



Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2024



CITY OF WINCHESTER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

Prepared by:
City of Winchester, Virginia
Finance Department

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**CITY OF WINCHESTER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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CITY OF WINCHESTER, VIRGINIA

THE COMMON COUNCIL

John D. Smith, Jr., Mayor
Kim M. Herbstritt, President
John W. Hill., Vice Mayor
Richard S. Bell, Vice President

Phillip L. Milstead
Corey S. Sullivan
Kathryn S. Tagnesi

Les C. Veach
Emily R. Windle

OFFICIALS

Daniel C. Hoffman, City Manager
Mary M. Blowe, Deputy City Manager/CFO
John R. Piper, Deputy City Manager
Kerri A. Mellott, Deputy Clerk of Council

CONSTITUTIONAL OFFICERS

William E. Sales, Jr., City Sheriff
Jeffrey L. Barbour, City Treasurer
William D. Gardner, Clerk of the Circuit Court
Ann T. Burkholder, Commissioner of Revenue
Heather D. Hovermale, Commonwealth's Attorney

OTHER OFFICIALS

Thomas H. Mayhew
Paula A. Nofsinger
Tyler B. Schenck
Melisa G. Michelsen
Christian W. Redmer
Michael T. Ruddy
Jeffrey B. Buettner
Scott E. Kensinger
Celeste R. Broadstreet

Jonathan D. Henschel
Timothy A. Youmans
Amanda R. Behan
Perry A. Eisenach
Amber D. Dopkowski
Dr. Jason Van Heukelum
Justin R. Kerns

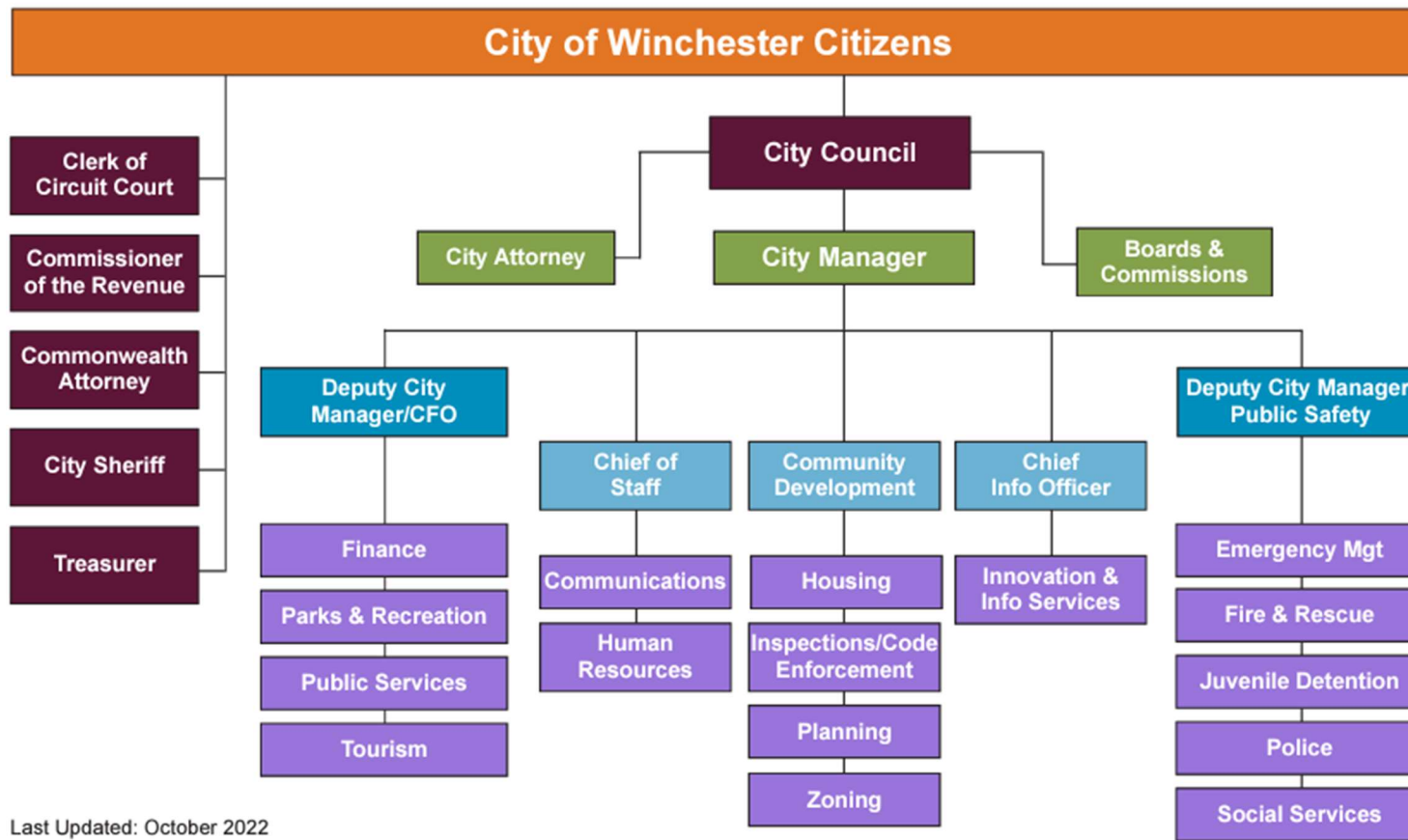
Elizabeth W. Martin
Alfredo Gutierrez Velasquez

Building Official
Chief of Staff
Chief Information Officer
City Attorney
Communications Director
Community Development Director
Economic Development Director
Emergency Management Coordinator
Finance Director/Real
Estate Administrator
Fire and Rescue Chief
Planning Director
Police Chief
Public Services Director
Social Services Director
Superintendent of Schools
Executive Director, Win-Fred Co.
Convention & Visitor's Bureau
Voter Registrar
Zoning Administrator

City of Winchester
Organizational Chart



ORGANIZATIONAL CHART



Last Updated: October 2022

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December 2, 2024

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

Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) of the City of Winchester, Virginia for the fiscal year ended June 30, 2024, is submitted herewith pursuant to Sections 15.1-166 & 167 of the Code of Virginia. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of all the funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse; to ensure that adequate accounting data are compiled; and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Brown Edwards & Company, L.L.P. performed the City of Winchester's audit for the fiscal year ended June 30, 2024. In addition to complying with the requirements set forth in the State Statutes, the audit was designed to comply with the requirements of the Single Audit Act of 1984 and related Uniform Guidance. The auditor's report on the basic financial statements is included in the Financial Section of this report. The auditor's reports related specifically to the single audit are included in the Compliance Section.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Winchester's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Winchester

The City of Winchester is located in the northern tip of Virginia in the Shenandoah Valley. Winchester, founded in 1744, is the oldest city in Virginia west of the Blue Ridge Mountains. The City currently occupies a land area of 9.3 square miles and serves a resident population of approximately 28,734. Two major interstate highways, I-81 and I-66, and four major state highways, Routes 50, 7, 11, and 522, provide direct access to eastern markets, including Washington, D.C., 72 miles away, and Baltimore, MD, 97 miles away. As a regional employment and health care center, the City's daytime population increases to approximately 45,000.

The City of Winchester has a Council/Manager form of government. The nine-member Council consists of a Mayor and eight Councilors elected from four wards in the City with each ward electing two members from the territory of the ward, and the mayor elected at-large and serving for a period of four years. In the governance of the City, the Council is charged with the responsibility of establishing policies and enacting ordinances and resolutions. The Council elects one of the councilors to serve as President for a two-year term. The City Manager is appointed by the Council and is charged with the responsibility of administering daily operations and implementing Council directives.

The City provides a full range of services, including the following: police and fire protection; emergency response and rescue services; education; water and sewer services; refuse removal and disposal services; construction and maintenance of highways, streets, stormwater, and infrastructure; parks and recreational activities; cultural events; parking facilities; transit services; social services; planning and zoning; and general administration. All moneys required to support these services are reflected in this report.

The ACFR includes all funds, component unit agencies, and 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 following organizations are included in the financial statements for the reasons indicated:

- ◆ Winchester Parking Authority (WPA): The Winchester Parking Authority was created at the request of the City of Winchester under Chapter 221 the 1964 Acts of the Virginia General Assembly on March 27, 1964 as a public body and body politic and corporate to acquire, construct, reconstruct, equip, improve, extend, enlarge, maintain, repair and operate off-street parking facilities; providing for the issuance of revenue bonds of the Parking Authority, payable solely from revenues; to pay all or any part of the cost of such parking facilities; providing for the imposition and collection of rates, rentals, fees, and charges for the use of and for the services furnished by the parking facilities; authorizing the issuance of revenue refunding bonds; and prescribing the powers and duties of the Authority in connection with the parking facilities and adjoining areas. All members of the WPA are appointed by the City's Common Council.
- ◆ Winchester School Board (Board): The Board was created by Common Council in accordance with Article VIII, Section 7 of the Virginia Constitution and Section 14.01(A) of the Winchester City Charter as a public body corporate. Pursuant to the foregoing, the Board is vested with the authority to supervise the City's publicly funded primary and secondary school system. The Board is authorized to oversee the operation and management of the City's public schools and receives annual appropriations in furtherance of these efforts from Common Council and other funding sources. In November 2019 the residents of Winchester voted via a referendum to transition from an appointed School Board to one that is elected.

Profile of the City of Winchester (Continued)

- ◆ Economic Development Authority (the “Authority”): The Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the City of Winchester (the “City”) on October 15, 1967, 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 (1950) as amended). The Authority is governed by seven directors appointed by the City of Winchester, Virginia. 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 enterprise to locate and remain in Winchester, Virginia.

Financial activities of the following joint ventures and other related organizations are not included in the ACFR, but are disclosed in the notes to the financial statements in accordance with pronouncements of the Governmental Accounting Standards Board:

- | | |
|---|--|
| ◆ Frederick-Winchester Service Authority | ◆ Northwestern Regional Jail Authority |
| ◆ Winchester Regional Airport Authority | ◆ Handley Regional Library Board |
| ◆ Northwestern Juvenile Detention Center Commission | |

The City maintains budgetary control as part of its fiscal management techniques. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City’s governing body. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. Only the Common Council can revise the appropriation for each department. The City Manager is authorized to transfer appropriations within general government departments, and the School Board is authorized to transfer budgeted amounts within the school system’s categories. As demonstrated by the statements and schedules included in the financial section of this report, the City meets its responsibility for sound financial management.

Local Economy

The City is the region’s commercial, recreational, industrial, and medical center serving a 75-mile radius. Because of the City’s position as a regional economic center and its extensive highway system, the City’s workforce is drawn from a substantially broader area. Employers in the area offer a wide variety of private sector jobs ranging from agriculture, forestry, and manufacturing, to retail, professional, educational, and medical services, as well as an emerging presence of information technology opportunities.

The City’s largest employer is Valley Health Systems, which owns and operates the Winchester Medical Center and five smaller primary care hospitals in the region along with other related services such as urgent care clinics, home health services, a childcare facility, and transport services. The 495-bed regional referral center offers a broad spectrum of services that include diagnostic, medical, surgical, and rehabilitative care in both inpatient and outpatient settings. The hospital is the only Level II Trauma Center in the region and is an essential resource for more than 400,000 residents in the northern Shenandoah Valley of Virginia, Eastern Panhandle of West Virginia, and western Maryland. A Magnet-designated hospital, Winchester Medical Center is also an Advanced Primary Stroke Center, Chest Pain Center, and Level 4 Epilepsy Center. Most recently, Winchester Medical Center opened a state-of-the-art Mental Health facility – the EmPATH Unit.

Located within Winchester is Shenandoah University, a United Methodist Church-affiliated institution, which was founded in 1875 in Dayton, Virginia, and moved to Winchester in 1960. Today, Shenandoah University has an enrollment of over 4,300 students. Students from Shenandoah’s most recent incoming

Local Economy (Continued)

class hail from 26 different countries. These students participate in more than 200 areas of study at the bachelor's, master's, and doctoral degree levels, as well as through undergraduate and graduate certificates, across six schools: College of Arts and Sciences, School of Business, Shenandoah Conservatory, Bernard J. Dunn School of Pharmacy, Eleanor Wade Custer School of Nursing, and School of Health Professions. The University has continued to grow academic offerings and has recently become one of the first universities to offer bachelor's degrees in virtual reality design and esports management, as well as the state's oldest music therapy program.

The Winchester Regional Airport is an all-weather general aviation airport, with 5,500 feet of grooved asphalt runway, serving the region. The airport is staffed 24 hours a day/7 days a week and sells 100LL and Jet-A aviation fuel. It is the official airport of the Virginia Inland Port Authority, which is fifteen miles south of Winchester. The City participates with other user localities in a joint venture to operate the airport and contributes a share of the local funding needed for the operations and capital improvements of the airport.

The City's commercial tax base accounts for 29.9% of the taxable real property value in the City. The City serves as the major retail center for the region. Apple Blossom Mall, an enclosed regional shopping center, contains Belk, J.C. Penney's, and AMC Theatres as its anchors, along with over 80 stores, specialty merchants and restaurants. Plazas such as Apple Blossom Corners, Winchester Crossing, Winchester Station and Winchester Plaza house Martin's, Staples, Hobby Lobby, Kohl's, HomeGoods, Books-A-Million, Michael's, Old Navy, Petco, Dick's Sporting Goods, Planet Fitness and Kirkland's. Also, serving the area are a Wal-Mart Supercenter, Lowe's, Home Depot, Target, and T.J. Maxx. The Old Town Mall, a pedestrian mall in the City's downtown, offers a wide range of boutiques, specialty shops and restaurants and is often viewed as the cultural center of the community. There are also several anchorless retail centers and one lifestyle center that house Ann Taylor Loft, Talbots, J. Jill, Jos A Bank Clothier, and other high-end retail stores. The City is also home to several national chain restaurants and fosters a robust locally owned culinary scene. In addition, the City has several class A office buildings serving the professional services sector and business service entities. In addition to retail, hospitality and office space, the City is home to several large manufacturing companies including Continental AG, National Fruit Company, Rubbermaid Commercial Products, and Trex Corporation. These companies provide over 1,400 jobs to Winchester.

Winchester Development Services and the Winchester Economic Development Authority (EDA) work closely together to facilitate economic development and growth within our community. A brief update on the major projects in FY 2025 authenticates the size, diversity and positive impact on Winchester's business and financial strength. The Winchester Economic Development Authority issued a \$4 million loan to Winchester Acquisition Partners LLC to assist in the purchase of the Ward Plaza catalyst site for future redevelopment. This project includes plans for significant commercial space, including a new grocer, as well as a mix of single-family townhomes and apartments. Projects such as Ward Plaza represent the Economic Development Authority's goal of leveraging public resources to spur substantial private investment. Current projections estimate a private investment of \$100 million into the site. TFC Poultry, a Minnesota-based company, recently completed their \$35 million investment into redeveloping vacant industrial space in the North End into a new turkey processing facility, bringing more than 100 new jobs in their first East Coast expansion.

The EDA continues to work closely with prospective businesses, City staff, and Statewide stakeholders to streamline and strengthen the development of new economic activity in the City of Winchester to maintain a healthy tax revenue stream to support Winchester's next generation of citizens. In CY2023 the EDA was approved for an additional ten-year Enterprise Zone (EZ) designation. The EZ designation opens access to State level grant funding and local incentive management opportunities to spur economic

Local Economy (Continued)

activity. Recent EZ incentive activity includes the redevelopment of commercial facades on Piccadilly St. as well as the adaptive re-use of the Sarah Zane Fire Hall to create vibrant new commercial space and residential opportunities downtown.

