Prevention Services		83306		127
Adult Protective Services		89501		5,828
Medical Assistance Program (Title XIX)	93.778			
Central Service Cost Allocation-Medicaid		84323		2,982
				<u>1,214,831</u>
<u>Comprehensive Services for At Risk Youth and Families</u>				
Social Services Block Grant:	93.667	na		<u>185,436</u>
Total Department of Health and Human Services				<u>1,400,267</u>

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Granting Agency/Pass-Through State Agency/Grant Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
(Continued)				
<u>DEPARTMENT OF HOMELAND SECURITY:</u>				
<u>Direct Programs:</u>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMH-2016-FH-00549		177,170
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Emergency Management</u>				
2019 Emergency Management Performance Grant	97.042	EMP-2019-EP-00006-S01		7,500
Total Department of Homeland Security				184,670
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass-Through Programs:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	20-X9264VW18		57,607
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-A4694AD16; 20-A4883AD16; 20-P1210LO17		28,436
Total Department of Justice				86,043
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Motor Vehicles</u>				
Selective Enforcement - Speed	20.600	FSC-2020-50068-20068		6,323
<u>Virginia Department of Transportation:</u>				
Highway Planning and Construction	20.205	UPC 80485		38,452
Total Department of Transportation				44,775
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>Direct Programs:</u>				
Community Development Block Grants: Entitlement Grants	14.218	na		21,741
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
Community Development Block Grant - VIDA Program	14.228	18-LI22		23,800
Total Department of Housing and Urban Development				45,541
<u>DEPARTMENT OF THE TREASURY</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Accounts</u>				
CARES Act Coronavirus Relief Fund	21.019	na		99,260
Total Expenditures of Federal Awards				\$ 5,479,791

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Granting Agency/Pass-Through State Agency/Grant Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Notes to the Schedule of Expenditure of Federal Awards				

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Staunton, Virginia reporting entity and is presented on the modified accrual basis of accounting.

Note 2. Indirect Cost Rate

The City did not elect to use the 10% de minimus indirect cost rate.

Note 3. Outstanding Loan Balances

At June 30, 2020, the City had no outstanding loan balances requiring continuing disclosure.