Winchester City Council is exploring Neighborhood Design Districts (NDDs) and Tax Increment Financing (TIF), receiving their first readings in CY2024. Neighborhood Design Districts and TIF seek to radically change the City's approach to redevelopment. Rather than looking narrowly at one site for redeveloping, Neighborhood Design Districts will allow the City to "pre-plan" the site and adjacent parcels into a cohesive district. NDDs and TIF will allow the City to preemptively build out infrastructure such as roads and piping around key catalyst sites to create development ready locations. Debt incurred to build out infrastructure is abated through the increased property tax revenue raised by the upwards property value assessment of redeveloped projects over time.

In addition, the City continues to successfully market the Downtown Walking Mall, in collaboration with the new Main Street Nonprofit: Friends of Old Town. Utilizing resources afforded through Winchester's Main Street designation by the Department of Housing and Community Development (DHCD) allows the City and the nonprofit to focus on downtown revitalization - putting the traditional assets of downtown, such as unique architecture and locally owned businesses, to work as a catalyst for economic growth and community pride. These efforts come through the administration of downtown focused events like the First Friday programs during Spring and Summers all the way to grant and incentive management, such as the Downtown Investment Grants responsible for art improvements on Piccadilly St. The municipal functions of this marketing and management are targeted to transfer fully to the Friends of Old Town by the end of CY2025.

Long-term Financial Planning

Unassigned fund balance in the general fund (25.5% of General Fund expenditures) exceeds the policy guidelines set by Council for planning purposes. Twenty percent is the adopted minimum target for the City's General Fund balance. Amounts that exceed 25% are transferred to the capital reserve account up to the funding maximum of \$2.0 million, as currently established by City Council.

As part of our strategic plan, the City has implemented a 20-year financial planning model to help project revenue and expenditures through the year 2045. Factored into the financial planning model are anticipated future major capital projects. The City is planning for several road improvement projects that will leverage state revenue sharing funds and general obligation bonds and a new Fire Station. In FY25, the City school district completed a significant mechanical (HVAC, Lighting, and Life Safety) upgrade at Frederick Douglass Elementary School using a final allocation of COVID relief pandemic funds. Two other elementary school buildings, Virginia Avenue and Garland Quarles, have entered their 30th+ year of service, and in the coming years they are expected to need substantial renovations to their mechanical systems and building envelopes. These projects would need to be funded through general obligation bonds or other sources of local funding. Significant capital requests for the coming fiscal year will include a renovation of the Patsy Cline Theater seating and flooring at John Handley High School, the installation of athletic practice fields behind the Shihadeh Innovation Center, and design costs for the future renovation of Garland Quarles Elementary School. Winchester Public Schools has seen enrollment return to pre-pandemic levels and the current enrollment numbers of 4,300 should remain consistent into the foreseeable future. Current educational facilities are adequately sized at the elementary level and high school level, but middle school level assets will be slightly strained by student enrollment in grades 5-8. Current public-school assets should take us well into the future, allowing us to continue providing quality education for all students in the City.

Relevant Financial Policies

In December 2003, along with the fund balance policy (updated in August 2016), City Council adopted a debt obligation policy, which states that net debt as a percentage of assessed value will not exceed 4%. General obligation debt service and lease payments as a percentage of general governmental expenditures will not exceed 15%.

The City's investment policy is designed to allow the City to obtain the highest possible yield on available City financial assets, consistent with constraints imposed by its safety objectives, cash flow considerations, and Virginia State laws that restrict the placement of public funds. Accordingly, deposits were either insured by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Major Initiatives

A. Green Circle Trail

The City continues to work towards completing the Green Circle Trail. The design of the trail along Jubal Early between Plaza Drive and Millwood Avenue is in progress and construction on this section of the trail is expected to begin by the end of 2025.

B. North Cameron Street Drainage Improvements

This project is under construction and consists of improvements necessary to alleviate significant flooding that occurs along N. Cameron Street north of Piccadilly Street. The City has purchased multiple properties to construct landscaped stormwater management ponds that will hold runoff after large rain events and release it slowly into the City's stormwater system. The total cost of this major project will be over \$30 million with the majority of project funding coming from the Stormwater Utility and state grants from VDOT.

C. Utility Infrastructure Improvements

Work is ongoing on multiple utility projects that will be completed in the next few years and are being paid for by the Utility fund. These projects are necessary to replace old infrastructure and include the following:

1. Water and sewer main replacements. Work is currently progressing on National Avenue. The next large project will be the watermain replacement on Jefferson Street that is expected to begin next year.
2. The City's new in-house construction crew is working on water and sewer utility replacements in the area around the old hospital on W. Cork Street.
3. Sewer pump station replacements. Construction on the replacement of two pump stations will begin early in 2025.
4. Raw water reservoir. Preliminary investigations of constructing a raw water reservoir near the water treatment plant continue.

D. Millwood Avenue Improvements

City Council has approved making roadway improvements on Millwood Avenue between Apple Blossom Drive and Mall Blvd. to improve traffic flow on this congested corridor. The engineering design of these improvements is underway, and construction will occur at the same time as a new bridge over Interstate-81 is constructed by VDOT. Construction is set to begin in 2026.

Major Initiatives (Continued)

E. New South End Fire Station

The design of the new South End Fire Station is in progress and construction is expected to begin in the spring of 2025. This will be the first fire station owned and operated by the City.

F. Middle Road and Papermill Road Improvements

Design work has started on both projects that will install sidewalks, curb & gutter, underground drainage infrastructure, and bike lanes along both streets.

Awards and Acknowledgment

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 Winchester for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the thirty-second consecutive year that the City of Winchester has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

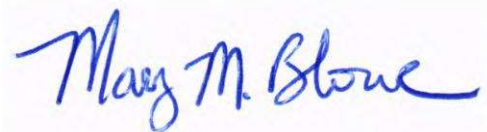
The preparation of this report was made possible by the dedicated and effective efforts of City and Schools Finance staff, and staff in other departments throughout the City who assisted in gathering the information for this report. Many hours of hard work are represented herein, and we extend our sincere appreciation to each member of our staff who contributed to the final report.

Finally, grateful appreciation is extended to the City Council for their leadership and support throughout the year.

Respectfully submitted,



Daniel C. Hoffman
City Manager



Mary M. Blowe
Deputy City Manager/CFO



Celeste R. Broadstreet
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Winchester
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winchester, Virginia (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 2, 2024

City of Winchester, Virginia
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

This section of the City of Winchester's (the City's) annual financial report presents an overall review of the City's financial activities for the fiscal year ended June 30, 2024. Please review all documentation in conjunction with the City's financial statements and the transmittal letter for an overall picture of the City's financial performance as a whole.

Financial Highlights

- The assets and deferred outflows of resources of the City of Winchester, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$187.7 million (net position).
- The City's total net position increased approximately \$31.7 million over the course of this year's operations. Net position of governmental activities increased \$19.1 million, and net position of business-type activities increased \$12.6 million from the prior year.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31.4 million, a decrease of \$7.6 million over the prior year. Approximately 70.0% of this amount, \$22.0 million, is available for spending at the government's discretion (unassigned fund balance).
- As of the close of the current fiscal year, the City's general fund unassigned fund balance was \$26.7 million. This amount represents 25.5% of total general fund expenditures.
- The City's total debt decreased by \$4.8 million, or 2.1%. The City's general obligation bond debt decreased \$10.8 million, revenue bond debt increased \$8.0 million, financed equipment purchase, leases and subscriptions decreased \$29,308 and obligations payable decreased \$1.7 million from the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of activities presents information showing how the City'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 in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements (Continued)

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (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 include general government; judicial administration; public safety; public works; health and welfare; community development; and recreation and cultural. The business-type activities of the City include water, sewer, and stormwater operations.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains nine 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 balance for the general fund and capital projects fund, which are considered major funds. Data from the other 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 elsewhere in this report.

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

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, and stormwater 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 its employee benefits program, and equipment and grounds maintenance operation. Because these two functions predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Overview of the Financial Statements (Continued)

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 and Sewer fund and the Stormwater Utility fund (both major funds). Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has three fiduciary funds: the Special Welfare Fund, Northwestern Regional Jail Authority Construction Fund, and Northwestern Regional Juvenile Detention Center Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 99 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 100 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position (assets in excess of liabilities) may serve over time as a useful indicator of a government's financial position. Table 1 shows that the primary government's assets exceeded liabilities by \$187.7 million at the close of fiscal year 2024.

The City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 liquidate these liabilities.

Governmental activities. As shown in Table 1, net position for governmental activities increased from \$68.5 million at the end of FY 2023 to \$87.6 million (\$19.1 million increase) at the end of FY 2024. This increase is attributed to the increase in capital assets, including road improvements, improvements to Jim Barnett Park, and a decrease in outstanding debt, see Note 8 for detailed information.

In FY 2015, the City began complying with the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard requires the City to report a net pension liability for the Defined Benefit Pension Plan that is offered to City employees. For detailed information on the Defined Benefit Pension Plan see Note 12, page 56. In FY 2018 the City began complying with GASB Statements No. 74 and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the City to report a net Other Postemployment Benefits (OPEB) liability for its cost sharing defined benefit healthcare plan offered to eligible retirees and

Government-wide Financial Analysis (Continued)

other OPEB plans offered to employees through the Virginia Retirement System see Note 14, page 72. In FY 2022 the City began complying with GASB Statement No. 87, *Leases*. This standard requires the City as a lessee to report a lease liability and an intangible right-to-use lease asset, and as a lessor to report a lease receivable and a deferred inflow of resources, see Note 9, page 52. In addition, in FY 2023 the City began complying with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard requires the City to recognize a subscription liability and an intangible right-to-use subscription asset, see Note 10, page 54.

Table 1
City of Winchester's Net Position
Fiscal Year ended June 30, 2024
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2024	2023	2024	2023	2024	2023	2024	2023
Assets								
Current and other assets	\$ 52.9	\$ 60.8	\$ 32.8	\$ 18.9	\$ 85.7	\$ 79.7	\$ 28.7	\$ 24.8
Capital assets	144.4	131.2	230.6	222.8	375.0	354.0	150.3	134.7
Total Assets	197.3	192.0	263.4	241.7	460.7	433.7	179.0	159.5
Deferred Outflows of Resources								
Deferred charge on refunding	0.8	1.1	1.2	1.3	2.0	2.4	-	-
Pension related deferred outflows	3.9	4.2	0.5	0.5	4.4	4.7	12.2	9.7
Other postemployment benefit related deferred outflows	3.7	3.7	0.3	0.3	4.0	4.0	1.3	1.1
Total Deferred outflows of resources	8.4	9.0	2.0	2.1	10.4	11.1	13.5	10.8
Liabilities								
Current and other liabilities	8.9	10.5	6.2	3.4	15.1	13.9	9.5	10.3
Long-term liabilities	100.9	110.5	158.6	152.0	259.5	262.5	56.3	49.8
Total Liabilities	109.8	121.0	164.8	155.4	274.6	276.4	65.8	60.1
Deferred Inflows of Resources								
Leases	0.8	1.1	-	-	0.8	1.1	-	-
Deferred charges on refunding	-	-	-	-	-	-	0.1	0.1
Property taxes collected in advance	1.5	1.3	-	-	1.5	1.3	-	-
Pension related deferred inflows	2.5	5.4	0.3	0.7	2.8	6.1	4.5	8.3
Other postemployment benefit related deferred inflows	3.5	3.7	0.2	0.2	3.7	3.9	0.6	0.8
Total Deferred inflows of resources	8.3	11.5	0.5	0.9	8.8	12.4	5.2	9.2
Net Position								
Net investment in capital assets	102.1	92.0	80.9	73.2	183.0	165.2	143.9	140.1
Restricted	0.5	0.4	-	-	0.5	0.4	1.1	1.2
Unrestricted	(15.0)	(23.9)	19.2	14.3	4.2	(9.6)	(23.4)	(26.0)
Total Net Position	\$ 87.6	\$ 68.5	\$ 100.1	\$ 87.5	\$ 187.7	\$ 156.0	\$ 121.6	\$ 115.3

Government-wide Financial Analysis (Continued)

In addition, since the GASB 34 implementation the City reports its liability for the repayment of the debt associated with the construction of school facilities under the governmental activities category. The City, not the School Board, is obligated for the debt. The related capital assets are presented under the Component Unit – School Board. If the debt related to the construction of schools (\$41.6 million) were not presented in Table 2, the net position for the governmental activities would be \$129.2 million and the total net position for the primary government would be \$229.3 million.

Table 2
Changes in the City of Winchester's Net Position
Fiscal Year ended June 30, 2024
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Program Revenues								
Charges for services	\$ 8.1	\$ 8.7	\$ 44.4	\$ 37.0	\$ 52.5	\$ 45.7	\$ 3.9	\$ 3.5
Operating grants and contributions	24.1	22.4	0.1	0.1	24.2	22.5	51.8	48.7
Capital grants and contributions	5.2	5.0	4.3	1.2	9.5	6.2	2.6	0.5
General Revenues								
Property taxes	55.2	52.0	-	-	55.2	52.0	-	-
Sales taxes	12.9	12.8	-	-	12.9	12.8	-	-
Other taxes	28.5	27.6	-	-	28.5	27.6	-	-
Grants and contributions not restricted to specific programs	3.3	3.2	-	-	3.3	3.2	-	-
Unrestricted investment earnings	0.4	0.4	0.2	0.1	0.6	0.5	0.2	0.1
Other	-	-	0.1	-	0.1	-	35.0	37.1
Total revenues	\$ 137.7	\$ 132.1	\$ 49.1	\$ 38.4	\$ 186.8	\$ 170.5	\$ 93.5	\$ 89.9
Expenses								
General government	9.3	8.5	-	-	9.3	8.5	-	-
Judicial administration	5.3	5.0	-	-	5.3	5.0	-	-
Public safety	30.9	29.4	-	-	30.9	29.4	-	-
Public works	15.9	15.0	-	-	15.9	15.0	1.5	1.1
Health and welfare	13.1	12.9	-	-	13.1	12.9	-	-
Education	34.5	34.7	-	-	34.5	34.7	85.1	77.4
Parks, recreation and culture	5.2	5.0	-	-	5.2	5.0	-	-
Community development	3.7	2.8	-	-	3.7	2.8	0.6	2.7
Interest on long-term debt	2.1	2.1	-	-	2.1	2.1	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Water and sewer	-	-	33.8	32.8	33.8	32.8	-	-
Stormwater	-	-	1.3	-	1.3	-	-	-
Total expenses	120.0	115.4	35.1	32.8	155.1	148.2	87.2	81.2
Increase (decrease) in net position								
before transfers	17.7	16.7	14.0	5.6	31.7	22.3	6.3	8.7
Transfers	1.4	1.3	(1.4)	(1.3)	-	-	-	-
Increase (decrease) in net position	19.1	18.0	12.6	4.3	31.7	22.3	6.3	8.7
Net position - beginning	68.5	50.5	87.5	83.2	156.0	133.7	115.3	106.6
Net position - ending	\$ 87.6	\$ 68.5	\$ 100.1	\$ 87.5	\$ 187.7	\$ 156.0	\$ 121.6	\$ 115.3

Government-wide Financial Analysis (Continued)

As shown in Table 2, the City's revenues from governmental activities totaled \$137.7 million for FY 2024, an increase of \$5.6 million from FY 2023. The largest increase was in property taxes totaling \$3.2 million mainly due to the increase in assessed values for real and personal property. Operating grants and contributions increased by \$1.7 million primarily to the Federal American Rescue Plan (ARPA) Act grant funds, these funds were used to help mitigate and respond to the COVID-19 pandemic. The City was awarded \$12.3 million in FY 2022 and has approximately \$0.3 million remaining at the end of FY 2024.

Winchester's general revenues increased by \$4.3 million from the prior year. Property taxes increased by \$3.2 million from the prior year due to market conditions which significantly increased the assessment value of real and personal property. Other taxes (business licenses, communications, transient lodging, and meals taxes) increased by \$0.9 million from the prior year due to the strong local economy. In addition, sales taxes increased by \$0.1 million from the prior year.

The City's expenses from governmental activities totaled \$120.0 million (Table 2) for the fiscal year ended June 30, 2024, an increase of \$4.6 million from the prior year. The largest increases were in public safety by \$1.5 million, public works increased by \$0.9 million and community development increased by \$0.9 million. General government increased by \$0.8 million, judicial administration increased by \$0.3 million, parks, recreation and culture increased by \$0.2 million, health and welfare increased by \$0.2 million, and education decreased by (\$0.2) million. Overall increases include personnel and benefits costs as the City is committed to recruiting and retaining employees, by maintaining competitive salaries and benefits. In addition, inflation also has increased operation costs by double digits in some instances for essential materials and supplies.

As shown in Figure A, the City received 70.2% of its revenue from taxes. The major source of revenue for the City was property taxes (\$55.2 million or 40.1%), composed of real estate, personal property taxes, and machinery and tools taxes. The City's real property tax rate is \$0.83 per \$100 of assessed value (effective January 1, 2023). The 2023 reassessment of real property increased real estate values approximately 28.7% and lowered the real estate tax rate from \$0.93 per \$100 of assessed value. The City revalues real property every two years, the next reassessment will be effective January 1, 2025. Real Property values are expected to moderately increase. Other tax revenues (sales and other taxes) increased \$1.0 million from the prior year, due to strong economic conditions in the City.

As shown in Figure B, education was the largest expense at \$34.5 million or 28.8% of total governmental expenses. Public safety was the second largest expense at \$30.9 million or 25.8% of total governmental expenses. Public works has the largest amount of program revenue at \$14.3 million or 38.3% of total program revenues. Health and welfare has the second highest program revenue at \$9.3 million or 25.0% of total program revenues.

Government-wide Financial Analysis (Continued)

Figure A
Revenues by Source – Governmental Activities

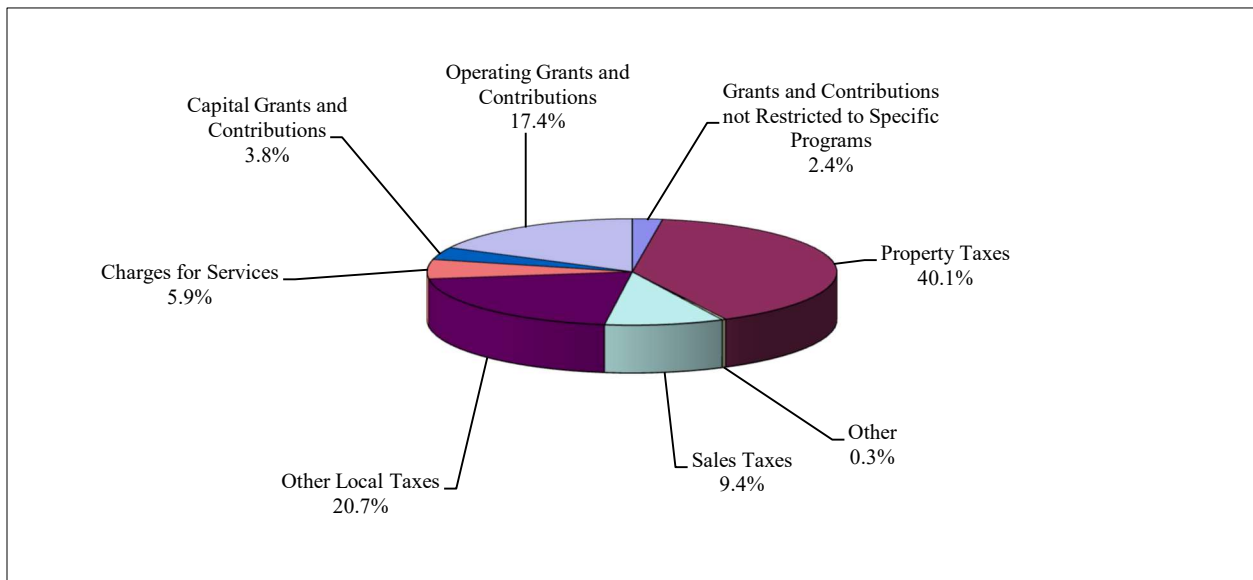
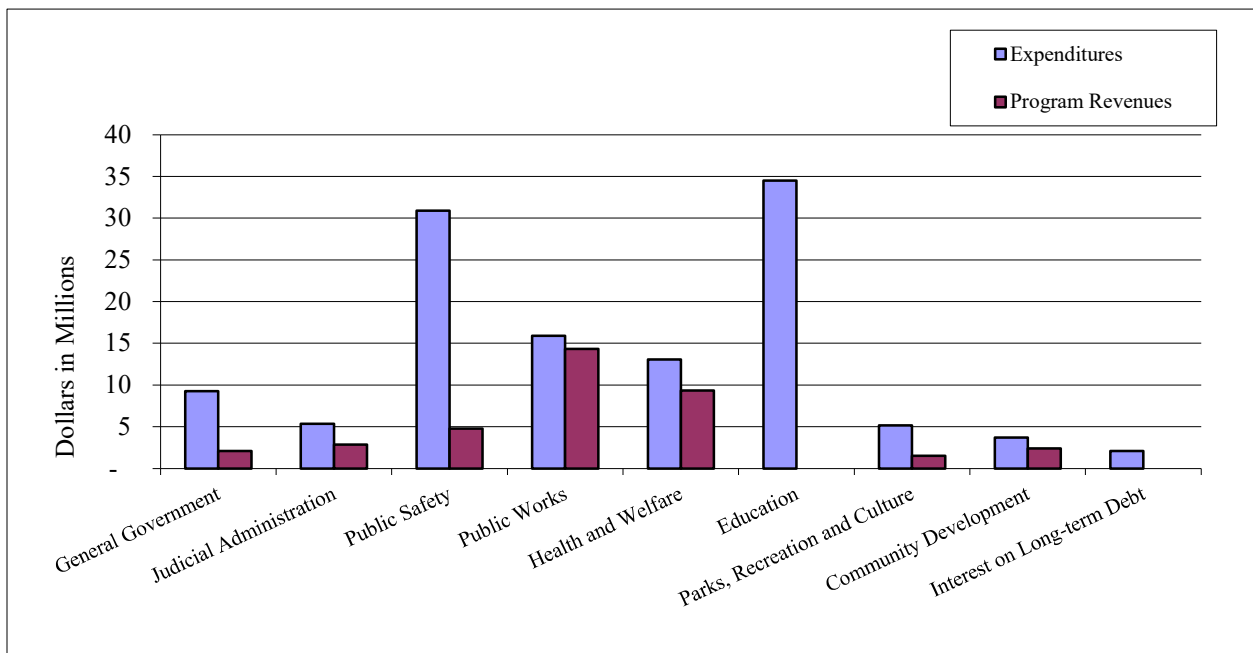


Figure B
Expenses and Program Revenues – Governmental Activities



Government-wide Financial Analysis (Continued)

Business-type activities. The City's business-type activities include the water and sewer fund and the new stormwater fund established by City Council in July 2022. Stormwater fees began in January 2024. The net position of these business-type activities totaled \$100.1 million (Table 2), an increase of \$12.6 million from the prior year. As shown in Figure C, the major revenue source for the business-type activities is charges for services which totaled \$44.4 million or 90.5% of the total revenues for business-type activities, including water and sewer utility fees (\$42.1 million) and stormwater fees (\$2.3 million). Charges for services increased \$7.4 million from the prior year, due to the new stormwater fee and an increase in water purchases from a neighboring municipality. Expenses of the business-type activities totaled \$35.1 million (Table 2), an increase from the prior year of \$2.3 million. This increase in expenses is partly due to the addition of the new stormwater utility (\$1.3 million) and the addition of an in-house infrastructure team to address system maintenance needs and inflation costs for materials and supplies.

Figure C
Revenues by Source – Business-type Activities

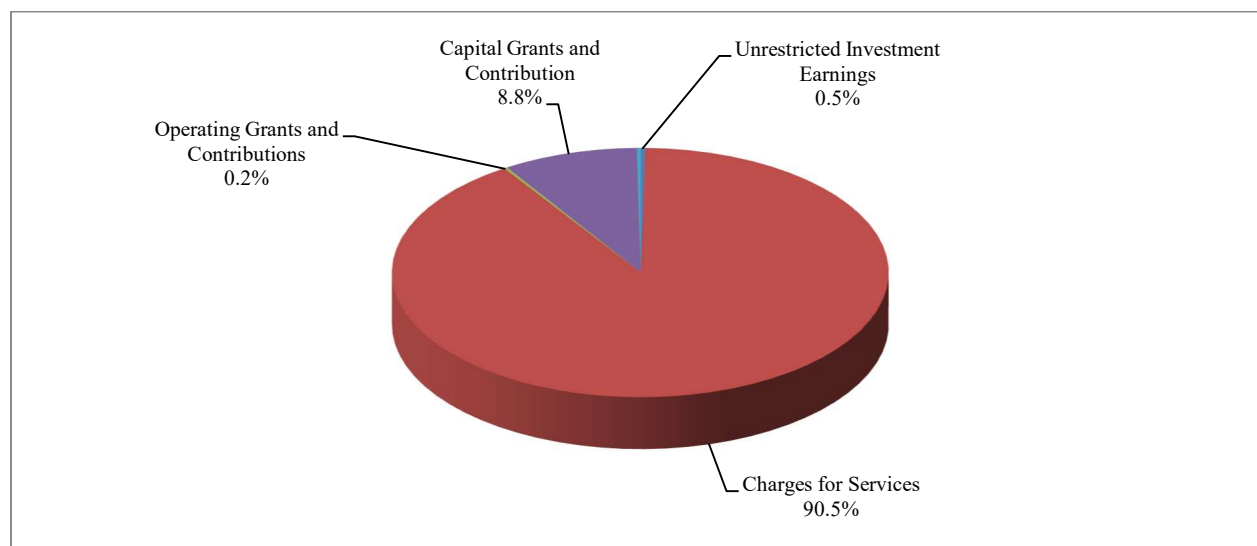
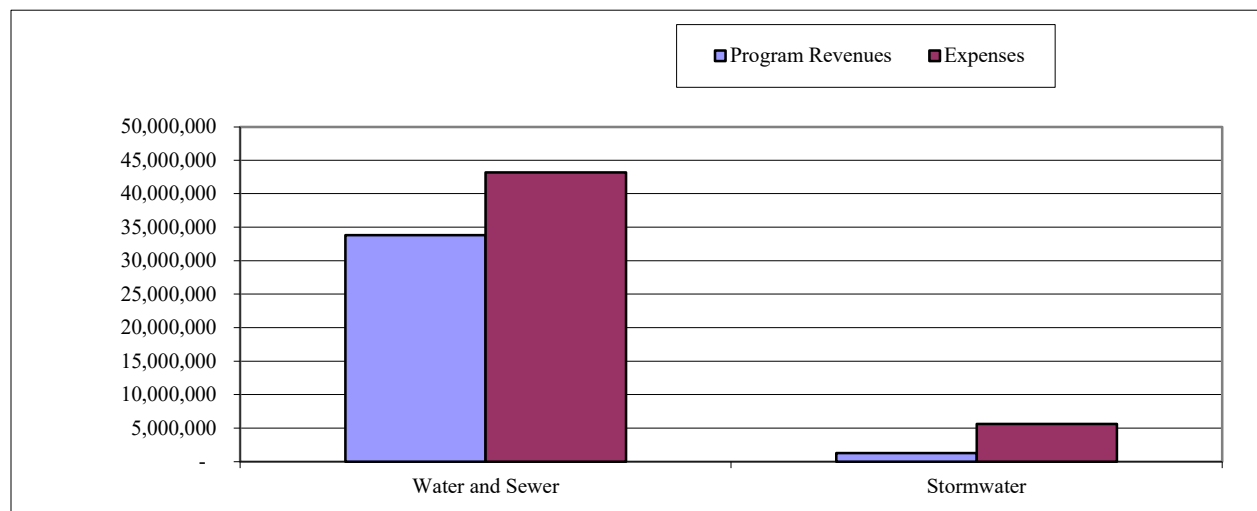


Figure D
Expenses and Program Revenues – Business-type Activities



Government-wide Financial Analysis (Continued)

School Board activities. The net position of the School Board totaled \$115.5 million. School Board revenues increased by \$9.5 million (12.5%), mainly due a \$6.7 million increase in operating grants and contributions from Federal ARPA funds and a \$2.8 million increase (8.8%) in the transfer from the General Fund. Overall, School Board expenses increased \$9.5 million (14.0%) from the prior year for overall increased salaries and operational expenses.

Financial Analysis of the City's Funds

The City of Winchester 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 spending at the end of the fiscal year.

Fund balances are the difference between assets and liabilities in governmental funds and consist of the following categories:

- Nonspendable fund balance includes amounts that are not in spendable form or amounts that are required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that are restricted through enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision making authority.
- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental funds.

For the fiscal year ended June 30, 2024, the City's governmental funds reported combined fund balances of \$31.4 million, a decrease of \$7.6 million in comparison with the prior year. Approximately \$22.0 million of the combined total fund balances constitutes unassigned fund balance, which is generally available for spending at the City's discretion.

General Fund. The general fund is the chief operating fund of the City. For the fiscal year ended June 30, 2024, the unassigned fund balance of the general fund was \$26.7 million, while total fund balance reached \$34.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 25.5% (25.7% in the prior year) of total general fund expenditures, the decrease is due to the increased assignment of fund balance (\$5.3 million) for capital and education expenditures in the FY 2025 budget. Total fund balance represents 33.3% (32.4% in the prior year) of general fund expenditures.

Financial Analysis of the City's Funds (Continued)

Total fund balance in the general fund increased by \$2.1 million during the current fiscal year due to higher than projected local taxes, such as sales and personal property taxes. Total revenues increased \$4.6 million or 4.3% over the prior year. Real property taxes increased \$2.7 million (8.0%) over the prior year. Personal property taxes increased \$0.4 million (2.4%), due to an increase in the personal property assessment values. Other local taxes increased by \$2.1 million (2.9%) from the prior year, including sales, meals, and hotel taxes. Sales and use taxes increased \$0.2 million (1.2%), hotel taxes increased by \$0.4 million (35.8%) and meals taxes increased \$0.4 million (3.7%) while business license taxes increased \$0.4 million (4.3%) compared to the prior year. In addition, charges for services increased \$0.4 million (21.7%) from the prior year primarily due to the increase in park and recreation activities and a sanitation fee rate increase. Federal revenue increased \$0.6 million (112.6%) due to a increase in Community Development Block Grant funding.

Total General Fund expenditures increased \$4.0 million or 4.0% compared to the prior year, mainly due to increased salaries and inflationary operating increases. General government and Judicial administration expenditures increased by \$0.6 million or 5.2% compared to the prior year. Public safety expenditures increased by \$0.9 million or 3.4% compared to the prior year. Public works, health and welfare, and parks, recreation, and culture expenditures remained comparable to the prior year. Education decreased by (\$0.2) million or 0.5% compared to the prior year. Community development increased by \$0.5 million or 22.0% over the prior year due to increased focus on economic development and revitalization in the City. Capital outlay increased by \$1.8 million or 238.4% compared to the prior year for vehicle and equipment replacements. Debt service payments increased by \$0.4 million (3.4%) due to the scheduled debt repayment.

Capital Improvements Fund. The Capital Improvements Fund has a negative fund balance of \$4.6 million, of which the entire amount is either restricted or committed for various projects that will be funded with an upcoming bond issuance in FY 2025. Revenue totaled \$5.5 million including: \$2.0 million of intergovernmental revenue including state and federal funds for road improvement projects. Other financing sources included a \$2.1 million transfer from the general for road improvements and park capital improvements. Expenditures totaled \$15.1 million, of which the most significant included \$9.2 million for road improvement projects and \$2.9 million for the Jim Barnett Park improvement projects.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the City's water and sewer fund for the fiscal year ended June 30, 2024, amounted to \$18.4 million, an increase of \$3.8 million from the prior year, mainly due to the increase in bonds payable from the scheduled retirement of debt. The unrestricted net position of the City's stormwater utility fund for the fiscal year ended June 30, 2024, amounted to \$1.0 million, an increase of \$1.0 million due to this being the first operational year for this fund.

General Fund Budgetary Highlights

City Council revised the City budget two times during the fiscal year. The difference between the original budget and the final amended budget of expenditures for the general fund was an increase of \$2.7 million, including \$0.8 million of carry forward unspent FY 2023 education funds; \$1.0 million for public safety salaries and grant funding; \$0.4 million for general administration; and \$0.5 million in debt service for lease and subscription obligations.

General Fund Budgetary Highlights (Continued)

Actual revenues were more than the final budget amounts by \$1.6 million, and actual expenditures were \$3.8 million less than final budget amounts. Highlights of the comparison of final budget to actual figures include the following:

- Revenues from other local taxes, permits, fines, use of money, charges for services, miscellaneous, and recovered costs were more than budget by \$1.8 million due to the sales, meals and transient occupancy tax collections increasing due to improving economic conditions. Federal revenue was \$0.6 million less than budget.
- Revenues from general property taxes were \$0.4 million more than budgeted amounts mainly due to an increase in assessment values for real property taxes.
- Actual combined general government administration, judicial administration, health and welfare, parks and recreation, and community development were \$1.0 million less than budgeted amounts resulting primarily from savings in personnel costs due to managed.
- Public Safety, education, and debt expenditures were \$2.8 million more than budgeted amounts resulting primarily from inflationary costs due to current economic conditions.

Capital Assets and Debt Administration

Capital assets. The City of Winchester's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$375.1 million net of depreciation and amortization, which represents an increase of \$21.1 million, or 6.0% over the prior year. This investment includes land, buildings, improvements, water and sewer distribution systems, roads and bridges, and machinery and equipment. More detailed information regarding the City's capital assets can be found in Note 6 to the financial statements.

Major capital asset events during the fiscal year included the following:

- Jim Barnett Park athletic fields and equipment improvements totaled \$4.0 million.
- Paving and storm sewer additions totaled \$1.9 million.
- Sidewalks and curb additions totaled \$4.0 million.
- Replacement of public safety equipment totaled \$1.0 million
- Replacement of public works equipment totaled \$2.6 million.
- Water and sewer infrastructure improvements totaled \$1.6 million.

Capital Assets and Debt Administration (Continued)

Table 3 summarizes the City's capital assets as of June 30, 2023, and 2024.

Table 3
City of Winchester's Capital Assets
(net of depreciation and amortization)
Fiscal Year ended June 30, 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 8,712,352	\$ 8,678,397	\$ 1,201,485	\$ 1,201,485	\$ 9,913,837	\$ 9,879,882
Construction in progress	6,648,315	1,826,129	11,332,843	789,736	17,981,158	2,615,865
Buildings	36,195,001	36,444,753	-	-	36,195,001	36,444,753
Buildings – Leases	255,797	324,010	-	-	255,797	324,010
Treatment plants	-	-	56,134,250	57,497,537	56,134,250	57,497,537
Improvements other than buildings	34,571,143	16,650,347	411,077	401,959	34,982,220	17,052,306
Infrastructure	42,410,497	53,846,812	118,638,007	118,510,051	161,048,504	172,356,863
Equipment	13,213,342	11,424,515	21,357,980	21,055,212	34,571,322	32,479,727
Equipment – leases	507,979	66,108	2,643	4,211	510,622	70,319
Right-to-use-subscription	1,934,946	1,892,795	12,119	6,346	1,947,065	1,899,141
FWSA purchased capacity	-	-	21,586,965	23,389,675	21,586,965	23,389,675
Total Capital Assets	\$ 144,449,372	\$ 131,153,866	\$ 230,677,369	\$ 222,856,212	\$ 375,126,741	\$ 354,010,078

Long-term debt. As shown in Table 4, the City of Winchester had total debt outstanding of \$224.4 million for the fiscal year ended June 30, 2024, a decrease of \$4.8 million from the fiscal year ended June 30, 2023. This entire amount is backed by the full faith and credit of the City, with \$147.1 million of the total being repaid by the City's business-type activities.

For the fiscal year ended June 30, 2024, the City's outstanding general bond obligation decreased by \$9.8 million, including no new issuance of general obligation bonds and the retirement of \$9.8 million general bond obligations due to the scheduled retirement of principal and bond refunding. The business-type activities obligations payable decreased by \$1.7 million. The revenue bonds payable amount increased by \$8.0 million, including a new \$13.3 million issue for stormwater projects and the retirement of \$5.3 million in revenue bonds. The City instituted a stormwater water utility fee in FY 2024 to fund numerous stormwater projects throughout the City. The City's Water and Sewer Fund continues to upgrade the City's aging water and sewer system. More detailed information regarding the City's long-term debt can be found in Note 8 to the financial statements.

Table 4
City of Winchester's Outstanding Debt
Fiscal Year ended June 30, 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 74,668,543	\$ 84,481,956	\$ 1,956,457	\$ 2,928,044	\$ 76,625,000	\$ 87,410,000
Revenue Bonds	-	-	116,292,314	108,255,696	116,292,314	108,255,696
Financed equipment purchase	656,592	980,044	-	-	656,592	980,044
Lease liabilities	407,254	390,142	2,660	4,221	409,914	394,363
Subscription liabilities	1,622,183	1,667,042	-	-	1,622,183	1,667,042
Obligations payable	-	-	28,836,922	30,553,005	28,836,922	30,553,005
Total Outstanding Debt	\$ 77,354,572	\$ 87,519,184	\$ 147,088,353	\$ 141,740,966	\$ 224,442,925	\$ 229,260,150

Capital Assets and Debt Administration (Continued)

The City's General Obligation Bonds have been rated AAA by Standard & Poor's Corporation, Aa2 by Moody's Investors Service, and AA+ from Fitch Ratings. The legal debt margin of the City is 10% of the total assessed valuation of the real estate within the City, which is subject to local taxation. The limitation complies with Article VII, Section 10(a) of the Constitution of Virginia, 1971, and Section 15.1-176 of the Code of Virginia, 1950, which defines the limitation on outstanding indebtedness that may be incurred by cities. Based on 10% of the assessed value of real property, the City of Winchester's legal debt limit is \$446.6 million. As of June 30, 2024, the City of Winchester's total debt applicable to the limitation totaled \$77.3 million, leaving a legal debt margin of \$369.4 million.

Economic Factors and Next Year's Budgets and Rates

- City staff will continue to monitor the financial and operating effects of the pandemic and inflationary pressures on the local economy and if revenues are not meeting the FY 2025 projections, we will prepare a mid-year (January timeframe) budget amendment to adjust revenues and expenditures. If decisions need to be made on our fund balance policies, or it appears that the City will drop below its policy goals, City staff will present to Council a plan to restore the fund balance, preferably within one fiscal year as per the City's fund balance policy.
- The City has received approximately \$4.9 million in federal funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The City spent approximately \$0.9 million to provide small business grants through the City's Economic Development Authority and approximately \$0.6 million to aid local non-profits. The remaining funds were used to offset costs associated with preparing and responding to the COVID-19 pandemic. Of the total CARES Act funding received, the City spent approximately \$750,000 in fiscal year 2020 and approximately \$4,150,000 in fiscal year 2021.
- The City received approximately \$12.3 million of funding under the American Rescue Plan Act (ARPA). The Common Council appropriated the funding for a range of purposes including revenue replacement, COVID-19-related facility improvements, water quality and sanitation, digital services improvements, and homeowner assistance. Of the total ARPA funding received the City spent approximately \$3.4 million in fiscal year 2022, \$5.2 million in fiscal year 2023, and \$3.4 million in fiscal year 2024, leaving \$0.3 remaining.
- The City of Winchester uses a robust strategic planning process to identify and address significant community issues. The process involves both the City Council and staff working together to create and update the plan. The 2021 Strategic Plan was adopted by Council on September 28, 2021, and served as the guidebook to develop the FY 2025 budget. The FY 2025 budget is based on the City's five main strategic plan goals: 1) Working Winchester - Encourage economic opportunity for all residents through small business supports and workforce development; 2) Building Winchester - Establish the foundations for a vibrant community by stimulating development of affordable housing, revitalizing catalyst sites, and building smart infrastructure; 3) Strengthening Winchester - Foster a safe, healthy, and diverse community with ample opportunities for recreation and wellness; 4) Moving Winchester - Facilitate the movement of people and goods around the city in all modes with comfortable sidewalks and trails, reliable transit, and safe streets; 5) Supporting Winchester - Support the City's high-performing operations with effective communication, innovation, and sound fiscal policies. City Council and staff embrace the plan and work together to achieve these goals.

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

- The approved \$117,100,000 FY 2025 General Fund budget is \$3.5 million more than the adopted FY 2024 budget. The FY 2025 budget projects an increase of \$1.5 million in local tax revenue including an increase in the meals tax rate from 6.0 percent to 6.5 percent generating \$0.9 million and \$0.4 million for a newly implemented School Zone violation fine. Additionally, we are projecting an increase of \$0.4 million from state revenue sources, an increase in Federal contributions of \$0.2 million, and an increase in fund balance use of \$575,500 for one-time expenditures. The City has a healthy unassigned fund balance well above the policy minimum of 20% of expenditures.
- The FY 2025 budget includes \$0.9 million increase in personnel to support a 3% cost of living adjustment increase for City employees and a 2.0% adjustment to the City's pay scale; \$0.4 million increase for four (4) new positions; \$1.4 million decrease in equipment replacement; and \$1.0 million increase in the contribution to the Winchester Public Schools.
- The City is planning to issue \$24 million of new general obligation debt in FY 2025 to construct the first City owned fire station and to leverage \$7.3 million of state revenue sharing funds to complete several road improvement projects.
- To meet increasingly stringent stormwater regulations primarily related to the cleanup of the Chesapeake Bay, and construct capital improvements that are needed to improve stormwater infrastructure throughout the City, City Council established a stormwater utility in July 2022 and approved a fee schedule in April 2023. Fees began in January 2024 affecting all properties with impervious surfaces. Current estimates of stormwater capital improvements needed in the City total over \$50.0 million in the next 20 plus years.
- The City continues in the effort of major capital improvements to replace aging water and sanitary sewer infrastructure. In 2017, City Council approved a series of water and sewer rate increases that are necessary to pay for these capital improvements. Since 2017, approximately \$95 million of capital improvements have been completed and there are additional improvements that are planned or in progress. The City has also implemented an in-house construction crew that focuses on replacing old water and sewer lines.
- The City of Winchester reassesses real property every two years; the next reassessment is effective January 1, 2025. The 2023 reassessment resulted in a 27.8% increase in taxable real property values. Based on this increase, City Council lowered the real estate tax rate from \$0.93 per \$100 of assessed value to \$0.83 per \$100 of assessed value, effective for 2023 and 2024. Based on current trends, the 2025 overall assessment values are projected to show modest growth over 2023 values.
- For the month of June 2024, the City's unemployment rate was 2.8%, compared to the State's 2.7% and the Federal rate of 4.1%.

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 Director, City of Winchester, 15 N. Cameron Street, Winchester, VA 22601.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WINCHESTER, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2024

Exhibit 1

	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	School Board	Winchester Parking Authority	Economic Development Authority
ASSETS						
Cash and cash equivalents	\$ 29,984,117	\$ 14,866,926	\$ 44,851,043	\$ 13,054,893	\$ 1,316,217	\$ 3,189,534
Investments	1,416,095	695,991	2,112,086	576,729	61,618	49,944
Receivables, net:						
Taxes, including penalties	8,470,898	-	8,470,898	-	-	-
Accounts	3,299,720	5,534,688	8,834,408	92,431	20,238	8,391
Promises to give	-	-	-	2,381	-	-
Leases	866,668	-	866,668	-	-	-
Bond administration fees	-	-	-	-	-	291,508
Notes receivable	-	-	-	-	-	4,748,522
Due from other governments	7,408,309	2,546,378	9,954,687	4,071,773	-	-
Internal balances	268,674	(268,674)	-	-	-	-
Prepays	62,143	-	62,143	-	-	9,679
Inventories	123,656	297,756	421,412	63,637	-	-
Cash and cash equivalents - restricted	947,415	-	947,415	-	-	-
Investments - restricted	15,956	9,097,263	9,113,219	-	-	-
Net pension asset	-	-	-	1,123,116	-	-
Capital assets:						
Nondepreciable	15,360,667	12,534,328	27,894,995	10,319,768	11,685	-
Depreciable, net	129,088,705	218,143,041	347,231,746	133,558,252	6,394,126	41,267
Total assets	<u>197,313,023</u>	<u>263,447,697</u>	<u>460,760,720</u>	<u>162,862,980</u>	<u>7,803,884</u>	<u>8,338,845</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	784,418	1,233,054	2,017,472	-	-	-
Pension-related deferred outflows	3,851,524	520,064	4,371,588	12,179,371	33,913	-
Other postemployment benefit-related deferred outflows	3,750,382	330,370	4,080,752	1,263,744	27,351	-
Total deferred outflows of resources	<u>8,386,324</u>	<u>2,083,488</u>	<u>10,469,812</u>	<u>13,443,115</u>	<u>61,264</u>	<u>-</u>
LIABILITIES						
Accounts payable and other current liabilities	7,654,318	4,928,509	12,582,827	9,262,705	87,933	55,199
Accrued interest	942,590	1,310,612	2,253,202	-	52,316	16,807
Unearned revenue	338,773	-	338,773	-	-	-
Noncurrent liabilities:						
Net pension liability due in more than one year	4,936,485	666,563	5,603,048	36,610,317	43,467	-
Net other postemployment benefit liability due in more than one year	7,423,182	528,898	7,952,080	6,454,291	42,159	-
Due within one year	11,454,168	9,684,073	21,138,241	375,906	358,948	296,976
Due in more than one year	77,071,488	147,690,195	224,761,683	3,043,330	5,311,131	3,745,217
Total liabilities	<u>109,821,004</u>	<u>164,808,850</u>	<u>274,629,854</u>	<u>55,746,549</u>	<u>5,895,954</u>	<u>4,114,199</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	824,177	-	824,177	-	-	-
Deferred charges on refunding	-	-	-	-	67,455	-
Property taxes collected in advance	1,462,296	-	1,462,296	-	-	-
Pension-related deferred inflows	2,476,249	334,363	2,810,612	4,446,814	21,804	-
Other postemployment benefit-related deferred inflows	3,526,401	236,749	3,763,150	603,761	19,938	-
Total deferred inflows of resources	<u>8,289,123</u>	<u>571,112</u>	<u>8,860,235</u>	<u>5,050,575</u>	<u>109,197</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	102,089,132	80,969,920	183,059,052	143,142,625	718,697	-
Restricted for:						
Net pension asset	-	-	-	1,123,116	-	-
Revenue for public safety programs	532,982	-	532,982	-	-	-
Unrestricted	(15,032,894)	19,181,303	4,148,409	(28,756,770)	1,141,300	4,224,646
Total net position	<u>\$ 87,589,220</u>	<u>\$ 100,151,223</u>	<u>\$ 187,740,443</u>	<u>\$ 115,508,971</u>	<u>\$ 1,859,997</u>	<u>\$ 4,224,646</u>

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	Winchester Parking Authority Economic Development Authority
Primary government:									
Governmental activities:									
General government	\$ 9,277,238	\$ 459,132	\$ 1,645,146	\$ -	\$ (7,172,960)		\$ (7,172,960)		
Judicial administration	5,342,471	748,928	2,086,707	39,155	(2,467,681)		(2,467,681)		
Public safety	30,897,599	2,064,874	2,727,907	-	(26,104,818)		(26,104,818)		
Public works	15,904,951	2,888,836	6,514,424	4,912,628	(1,589,063)		(1,589,063)		
Health and welfare	13,069,701	195,153	9,153,551	-	(3,720,997)		(3,720,997)		
Education	34,515,215	-	-	-	(34,515,215)		(34,515,215)		
Parks, recreation, and culture	5,175,013	938,435	520,326	59,872	(3,656,380)		(3,656,380)		
Community development	3,708,714	795,859	1,416,964	189,190	(1,306,701)		(1,306,701)		
Interest on long-term debt	2,087,079	-	-	-	(2,087,079)		(2,087,079)		
Total governmental activities	119,977,981	8,091,217	24,065,025	5,200,845	(82,620,894)		(82,620,894)		
Business-type activities:									
Water and sewer	33,825,733	42,069,989	103,081	1,008,325	-	\$ 9,355,662	9,355,662		
Stormwater	1,275,879	2,308,474	-	3,305,772	-	4,338,367	4,338,367		
Total business-type activities	35,101,612	44,378,463	103,081	4,314,097	-	13,694,029	13,694,029		
Total primary government	\$ 155,079,593	\$ 52,469,680	\$ 24,168,106	\$ 9,514,942	(82,620,894)	13,694,029	(68,926,865)		
Component units:									
School board	\$ 85,075,743	\$ 1,463,035	\$ 51,812,399	\$ 2,642,464			\$ (29,157,845)	\$ -	\$ -
Parking authority	1,494,826	1,668,021	-	-			-	173,195	-
Economic development authority	675,863	748,373	-	-			-	-	72,510
Total component unit	\$ 87,246,432	\$ 3,879,429	\$ 51,812,399	\$ 2,642,464			(29,157,845)	173,195	72,510
General revenues:									
Taxes:									
Property taxes					55,221,611	-	55,221,611	-	-
Sales taxes					12,918,225	-	12,918,225	-	-
Utility taxes					1,902,568	-	1,902,568	-	-
Business license taxes					9,402,998	-	9,402,998	-	-
Franchise taxes					510,548	-	510,548	-	-
Hotel and meals taxes					13,154,798	-	13,154,798	-	-
Communication taxes					1,393,285	-	1,393,285	-	-
Other local taxes					2,157,554	-	2,157,554	-	-
Gain on sale of property					177	-	177	27,371	-
Miscellaneous					25,375	120,390	145,765	125,183	92,848
Payments from City					-	-	-	34,456,187	292,500
Grants and contributions not restricted to specific programs					3,262,289	-	3,262,289	-	-
Unrestricted investment earnings					400,895	144,135	545,030	191,789	2,657
Transfers					1,370,000	(1,370,000)	-	-	-
Total revenues and transfers					101,720,323	(1,105,475)	100,614,848	34,800,530	388,005
Change in net position					19,099,429	12,588,554	31,687,983	5,642,685	460,515
Net position - beginning					68,489,791	87,562,669	156,052,460	109,866,286	3,764,131
Net position - ending					\$ 87,589,220	\$ 100,151,223	\$ 187,740,443	\$ 115,508,971	\$ 4,224,646

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

FUND FINANCIAL STATEMENTS

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CITY OF WINCHESTER, VIRGINIA
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit 3

	General	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 27,316,813	\$ 78,746	\$ 1,720,189	\$ 29,115,748
Investments	1,291,225	3,686	80,531	1,375,442
Receivables, net:				
Taxes, including penalties	8,470,898	-	-	8,470,898
Accounts	3,008,250	-	284,107	3,292,357
Leases	2,910,102	-	-	2,910,102
Prepays	100	59,812	-	59,912
Inventories	13,606	-	-	13,606
Due from other funds	3,700,000	-	-	3,700,000
Due from other governments	4,753,889	579,113	2,075,307	7,408,309
Cash and cash equivalents - restricted	264,805	-	340,839	605,644
Investments - restricted	-	-	15,956	15,956
Total assets	<u>\$ 51,729,688</u>	<u>\$ 721,357</u>	<u>\$ 4,516,929</u>	<u>\$ 56,967,974</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 812,414	\$ 2,525,155	\$ 1,369,524	\$ 4,707,093
Deposits payable	34,933	-	-	34,933
Accrued payroll	1,528,368	-	408,626	1,936,994
Unearned revenue	-	-	338,773	338,773
Due to other funds	-	2,830,000	870,000	3,700,000
Total liabilities	<u>2,375,715</u>	<u>5,355,155</u>	<u>2,986,923</u>	<u>10,717,793</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	2,798,384	-	-	2,798,384
Property taxes collected in advance	1,462,296	-	-	1,462,296
Opioid legal settlement	1,697,342	-	-	1,697,342
Unavailable revenue	8,618,876	-	261,865	8,880,741
Total deferred inflows of resources	<u>14,576,898</u>	<u>-</u>	<u>261,865</u>	<u>14,838,763</u>
FUND BALANCES				
Nonspendable	13,706	59,812	-	73,518
Restricted	532,982	-	-	532,982
Committed	2,229,012	-	-	2,229,012
Assigned	5,308,466	-	1,268,141	6,576,607
Unassigned	26,692,909	(4,693,610)	-	21,999,299
Total fund balances	<u>34,777,075</u>	<u>(4,633,798)</u>	<u>1,268,141</u>	<u>31,411,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,729,688</u>	<u>\$ 721,357</u>	<u>\$ 4,516,929</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				144,243,909
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				10,578,083
Internal service funds are used by management to charge the costs of supplies, employee benefits, and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.				559,940
Inter-fund lease activity is reported in the funds but eliminated from the Statement of Net Position				(69,227)
Deferred refunding costs are not financial resources and, therefore, are not reported in the funds.				784,418
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.				
Pension-related deferred outflows				3,737,871
Pension-related deferred inflows				(2,403,179)
Net pension liability				(4,790,817)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.				
Other postemployment benefit-related deferred outflows				3,664,201
Other postemployment benefit-related deferred inflows				(3,463,538)
Net other postemployment benefit liability				(7,290,555)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds				
Bonds, leases, subscriptions, and obligations payable				(77,343,262)
Issuance premiums				(8,289,247)
Accrued interest				(942,590)
Compensated absences				(2,798,205)
Net position of governmental activities				<u>\$ 87,589,220</u>

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit 4

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 54,503,000	\$ -	\$ -	\$ 54,503,000
Other local taxes	41,439,726	-	-	41,439,726
Permits, privilege fees, and regulatory licenses	973,671	-	-	973,671
Fines and forfeitures	414,952	-	-	414,952
Revenues from use of money and property	756,153	113,667	14,833	884,653
Charges for services	2,323,675	-	1,440,734	3,764,409
Miscellaneous	1,136,011	511,000	117,942	1,764,953
Recovered costs	1,479,805	45,020	500	1,525,325
Intergovernmental:				
Frederick County	-	-	652,122	652,122
Commonwealth	7,950,831	1,384,068	9,375,325	18,710,224
Federal	1,114,807	641,827	9,981,264	11,737,898
Total revenues	<u>112,092,631</u>	<u>2,695,582</u>	<u>21,582,720</u>	<u>136,370,933</u>
EXPENDITURES				
Current:				
General government administration	7,680,409	-	471,550	8,151,959
Judicial administration	5,164,178	-	30,498	5,194,676
Public safety	27,605,185	-	1,767,244	29,372,429
Public works	5,712,906	-	6,605,629	12,318,535
Health and welfare	861,817	-	12,340,939	13,202,756
Education	34,515,215	-	-	34,515,215
Parks, recreation, and culture	4,438,395	-	6,401	4,444,796
Community development	2,577,091	-	1,180,002	3,757,093
Capital outlay	2,529,787	14,965,435	3,870,777	21,365,999
Debt service:				
Principal retirement	10,831,261	-	102,046	10,933,307
Interest and fiscal charges	2,676,279	187,029	38,393	2,901,701
Total expenditures	<u>104,592,523</u>	<u>15,152,464</u>	<u>26,413,479</u>	<u>146,158,466</u>
Excess (deficiency) of revenues over expenditures	<u>7,500,108</u>	<u>(12,456,882)</u>	<u>(4,830,759)</u>	<u>(9,787,533)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	103,329	-	-	103,329
Insurance recoveries	25,375	-	-	25,375
Issuance of leases	-	132,169	-	132,169
Issuance of subscriptions	-	555,558	-	555,558
Transfers in	1,370,000	2,078,397	4,749,902	8,198,299
Transfers out	(6,828,299)	-	-	(6,828,299)
Total other financing sources (uses)	<u>(5,329,595)</u>	<u>2,766,124</u>	<u>4,749,902</u>	<u>2,186,431</u>
Net change in fund balances	2,170,513	(9,690,758)	(80,857)	(7,601,102)
Fund balance - beginning	<u>32,606,562</u>	<u>5,056,960</u>	<u>1,348,998</u>	<u>39,012,520</u>
Fund balance - ending	<u>\$ 34,777,075</u>	<u>\$ (4,633,798)</u>	<u>\$ 1,268,141</u>	<u>\$ 31,411,418</u>

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

CITY OF WINCHESTER, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit 5

Net change in fund balances - total governmental funds (Exhibit 4)	\$	(7,601,102)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives or lease terms and reported as depreciation or amortization expense. This is the amount by which capital outlays, \$21,302,149, exceeded depreciation and amortization, \$8,032,414, in the current period.		13,269,735
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		59,872
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balances by the <i>cost</i> of the property sold.		(103,152)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,411,082
Governmental funds report 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	\$ 2,756,122	
Pension expense	<u>(1,068,311)</u>	1,687,811
Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefits earned net of employee contributions is reported as other postemployment benefit expense.		
Employer other postemployment benefit contributions	320,529	
Other postemployment benefit expense	<u>(529,749)</u>	(209,220)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal repayments		10,848,622
Issuance of long-term obligations		(687,727)
Amortization of issuance premium		987,612
Amortization of deferred charge on refunding		(272,426)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(249,153)
Accrued interest		61,936
Inter-fund lease activity is eliminated from the Statement of Activities.		(37,845)
Internal service funds are used by management to charge the costs of supplies, employee benefits, and risk management to individual funds. The net revenue (expense) of internal service funds is allocated between governmental and business-type activities in the Statement of Activities.		
Net revenue (expense) of internal service funds		(77,041)
Allocation of net revenue (expense) to business-type activities		<u>10,425</u>
Change in net position of governmental activities	\$	<u>19,099,429</u>

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL -
GENERAL FUND
For the Year Ended June 30, 2024

Exhibit 6

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 53,884,500	\$ 54,094,900	\$ 54,503,000	\$ 408,100
Other local taxes	41,322,300	41,322,300	41,439,726	117,426
Permits, privilege fees, and regulatory licenses	717,300	717,300	973,671	256,371
Fines and forfeitures	85,000	85,000	414,952	329,952
Revenues from use of money and property	481,000	481,000	756,153	275,153
Charges for services	2,104,000	2,104,000	2,323,675	219,675
Miscellaneous	927,800	927,800	1,136,011	208,211
Recovered costs	1,132,500	1,136,980	1,479,805	342,825
Intergovernmental:				
Commonwealth	7,377,300	7,799,276	7,950,831	151,555
Federal	901,500	1,762,577	1,114,807	(647,770)
Total revenues	108,933,200	110,431,133	112,092,631	1,661,498
EXPENDITURES				
Current:				
General government administration:				
Legislative	280,700	262,764	259,424	3,340
General and financial administration	8,447,607	8,008,375	7,554,248	454,127
Board of elections	345,500	383,500	358,605	24,895
Total general government administration	9,073,807	8,654,639	8,172,277	482,362
Judicial administration:				
Courts	3,435,800	3,500,291	3,388,953	111,338
Commonwealth attorney	1,802,100	1,924,690	1,921,403	3,287
Total judicial administration	5,237,900	5,424,981	5,310,356	114,625
Public safety:				
Law enforcement and traffic control	10,497,800	10,858,900	10,742,476	116,424
Fire and rescue services	8,382,955	8,743,145	8,370,620	372,525
Correction and detention	5,951,592	6,011,592	5,980,693	30,899
Inspections	688,500	706,575	692,967	13,608
Other protection	3,205,200	3,443,954	2,867,892	576,062
Total public safety	28,726,047	29,764,166	28,654,648	1,109,518
Public Works:				
Maintenance of highways, streets, bridges, and sidewalks	720,000	727,415	715,970	11,445
Sanitation and waste removal	2,093,900	2,373,700	2,366,643	7,057
Maintenance of buildings and grounds	3,413,800	3,396,718	3,288,781	107,937
Total public works	6,227,700	6,497,833	6,371,394	126,439
Health and welfare:				
Health	350,908	270,908	253,147	17,761
Chapter X board	276,969	276,969	276,969	-
Welfare/Social Services	400,000	400,000	331,701	68,299
Total health and welfare	1,027,877	947,877	861,817	86,060
Education:				
Contributions to community college	59,028	59,028	59,028	-
Contributions to School Board	35,239,102	35,998,560	34,456,187	1,542,373
Total education	35,298,130	36,057,588	34,515,215	1,542,373
Parks, recreation, and cultural:				
Parks and recreation	4,050,000	4,175,206	4,126,586	48,620
Contribution to Regional Library	430,500	430,500	430,500	-
Total parks, recreation, and cultural	4,480,500	4,605,706	4,557,086	48,620

(Continued)

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

For the Year Ended June 30, 2024

**Variance with
Final Budget -
Positive
(Negative)**

\$	2,486,339	\$	2,819,324	\$	2,631,190	\$	188,134
	11,000		11,000		11,000		-
	<u>2,497,339</u>		<u>2,830,324</u>		<u>2,642,190</u>		<u>188,134</u>

10,147,200	10,828,200	10,831,261	(3,061)
<u>2,748,700</u>	<u>2,792,700</u>	<u>2,676,279</u>	<u>116,421</u>
12,895,900	13,620,900	13,507,540	113,360
<u>105,465,200</u>	<u>108,404,014</u>	<u>104,592,523</u>	<u>3,811,491</u>

3,468,000	2,027,119	7,500,108	5,472,989
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-	-	103,329	103,329
-	-	25,375	25,375
1,370,000	2,526,351	1,370,000	(1,156,351)
(8,022,800)	(7,815,770)	(6,828,299)	987,471
3,184,800	3,262,300	-	(3,262,300)
<u>(3,468,000)</u>	<u>(2,027,119)</u>	<u>(5,329,595)</u>	<u>(3,302,476)</u>

\$	-	\$	-	\$	2,170,513	\$	2,170,513
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CITY OF WINCHESTER, VIRGINIA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2024

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major			
	Water and Sewer Fund	Stormwater Utility Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,743,627	\$ 123,299	\$ 14,866,926	\$ 868,369
Investments	690,219	5,772	695,991	40,653
Accounts receivable, net	4,973,873	560,815	5,534,688	7,363
Prepays	-	-	-	2,231
Due from other governments	-	2,546,378	2,546,378	-
Due from other funds	1,900,000	-	1,900,000	-
Inventories	297,756	-	297,756	110,050
Cash and cash equivalents - restricted	-	-	-	341,771
Investments - restricted	-	9,097,263	9,097,263	-
Total current assets	<u>22,605,475</u>	<u>12,333,527</u>	<u>34,939,002</u>	<u>1,370,437</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	1,715,410	10,818,918	12,534,328	-
Depreciable, net	<u>216,945,502</u>	<u>1,197,539</u>	<u>218,143,041</u>	<u>205,463</u>
Total capital assets, net	<u>218,660,912</u>	<u>12,016,457</u>	<u>230,677,369</u>	<u>205,463</u>
Total noncurrent assets	<u>218,660,912</u>	<u>12,016,457</u>	<u>230,677,369</u>	<u>205,463</u>
Total assets	<u>241,266,387</u>	<u>24,349,984</u>	<u>265,616,371</u>	<u>1,575,900</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,233,054	-	1,233,054	-
Pension-related deferred outflows	448,253	71,811	520,064	113,653
Other postemployment benefit-related deferred outflows	<u>297,898</u>	<u>32,472</u>	<u>330,370</u>	<u>86,181</u>
Total deferred outflows of resources	<u>1,979,205</u>	<u>104,283</u>	<u>2,083,488</u>	<u>199,834</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,089,332	2,939,862	4,029,194	900,952
Customer deposits	554,779	-	554,779	-
Accrued payroll	316,054	28,482	344,536	74,346
Accrued interest	1,231,638	78,974	1,310,612	-
Due to other funds	-	1,900,000	1,900,000	-
Compensated absences - current	32,174	2,856	35,030	8,517
Bonds payable and other obligations - current	<u>9,574,827</u>	<u>74,216</u>	<u>9,649,043</u>	<u>3,689</u>
Total current liabilities	<u>12,798,804</u>	<u>5,024,390</u>	<u>17,823,194</u>	<u>987,504</u>
Noncurrent liabilities:				
Compensated absences	283,744	25,192	308,936	75,115
Net pension liability	574,523	92,040	666,563	145,668
Net other postemployment benefit liability	473,192	55,706	528,898	132,627
Bonds payable and other obligations	<u>132,606,940</u>	<u>14,774,319</u>	<u>147,381,259</u>	<u>7,621</u>
Total noncurrent liabilities	<u>133,938,399</u>	<u>14,947,257</u>	<u>148,885,656</u>	<u>361,031</u>
Total liabilities	<u>146,737,203</u>	<u>19,971,647</u>	<u>166,708,850</u>	<u>1,348,535</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	288,194	46,169	334,363	73,070
Other postemployment benefit-related deferred inflows	<u>214,265</u>	<u>22,484</u>	<u>236,749</u>	<u>62,863</u>
Total deferred inflows of resources	<u>502,459</u>	<u>68,653</u>	<u>571,112</u>	<u>135,933</u>
NET POSITION				
Net investment in capital assets	77,603,573	3,366,347	80,969,920	194,153
Unrestricted	<u>18,402,357</u>	<u>1,047,620</u>	<u>19,449,977</u>	<u>97,113</u>
Total net position	<u>\$ 96,005,930</u>	<u>\$ 4,413,967</u>	<u>100,419,897</u>	<u>\$ 291,266</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds and shown as an internal balance on the Statement of Net Position.			(268,674)	
Net position of business-type activities			<u>\$ 100,151,223</u>	

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit 8

	Business-type Activities - Enterprise Funds			Governmental
	Major			Activities
	Water and Sewer Fund	Stormwater Utility Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 33,284,526	\$ 2,308,474	\$ 35,593,000	\$ 5,246,344
Miscellaneous	44,790	75,600	120,390	-
Recovered costs	8,785,463	-	8,785,463	8,694
Total operating revenues	<u>42,114,779</u>	<u>2,384,074</u>	<u>44,498,853</u>	<u>5,255,038</u>
OPERATING EXPENSES				
Personnel services	7,633,992	654,315	8,288,307	1,598,148
Contractual services	7,469,435	231,775	7,701,210	520,472
Other supplies and expenses	7,268,634	108,103	7,376,737	1,945,758
Insurance claims and expenses	-	-	-	1,361,102
Depreciation and amortization	7,001,396	3,798	7,005,194	16,485
Total operating expenses	<u>29,373,457</u>	<u>997,991</u>	<u>30,371,448</u>	<u>5,441,965</u>
Operating income (loss)	<u>12,741,322</u>	<u>1,386,083</u>	<u>14,127,405</u>	<u>(186,927)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental:				
Commonwealth	-	59,453	59,453	-
Federal	103,081	-	103,081	-
Investment earnings	144,135	-	144,135	3,659
Interest and fiscal charges	(4,421,260)	(277,888)	(4,699,148)	-
Loss on disposal of capital assets	(20,591)	-	(20,591)	-
Total non-operating revenues (expenses)	<u>(4,194,635)</u>	<u>(218,435)</u>	<u>(4,413,070)</u>	<u>3,659</u>
Income (loss) before contributions and transfers	<u>8,546,687</u>	<u>1,167,648</u>	<u>9,714,335</u>	<u>(183,268)</u>
CAPITAL CONTRIBUTIONS	1,008,325	3,246,319	4,254,644	106,227
TRANSFERS OUT	<u>(1,370,000)</u>	<u>-</u>	<u>(1,370,000)</u>	<u>-</u>
Change in net position	8,185,012	4,413,967	12,598,979	(77,041)
Total net position - beginning	<u>87,820,918</u>	<u>-</u>	<u>87,820,918</u>	<u>368,307</u>
Total net position - ending	<u>\$ 96,005,930</u>	<u>\$ 4,413,967</u>	<u>\$ 100,419,897</u>	<u>\$ 291,266</u>
Change in net position			\$ 12,598,979	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(10,425)</u>	
Change in net position of business-type activities			<u>\$ 12,588,554</u>	

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit 9

	Business-type Activities - Enterprise Funds		Governmental Activities
	Major		
	Water and Sewer Fund	Stormwater Utility Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 33,560,035	\$ 1,747,659	\$ -
Cash received from internal services provided	-	-	5,246,932
Cash paid to suppliers	(14,463,284)	(270,839)	(2,520,140)
Cash paid for internal services	(442,210)	(36,729)	-
Cash paid to employees	(7,653,096)	(476,954)	(1,656,798)
Premiums paid	-	-	(1,306,146)
Recovered costs and other receipts	8,830,253	75,600	8,694
Net cash provided by (used in) operating activities	19,831,698	1,038,737	(227,458)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from state and federal grants	103,081	59,453	-
Transfer (to) from other funds	(3,270,000)	1,900,000	-
Net cash provided by (used in) noncapital financing activities	(3,166,919)	1,959,453	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,014,971)	(9,121,418)	(3,957)
Capital contributions	-	699,941	-
Principal paid on long-term liabilities	(7,942,613)	-	(3,717)
Interest paid on capital debt	(5,116,260)	(198,914)	-
Proceeds from debt issuances	-	14,848,535	-
Net cash provided by (used in) capital and related financing activities	(15,073,844)	6,228,144	(7,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds (purchases) of investments, net	211,431	(9,103,035)	35,453
Investment income	144,135	-	3,659
Net cash provided by (used in) investing activities	355,566	(9,103,035)	39,112
Net increase (decrease) in cash and cash equivalents	1,946,501	123,299	(196,020)
Cash and cash equivalents - beginning of year	12,797,126	-	1,406,160
Cash and cash equivalents - end of year	\$ 14,743,627	\$ 123,299	\$ 1,210,140
CASH AND CASH EQUIVALENTS AT END OF YEAR IS COMPRISED OF THE FOLLOWING:			
Cash and cash equivalents	\$ 14,743,627	\$ 123,299	\$ 868,369
Restricted cash	-	-	341,771
Total	\$ 14,743,627	\$ 123,299	\$ 1,210,140

(Continued)

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit 9 (Continued)

	Business-type Activities - Enterprise Funds		Governmental Activities
	Major		
	Water and Sewer Fund	Stormwater Utility Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 12,741,322	\$ 1,386,083	\$ (186,927)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,001,396	3,798	16,485
Pension expense, net of employer contributions	(203,260)	66,398	(75,786)
Other postemployment benefit expense, net of employer contributions	(2,570)	45,718	(8,717)
(Increase) decrease in:			
Accounts receivable	265,696	(560,815)	588
Prepays	-	-	203
Inventories	(126,424)	-	5,722
Increase (decrease) in:			
Accounts payable	64,996	41,025	(4,879)
Customer deposits	9,813	-	-
Accrued payroll	31,190	28,482	11,847
Compensated absences	49,539	28,048	14,006
Total adjustments	7,090,376	(347,346)	(40,531)
Net cash provided by (used in) operating activities	\$ 19,831,698	\$ 1,038,737	\$ (227,458)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital contributions of water and sewer lines from developers	\$ 1,008,325	\$ -	\$ -
Purchases of capital assets included in accounts payable at year-end	\$ 196,609	\$ 2,898,837	\$ -
Capital asset transferred from general government	\$ -	\$ -	\$ 106,227

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2024

Exhibit 10

	Other Postemployment Benefits Trust Fund	Total Custodial Funds
ASSETS		
Cash and cash equivalents - restricted	\$ -	\$ 1,654,791
Investments:		
Money markets	12,613	1,518,649
Domestic equity securities	2,524,824	-
Domestic fixed-income securities	2,531,554	-
International equity securities	1,315,310	-
Total investments	<u>6,384,301</u>	<u>1,518,649</u>
Accounts receivable	-	318,039
Total assets	<u>\$ 6,384,301</u>	<u>\$ 3,491,479</u>
LIABILITIES		
Accounts payable	\$ -	\$ 13,728
Accrued payroll	-	144,407
Total liabilities	<u>\$ -</u>	<u>\$ 158,135</u>
NET POSITION		
Restricted for postemployment benefits other than pensions	\$ 6,384,301	\$ -
Restricted for individuals, organizations, and other governments	-	3,333,344
Total net position	<u>\$ 6,384,301</u>	<u>\$ 3,333,344</u>

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

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2024

Exhibit 11

	Other Postemployment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Member contributions	\$ -	\$ 38,265
Payments collected from other local governments	-	3,465,806
Payments collected from Federal government	-	321,801
Grant proceeds	-	973,230
Miscellaneous	-	96,644
Investment income (loss):		
Net increase in fair value of investments	554,863	-
Interest and dividends	152,103	71,032
Less: investment-related expenses	(2,821)	-
Net investment income	<u>704,145</u>	<u>71,032</u>
Total additions	<u>\$ 704,145</u>	<u>\$ 4,966,778</u>
DEDUCTIONS		
Payments made to welfare recipients	\$ -	\$ 35,253
Payments made to retirees	285,000	-
Bond principal payments	-	900,000
Bond interest payments	-	332,400
Payroll	-	3,140,997
Administrative	-	347,183
Total deductions	<u>\$ 285,000</u>	<u>\$ 4,755,833</u>
Increase in fiduciary net position	419,145	210,945
Total net position - beginning	<u>5,965,156</u>	<u>3,122,399</u>
Total net position - ending	<u>\$ 6,384,301</u>	<u>\$ 3,333,344</u>

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

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Winchester, Virginia (the “City”) was incorporated in 1752 and organized under the Council-Manager form of government. The City is governed by an elected mayor and an eight-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units:

The City of Winchester School Board was created as a separate legal entity by the City to oversee the operations and management of its publicly funded primary and secondary schools. All members of the School Board are appointed by City Council, and the City has the ability to impose its will upon the Board. In addition, because the School Board does not have taxing powers, the School Board is fiscally dependent upon the City to provide significant funding to operate the public schools. The School Board must also obtain the City’s approval for debt issuances. Separate financial statements for this component unit are not available.

The Winchester Parking Authority (the “Parking Authority”) was created by the City for the purpose of planning and fostering the development of off-street parking facilities. The City appoints all members of the Parking Authority and is able to impose its will on the Parking Authority. The City is financially accountable for the Parking Authority because the City approves the Parking Authority’s budget, levies taxes (if necessary) and must approve any debt issuances. Separate financial statements for this component unit are not available.

The Economic Development Authority of the City of Winchester (the “EDA”) was created by Council resolution to promote industry and trade within the City. A board of seven directors appointed by the City Council governs the EDA. Additionally, a support agreement created a financial benefit/burden relationship between the EDA and the City. Separate financial statements for this related organization may be obtained at the entity’s administrative offices at 15 North Cameron Street, Winchester, Virginia 22601.

Joint Ventures:

The Frederick-Winchester Service Authority was created by the City and County of Frederick to provide for administration, planning, and design of regional wastewater facilities for the participating jurisdictions. The City appoints a majority of the voting members of the Authority, but has no equity interest in the venture. The Authority is able to meet its operating and other costs from charges for services. The City has certain long-term obligations with the Authority that are described further in Note 8. Separate financial statements for this joint venture may be obtained at the entity’s administrative offices at P.O. Box 43, Winchester, Virginia 22604.

The Winchester Regional Airport Authority was created by the City and the Counties of Frederick, Clarke, Warren, and Shenandoah to operate a regional airport facility. The City appoints less than a majority of Authority members and participating jurisdictions have no equity interest in the venture. The participants normally must subsidize operations and capital needs. During 2024, the City provided total support of \$45,684. Separate financial statements for this joint venture may be obtained at the entity’s administrative offices at 491 Airport Road, Winchester, Virginia 22602.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Joint Ventures (Continued):

The Northwestern Juvenile Detention Center Commission was created by the City of Winchester and the Counties of Clarke, Frederick, Page, Shenandoah, and Warren to provide for the operation of a regional juvenile detention center for the use of the participating jurisdictions. The City serves as fiscal agent for the Commission and appoints a majority of the voting members of the Commission, but has no equity interest in the venture. The participants must subsidize operations and capital needs. During 2024, the City provided total support of \$704,731. Separate financial statements for this joint venture may be obtained at the entity's administrative offices at 145 Fort Collier Road, Winchester, Virginia 22603.

The Northwestern Regional Jail Authority was created by the City of Winchester and the Counties of Clarke, Frederick, and Fauquier to govern the operations of the Northwestern Regional Adult Detention Center. Each participating jurisdiction appoints three members to the Authority's board. The participants must subsidize operations and capital needs. During 2024, the City provided total support of \$5,157,301. Separate financial statements for this joint venture may be obtained at the entity's administrative offices at 141 Fort Collier Road, Winchester, Virginia 22603.

Other Related Organizations:

The Handley Regional Library Board was created by the City and the Counties of Frederick and Clarke to operate a regional library. Although the City appoints a majority of the Board members, its accountability does not extend beyond making the appointments. The participating localities have no equity interest in the library; however, the City provided \$430,500 to the Board for operating support for 2024. Separate financial statements for this related organization may be obtained at the entity's administrative offices at 100 West Piccadilly Street, Winchester, VA 22601.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary 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 certain legally separate *component units* for which the primary government is financially accountable.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the City.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Governmental funds account for the expendable financial resources, other than those accounted for in proprietary and fiduciary funds. The governmental funds use the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than on net income determination as would apply to a commercial enterprise. The City reports the following governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is considered a major fund for financial reporting purposes.

The *Capital Improvements Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Capital Improvements Fund is considered a major fund for financial reporting purposes.

Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Social Services Fund, Highway Maintenance Fund, Emergency Medical Services Fund, Winchester-Frederick County Convention and Visitors Bureau Fund, Law Library Fund, Transit Fund, and Federal Grants Fund.

Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The proprietary funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income. Proprietary funds consist of enterprise and internal service funds. The government reports the following proprietary funds:

Enterprise Funds account for operations where the intent of the City is that the cost of provided services to the general public be financed and recovered through user charges. Enterprise funds consist of the Water and Sewer Fund and the Stormwater Fund. The Water and Sewer Fund accounts for the operation of the City's water distribution system and sewage collection system. The Stormwater Fund accounts for the City's stormwater system such that the City can fund stormwater infrastructure in order to meet state and federal requirements. Both funds are considered major funds for financial reporting purposes.

Internal Service Funds account for employee benefits and equipment inventory provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal service funds consist of the Employee Benefits Fund and Maintenance Fund.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the other postemployment benefits trust fund and custodial funds. Fiduciary funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Custodial funds reported by the City include the Special Welfare Fund, Northwestern Regional Jail Authority Construction Fund, and the Northwestern Regional Juvenile Detention Center Fund. These funds account for assets held by the City for social services clients, regional jail construction, and a regional juvenile detention center.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, transit service fund, and internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the operating definition are reported as non-operating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The government's 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.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool approximates the fair value of the pool shares.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Receivables and Payables

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

Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on June 20 and December 5. The City bills and collects its own taxes. The City’s real estate, motor vehicles, and business-related personal property taxes are levied each calendar year on all taxable property located in the City, and are accounted for in the General fund. Therefore, real estate, motor vehicles, and business-related personal property taxes that are due within the current fiscal year and collected within 45 days subsequent to year-end are recorded as revenue.

Levy Date	January 1
Due Date	June 20/December 5

Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at June 30, 2024, consisted of the following:

General Fund (property taxes, penalties, and interest)	\$ 1,860,544
Emergency Medical Service Fund	249,530
Water and Sewer Fund	831,035
Stormwater Fund	51,540
	<hr/>
	\$ 2,992,649

Inventories

Inventories are valued at cost using the first-in/first-out (“FIFO”) method. Inventories in the enterprise and internal service funds consist of expendable supplies held for consumption and are accounted for under the consumption method. The cost is recorded as an expense at the time the individual inventory items are used.

Bond Administration Fees

The EDA is authorized to issue revenue bonds for qualified applicants. The EDA charges the qualified applicants a fee for administering the bonds. These fees are billed and recognized in income in their anniversary month. From there, revenues and receivables are accrued from the anniversary month through year-end.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, lease, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. The EDA defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The City capitalizes the following categories with a cost of at least:

Land and land improvements	\$10,000
Building and building improvements	\$50,000
Machinery and equipment	\$10,000
Infrastructure	\$100,000
Intangible assets, such as software	\$10,000
Lease assets	Total payments over the course of the lease exceeds \$10,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Lease and subscription assets are recorded based on the present value of payments expected to be made during the lease term.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	25-50
Improvements other than buildings	10-65
Infrastructure	10-65
Machinery and equipment	5-30

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

Compensated Absences

City employees earn paid time off at a rate of 16 to 22 hours per month, depending on years of service. Benefits or pay is received for unused medical leave upon termination at 25% of its carrying value to a maximum of \$5,000 per employee after five years of uninterrupted service or \$7,500 per employee after twenty years of uninterrupted service. Accumulated paid time off is paid out at a rate of 50% to 100% depending on the years of service with the maximum hours paid being 350 hours.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Compensated Absences (Continued)

Employees of the School Board, who retire under the Virginia Retirement System, and have been employed by the School Board for the immediately preceding ten consecutive years prior to retirement in a full-time position receive \$50 a day for any unused sick leave up to a maximum of 90 days. All employees who are classified as full-time twelve-month employees are entitled to annual leave and shall be paid per diem upon retirement or termination (based on their final annual salary) for their unused annual leave.

All vacation and sick pay currently payable is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unearned Revenues

Unearned revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Unearned revenue consists of unspent federal awards.

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, business-type 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face value of the debt issued plus premium is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

School Board Debt/Capital Asset Reporting

The City issues debt to finance the construction of school facilities because the School Board does not have borrowing or taxing authority. The City reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the school-related debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* for the School Board.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the City and Schools' Plans and the additions to/deductions from the City and Schools' 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement which presents financial position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement which presents financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

- Deferred charge on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB; these will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between projected and actual earnings on pension and OPEB plan investments. These differences will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and the proportionate share of employer contributions, resulting from participation in cost-sharing pension and OPEB plans, are reported as deferred outflows or inflows as appropriate.
- Property taxes collected in advance of the period for which they were levied. These amounts are recognized as revenue in the period for which they were levied.
- Governmental funds report unavailable revenue from property taxes and other receivables not collected within the availability period. These amounts are recognized as an inflow of resources in the period they become available.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred Outflows and Inflows of Resources (Continued)

- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. Only City Council may modify or rescind the commitment.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on City Council direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City applies restricted resources first when expenditures are incurred for purposes, for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Minimum Fund Balance Policy

The General Fund reserve target is 20% of the fund's prior year actual expenditures, less capital outlays funded with bond proceeds. For the purpose of determining if the target has been met, the unassigned fund balance of the General Fund is compared with prior year actual expenditures.

Other governmental funds of the City do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case-by-case basis, based on the needs of each fund and as recommended by officials and approved by Council.

Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

1. Prior to March 30, the City Manager submits to Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 2. Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriation Ordinance. Appropriated annual budgets are adopted for the General, Special Revenue, and Capital Improvements Funds of the primary government and School Board.
4. The Appropriation Ordinance is adopted at the fund, function, and department level and places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Council. The City Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's departmental categories.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and the capital improvements funds. The Discretely Presented Component Unit - School Board is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis substantially consistent with GAAP, with the exception of appropriations of prior fund balance, which are treated as revenue sources on the budgetary basis.
7. Appropriations lapse on June 30 for all City funds.
8. All budget data presented in the accompanying financial statements is the appropriated budget as of June 30, as amended. The City required budget amendments during the year, which increased total appropriations in the General Fund by \$2,731,784.

Note 3. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. For the purposes of this disclosure, deposits include cash and cash equivalents, as well as nonnegotiable certificates of deposit with original maturities of more than three months.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. Deposits and Investments (Continued)

Investments

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

<u>Type</u>	<u>Fair Value</u>	<u>S & P Credit Rating</u>	<u>Weighted-Average Maturity*</u>
Investments – Level 1:			
U.S. Treasury notes	\$ 1,420,392	N/A	1.00
Mutual funds – equity	4,007,525	N/A	N/A
Mutual fund – fixed income	2,836,680	Unavailable	5.09
Investments – Level 2:			
Negotiable certificates of deposit	2,470,658	N/A	0.98
Money market	12,554	N/A	N/A
Investments reported at amortized cost:			
LGIP	423,046	AAAm	0.24
SNAP	9,097,263	AAAm	0.23
Total investments	<u>20,268,118</u>		
Cash and cash equivalents	65,176,826		
Nonnegotiable certificates of deposit	<u>71,324</u>		
Total deposits	<u>65,248,150</u>		
Total deposits and investments	<u>\$ 85,516,268</u>		

* - Average Maturity in Years

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

	<u>Component Units</u>				
	<u>Primary Government</u>	<u>School Board</u>	<u>Winchester Parking Authority</u>	<u>Economic Development Authority</u>	<u>Total</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 44,851,043	\$ 13,054,893	\$ 1,316,217	\$ 3,189,534	\$ 62,411,687
Investments	2,112,086	576,729	61,618	49,944	2,800,377
Cash and cash equivalents - restricted	947,415	-	-	-	947,415
Investments - restricted	9,113,219	-	-	-	9,113,219
Fiduciary:					
Cash and cash equivalents - restricted	1,654,791	162,933	-	-	1,817,724
Investments	6,384,301	-	-	-	6,384,301
Investments – restricted	<u>1,518,649</u>	<u>522,896</u>	<u>-</u>	<u>-</u>	<u>2,041,545</u>
Total	<u>\$ 66,581,504</u>	<u>\$ 14,317,451</u>	<u>\$ 1,377,835</u>	<u>\$ 3,239,478</u>	<u>\$ 85,516,268</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. Deposits and Investments (Continued)

Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. Level 2 investments are valued using a matrix pricing technique, which is based on the investments' benchmark quoted prices.

Neither the State Treasurer's Local Government Investment Pool (LGIP) nor the State Non-Arbitrage Program (SNAP) are registered with the SEC, but are overseen by the Treasurer of Virginia and the State Treasury Board. The value of the City's position in the pools is the same as the value of the pool shares and is stated at amortized cost in accordance with GASB Statement No. 79, which approximates fair value.

The City has no investment policy that would further limit its investment choices.

The City's investments are subject to credit risk, concentration of credit risk, and interest rate risk as described below. The City's investments are not subject to custodial risk or foreign currency risk.

Credit Risk - Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, mutual funds, the State Treasurer's LGIP, and SNAP.

Concentration of Credit Risk - The City held investments at June 30 issued by the United States Treasury totaling approximately 7.03% of all investments. Additionally, the following investments make up a significant portion of the City's investments at June 30.

Fund	Percentage of all investments
Federal Home Loan Bank Bond negotiable certificate of deposit	4.95%
PFM Multi-Manager Domestic Equity	12.50%
PFM Multi-Manager International	6.51%
PFM Multi-Manager Fixed-Income Fund	12.53%
State Non-Arbitrage Program (SNAP)	45.02%

These investments were not considered by management to represent a risk to the City.

Interest Rate Risk - The primary goal of the investment policy is to maximize return on investment while minimizing risk to the investment. The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The City may reject an investment with a higher yield when it is felt it carries an element of risk. Speculative investments will not be allowed. If a specific maturity date is required, either for cash flows purposes or for conformance to maturity guidelines, bids will be requested for instruments, which meet the maturity requirement. If no specific maturity is required, a yield curve analysis will be conducted to determine which maturities would be most advantageous.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. Deposits and Investments (Continued)

Investments (Continued)

Restricted cash and investments:

Restricted cash and investments consist of the following:

Unspent bond proceeds restricted for stormwater projects	\$ 9,097,263
Flexible spending accounts held for benefit of employees	341,771
Unspent Federal funding - ARPA	356,795
Unspent Opioid settlement funds	264,805
Unspent funds held for benefit of outside parties	3,859,269

Note 4. Due from Other Governments and Notes Receivable

The following amounts represent amounts due from other governments at June 30:

	<u>Primary Government</u>	<u>Component Unit – School Board</u>
Federal and Commonwealth of Virginia:		
State sales tax	\$ -	\$ 914,290
Title VI – Special Education	-	335,565
Title I	-	509,285
School lunch and breakfast	-	11,231
Teacher and School Leader (TSL) grant	-	357,786
Elementary and Secondary School Emergency Relief	-	1,310,240
Local sales tax	2,218,218	-
Transit grants	988,524	-
American Rescue Plan Act	6,270	-
Highway construction funds	579,113	-
Stormwater construction funds	2,546,378	-
Welfare grants	1,066,273	-
Communication tax	219,158	-
Opioid settlement funds	633,893	-
Other federal and state funds	461,047	633,376
	<u>8,718,874</u>	<u>4,071,773</u>
Total due from federal and state sources	<u>8,718,874</u>	<u>4,071,773</u>
Frederick County:		
Joint Judicial Center – debt service	1,018,925	-
Joint Judicial Center – operating expenses	137,211	-
Other receivables	79,677	-
	<u>1,235,813</u>	<u>-</u>
Total due from other governments	<u>\$ 9,954,687</u>	<u>\$ 4,071,773</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 4. Due from Other Governments and Notes Receivable (Continued)

Notes receivable are for the purchase of or improvement to property. The receivables consist of the following:

	Interest Rate	Date Issued	Maturity Date	Amount of Orig. Note	2024	2023
Healens	2.50%	5/1/2017	5/1/2022*	\$ 3,800	\$ 860	\$ 1,428
Healens (revolving)	2.54%	7/1/2017	7/1/2022*	15,750	7,815	8,377
Winchester Book Gallery	3.27%	8/1/2018	8/1/2023	25,000	-	1,919
Front Royal Brewing Company	1.81%	7/30/2021	8/1/2026	250,000	174,351	200,254
Drum Orpheum Rehearsal Hall	7.00%	11/1/2022	11/1/2024	6,400	3,769	4,602
Winchester Acquisition Partners	7.00%	5/31/2023	1/1/2030	4,000,000	4,000,000	4,000,000
Vanessa Styles, LLC	3.00%	11/1/2023	11/1/2028	15,000	13,363	-
Michelle's Wigs & More	3.00%	11/1/2023	11/1/2028	15,000	13,364	-
Zeropack Development	3.00%	6/20/2024	TBD	500,000	500,000	-
Lovely Nails	3.00%	6/1/2024	6/1/2029	35,000	35,000	-
Total notes receivable					4,748,522	4,216,580
Less current portion					(322,839)	(24,221)
Notes receivable, long-term					<u>\$ 4,425,683</u>	<u>\$ 4,192,359</u>

TBD = principal and interest are due in its entirety when the earlier of four possible scenarios occurs. Until that time, all payments are deferred.

*Management anticipates collecting these loan balances in full despite the maturity date. As such, management has determined that an allowance is not necessary.

Note 5. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, consisted of the following:

Primary Government

Due to general fund from:

Capital improvements fund	\$ 2,830,000
Transit fund	870,000
	<u>\$ 3,700,000</u>

Due to water and sewer fund from:

Stormwater fund	<u>\$ 1,900,000</u>
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Component Unit – School Board

Due to school operating fund from:

Federal grants fund	<u>\$ 2,061,367</u>
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Interfund receivables and payables are generally used by the City and School Board to cover temporary cash deficits in individual funds until grant or similar resources are received.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 5. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers for the year ended June 30, consisted of the following:

Primary Government

Transfers to general fund from:

Utilities operating fund	\$ 1,370,000
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Transfers to capital improvements fund from:

General fund	\$ 2,078,397
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Transfers to non-major governmental funds from:

General fund	\$ 4,749,902
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (3) close the residual balances of certain funds into other funds.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets

Primary Government

A summary of the changes in the City's capital assets for *governmental activities* is as follows:

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Capital asset, not being depreciated:				
Land	\$ 8,678,397	\$ 33,955	\$ -	\$ 8,712,352
Construction in progress	<u>1,826,129</u>	<u>9,233,287</u>	<u>(4,411,101)</u>	<u>6,648,315</u>
Total capital assets not being depreciated	<u>10,504,526</u>	<u>9,267,242</u>	<u>(4,411,101)</u>	<u>15,360,667</u>
Capital assets, being depreciated/ amortized:				
Buildings	53,560,670	841,870	-	54,402,540
Buildings - leases	341,063	-	-	341,063
Improvements other than buildings	25,506,931	19,939,451	-	45,446,382
Infrastructure	96,755,674	440,987	(10,391,228)	86,805,433
Equipment - leases	132,544	569,662	(25,252)	676,954
Equipment	29,368,984	4,345,291	(1,852,723)	31,861,552
Right-to-use subscriptions	<u>2,438,518</u>	<u>864,687</u>	<u>(89,599)</u>	<u>3,213,606</u>
Total capital assets being depreciated/amortized	<u>208,104,384</u>	<u>27,001,948</u>	<u>(12,358,802)</u>	<u>222,747,530</u>
Less: accumulated depreciation/ amortization:				
Buildings	(17,115,917)	(1,091,622)	-	(18,207,539)
Buildings – leases	(17,053)	(68,213)	-	(85,266)
Improvements other than buildings	(8,856,584)	(2,018,655)	-	(10,875,239)
Infrastructure	(42,908,862)	(1,907,322)	421,248	(44,394,936)
Equipment - leases	(66,436)	(127,791)	25,252	(168,975)
Equipment	(17,944,469)	(2,453,312)	1,749,571	(18,648,210)
Right-to-use subscriptions	<u>(545,723)</u>	<u>(822,536)</u>	<u>89,599</u>	<u>(1,278,660)</u>
Total accumulated depreciation/ amortization	<u>(87,455,044)</u>	<u>(8,489,451)</u>	<u>2,285,670</u>	<u>(93,658,825)</u>
Total capital assets being depreciated/amortized, net	<u>120,649,340</u>	<u>18,512,497</u>	<u>(10,073,132)</u>	<u>129,088,705</u>
Governmental activities capital assets, net	<u><u>\$ 131,153,866</u></u>	<u><u>\$ 27,779,739</u></u>	<u><u>\$ (14,484,233)</u></u>	<u><u>\$ 144,449,372</u></u>

* - Includes reclassifications between internal capital asset categories. Reclassifications of these assets had no impact on their designated useful lives.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Primary Government (Continued)

Depreciation and amortization expense was charged to functions/programs of the City's governmental activities as follows:

Governmental activities:	
General government	\$ 1,648,222
Judicial administration	316,056
Public safety	1,828,837
Public works	3,845,603
Health and welfare	58,207
Parks, recreation, and cultural	777,115
Community development	<u>15,411</u>
Total depreciation and amortization expense	
– governmental activities	<u>\$ 8,489,451</u>

Increases include depreciation expense, amortization expense, and transfers in from other funds.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Primary Government (Continued)

A summary of the changes in the City's capital assets for *business-type activities* is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,201,485	\$ -	\$ -	\$ 1,201,485
Construction in progress	789,736	12,739,232	(2,196,125)	11,332,843
Total capital assets not being depreciated	<u>1,991,221</u>	<u>12,739,232</u>	<u>(2,196,125)</u>	<u>12,534,328</u>
Capital assets, being depreciated/ amortized:				
Treatment plants	70,067,229	-	-	70,067,229
Improvements other than buildings	521,635	29,319	-	550,954
Infrastructure	160,220,418	2,613,902	(48,581)	162,785,739
Equipment	27,063,971	1,647,030	(103,367)	28,607,634
Equipment - leases	6,271	-	-	6,271
Right-to-use subscriptions	6,892	13,584	-	20,476
FWSA purchased capacity	52,496,047	-	-	52,496,047
Total capital assets being depreciated/ amortized	<u>310,382,463</u>	<u>4,303,835</u>	<u>(151,948)</u>	<u>314,534,350</u>
Less: accumulated depreciation/ amortization:				
Treatment plants	(12,569,692)	(1,363,287)	-	(13,932,979)
Improvements other than buildings	(119,676)	(20,201)	-	(139,877)
Infrastructure	(41,710,367)	(2,465,355)	27,990	(44,147,732)
Equipment	(6,008,759)	(1,344,262)	103,367	(7,249,654)
Equipment - leases	(2,060)	(1,568)	-	(3,628)
Right-to-use subscriptions	(546)	(7,811)	-	(8,357)
FWSA purchased capacity	(29,106,372)	(1,802,710)	-	(30,909,082)
Total accumulated depreciation/ amortization	<u>(89,517,472)</u>	<u>(7,005,194)</u>	<u>131,357</u>	<u>(96,391,309)</u>
Total capital assets being depreciated/amortized, net	<u>220,864,991</u>	<u>(2,701,359)</u>	<u>(20,591)</u>	<u>218,143,041</u>
Business-type activities capital assets, net	<u>\$ 222,856,212</u>	<u>\$ 10,037,873</u>	<u>\$ (2,216,716)</u>	<u>\$ 230,677,369</u>

Increases include depreciation expense, amortization expense, and transfers in from other funds.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Primary Government (Continued)

Frederick-Winchester Service Authority (FWSA) treatment plant rights:

The City and the FWSA have entered into agreements for the City to benefit from a certain wastewater treatment plant of the FWSA. The City is not authorized to hold legal title to the plant; thus FWSA holds title to these assets. Through long-term contracts, the risks and benefits of operating and maintaining the assets have been transferred to the City, and thus represent intangible capital assets. The City is responsible for a portion of the debt incurred for these facilities.

Construction Commitments:

The City and School Board have active construction projects related to various items. At year-end, the City's and School Board's commitments with contractors on the projects are as follows:

	<u>Total Contracts</u>	<u>Total Payments</u>	<u>Future Amounts to be Expended</u>
Primary Government			
City Hall Elevator	\$ 219,835	\$ 175,868	\$ 43,967
Business-type activities			
North Cameron Drainage Improvements	\$ 30,485,017	\$ 12,466,696	\$ 18,018,321
Central Downtown Infrastructure Improvements	16,682,265	16,100,003	582,262
Total Utilities	<u>\$ 47,167,282</u>	<u>\$ 28,566,699</u>	<u>\$ 18,600,583</u>
School Board			
Frederick Douglass Elementary HVAC and lighting renovation	<u>\$ 6,492,620</u>	<u>\$ 5,912,973</u>	<u>\$ 579,647</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Summaries of the changes in the Discretely Presented Component Unit School Board and Parking Authority's capital assets are as follows:

Component Unit – School Board

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital asset, not being depreciated:				
Land	\$ 3,733,028	\$ -	\$ -	\$ 3,733,028
Construction in progress	2,014,430	5,799,065	(1,226,755)	6,586,740
Total capital assets not being depreciated	<u>5,747,458</u>	<u>5,799,065</u>	<u>(1,226,755)</u>	<u>10,319,768</u>
Capital assets, being depreciated/ amortized:				
Buildings	179,175,548	995,236	-	180,170,784
Improvements other than buildings	6,928,373	1,169,641	-	8,098,014
Equipment	11,763,351	1,076,880	(90,999)	12,749,232
Equipment – leases	754,316	4,987	(7,348)	751,955
Right-to-use subscriptions	307,817	255,465	(9,249)	554,033
Total capital assets being depreciated/ amortization	<u>198,929,405</u>	<u>3,502,209</u>	<u>(107,596)</u>	<u>202,324,018</u>
Less: accumulated depreciation/ amortization:				
Buildings	(52,148,048)	(3,505,757)	-	(55,653,805)
Improvements other than buildings	(3,640,763)	(358,666)	-	(3,999,429)
Equipment	(7,681,089)	(733,211)	90,999	(8,323,301)
Equipment – leases	(266,770)	(194,885)	7,348	(454,307)
Right-to-use subscriptions	(103,678)	(240,495)	9,249	(334,924)
Total accumulated depreciation/ amortization	<u>(63,840,348)</u>	<u>(5,033,014)</u>	<u>107,596</u>	<u>(68,765,766)</u>
Total capital assets being depreciated/amortized, net	<u>135,089,057</u>	<u>(1,530,805)</u>	<u>-</u>	<u>133,558,252</u>
School board capital assets, net	<u>\$ 140,836,515</u>	<u>\$ 4,268,260</u>	<u>\$ (1,226,755)</u>	<u>\$ 143,878,020</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Component Unit – Parking Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 11,685	\$ -	\$ -	\$ 11,685
Total capital assets not being depreciated	<u>11,685</u>	<u>-</u>	<u>-</u>	<u>11,685</u>
Capital assets, being depreciated/ amortized:				
Buildings	9,751,399	-	-	9,751,399
Improvements other than buildings	56,179	-	-	56,179
Equipment	770,818	-	-	770,818
Equipment – leases	-	14,061	-	14,061
Total capital assets being depreciated/ amortized	<u>10,578,396</u>	<u>14,061</u>	<u>-</u>	<u>10,592,457</u>
Less: accumulated depreciation/ amortization:				
Buildings	(3,619,145)	(194,849)	-	(3,813,994)
Improvements other than buildings	(56,179)	-	-	(56,179)
Equipment	(259,717)	(66,754)	-	(326,471)
Equipment – leases	-	(1,687)	-	(1,687)
Total accumulated depreciation/ amortization	<u>(3,935,041)</u>	<u>(263,290)</u>	<u>-</u>	<u>(4,198,331)</u>
Total capital assets being depreciated/amortized, net	<u>6,643,355</u>	<u>(249,229)</u>	<u>-</u>	<u>6,394,126</u>
Parking Authority capital assets, net	<u>\$ 6,655,040</u>	<u>\$ (249,229)</u>	<u>\$ -</u>	<u>\$ 6,405,811</u>

Component Unit – Economic Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being amortized:				
Office space – leases	\$ 61,901	\$ -	\$ -	\$ 61,901
Less: accumulated amortization:				
Office space – leases	<u>(4,127)</u>	<u>(16,507)</u>	<u>-</u>	<u>(20,634)</u>
Total capital assets, net	<u>\$ 57,774</u>	<u>\$ (16,507)</u>	<u>\$ -</u>	<u>\$ 41,267</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Capital Assets (Continued)

Increases include depreciation expense, amortization expense, and transfers in from other funds.

Depreciation and amortization expense was charged to functions/programs of the respective Component Unit – School Board’s governmental activities and Component Unit – Parking Authority’s business-type activities as follows:

Governmental activities:	
School Board	\$ 5,033,014
Business-type activities:	
Parking Authority	\$ 263,290
Economic Development Authority	\$ 16,507

Note 7. Unavailable Revenue

Unavailable revenue reported in the general fund is comprised of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Property taxes not collected within 45 days after year-end	\$ 7,599,951	\$ -
Uncollected joint judicial commission debt service billings	1,018,925	-
EMS billings not collected within 45 days after year-end	<u>-</u>	<u>261,865</u>
Total general fund unavailable revenue	<u>\$ 8,618,876</u>	<u>\$ 261,865</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt

Primary Government

Changes in Long-Term Debt

The following is a summary of changes in the long-term liabilities of the City for the year ended June 30:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 84,481,956	\$ -	\$ (9,813,413)	\$ 74,668,543	\$ 9,405,443
Financed equipment purchase	980,044	-	(323,452)	656,592	326,671
Lease liabilities	390,142	132,169	(115,057)	407,254	116,131
Subscription liabilities	1,667,042	555,558	(600,417)	1,622,183	632,148
Unamortized bond premium	9,276,859	-	(987,612)	8,289,247	680,282
Compensated absences	2,618,678	530,747	(267,588)	2,881,837	293,493
Governmental activities long-term liabilities	<u>\$ 99,414,721</u>	<u>\$ 1,218,474</u>	<u>\$ (12,107,539)</u>	<u>\$ 88,525,656</u>	<u>\$ 11,454,168</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities:					
General obligation bonds	\$ 2,928,044	\$ -	\$ (971,587)	\$ 1,956,457	\$ 874,557
Revenue bonds	108,255,696	13,290,000	(5,253,382)	116,292,314	6,229,708
Obligations payable FWSA	30,553,005	-	(1,716,083)	28,836,922	1,782,535
Lease liabilities	4,221	-	(1,561)	2,660	1,587
Unamortized bond premium	9,121,927	1,558,535	(738,513)	9,941,949	760,656
Compensated absences	266,379	104,807	(27,220)	343,966	35,030
Business-type activities long-term liabilities	<u>\$ 151,129,272</u>	<u>\$ 14,953,342</u>	<u>\$ (8,708,346)</u>	<u>\$ 157,374,268</u>	<u>\$ 9,684,073</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At June 30, \$83,632 of internal service funds compensated absences and \$11,310 of subscription liabilities are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund and special revenue funds.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Primary Government (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Details of Long-Term Indebtedness</u>		
General Obligation Bonds:		
\$14,685,000 General Obligation Public Improvement Refunding Bonds, Series 2014, issued October 30, 2014, maturing annually beginning September 1, 2015 through September 1, 2027, interest payable semi-annually at rates of 1.5-5.0%. Purpose: Refund certain outstanding bonds	\$ 1,985,000	\$ -
\$16,660,000 General Obligation Public Improvement Bond, Series 2017 refunding, issued July 18, 2017, maturing annually beginning September 1, 2023 through September 1, 2033, interest payable semi-annually at rate of 1.5-5.0%. Purpose: Refund certain outstanding bonds	15,445,000	-
\$15,000,000 General Obligation Public Improvement Bond, Series 2019, issued October 15, 2019, maturing annually beginning March 1, 2021 through March 1, 2040, interest payable semi-annually at rates of 3-5%. Purpose: General and School capital projects	12,970,000	-
\$10,020,000 General Obligation Bonds, Series 2020, issued July 15, 2020, maturing annually beginning August 1, 2021 through August 1, 2036, interest payable semi-annually at rates of 3.00-5.00%. Purpose: Refund certain outstanding bonds.	8,860,000	-
\$14,605,000 General Obligation Bonds, Series 2020, issued July 15, 2020, maturing annually beginning August 1, 2021 through August 1, 2040, interest payable semi-annually at rate of 2.00-5.00%. Purpose: General and School Capital Projects.	13,160,000	-
\$19,850,000 General Obligation Public Improvement Refunding Bonds, Series 2021A, issued March 30, 2021, maturing annually beginning August 1, 2022 through August 1, 2026, interest payable semi-annually at rate of .30-1.00%. Purpose: Refund certain outstanding bonds.	11,163,543	1,956,457

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Primary Government (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Details of Long-Term Indebtedness (Continued)</u>		
\$6,825,000 General Obligation Bonds, Series 2021B, issued November 9, 2021, maturing annually beginning August 1, 2022 through August 1, 2041, interest payable semi-annually at rate of 3.00-5.00%. Purpose: General Capital Projects.	6,385,000	-
\$5,135,000 General Obligation Bonds, Series 2021C, issued November 9, 2021, maturing annually beginning August 1, 2022 through August 1, 2041, interest payable semi-annually at rate of 1.05-2.625%. Purpose: General Capital Projects.	<u>4,700,000</u>	<u>-</u>
Total General Obligation Bonds	<u>\$ 74,668,543</u>	<u>\$ 1,956,457</u>
Revenue Bonds:		
\$12,295,000 Virginia Resources Authority Revenue Bond, Series of 2009B, issued November 1, 2009, maturing annually beginning October 1, 2011 through October 2, 2029, interest payable semi-annually at rates of 3.041%-5.916%. Purpose: Utilities capital projects	\$ -	\$ 4,885,000
\$1,500,000 Virginia Resources Authority Revenue Bond, Series 2011A, issued October 25, 2011, maturing semi-annually beginning September 1, 2013 through September 1, 2042, interest payable semi-annually at 3.00%. Balance of bond is based on principal advances made by the City not to exceed \$1,500,000	-	1,087,314
\$14,810,000 Virginia Resources Authority Revenue Bond, Series 2015, issued April 28, 2015, maturing annually beginning October 1, 2015 through April 1, 2030, interest payable semi-annually at rates of 2.93%-5.13%. Purpose: Utilities capital projects and refunding of outstanding bonds	-	8,910,000
\$13,115,000 Virginia Resources Authority Revenue Bond, Series 2016A, issued March 31, 2017, maturing annually beginning November 1, 2016 through November 1, 2032, interest payable semi-annually at rates of 3.13%-5.13%. Purpose: Refund certain outstanding bonds	-	11,070,000

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Primary Government (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Details of Long-Term Indebtedness (Continued)</u>		
Revenue Bonds (Continued):		
\$37,725,000 Virginia Resources Authority Revenue Bond, Series 2018, issued March 30, 2018, maturing annually beginning October 1, 2020 through October 1, 2039, interest payable semi-annually at rates of 3.59%-5.13%. Purpose: Utilities capital projects	-	32,705,000
\$6,555,000 Virginia Resources Authority Revenue Bond, Series 2019, issued November 20, 2019, maturing annually beginning October 1, 2022 through October 1, 2030, interest payable semi-annually at a rate of 5.125%. Purpose: Utilities capital projects and refunding of outstanding bonds	-	4,915,000
\$32,655,000 Virginia Resources Authority Revenue Bond, Series 2020B, issued August 5, 2020, maturing annually beginning October 1, 2024 through October 1, 2050, interest payable semi-annually at rates of 2.13-5.125%. Purpose: Utilities capital projects	-	32,655,000
\$6,985,000 Virginia Resources Authority Revenue Bond, Series 2022A, issued May 2022, maturing annually beginning October 1, 2023 through October 1, 2042, interest payable semi-annually at rates of 4.323-5.125%. Purpose: Utilities capital projects	-	6,775,000
\$13,290,000 Virginia Resources Authority Revenue Bond, Series 2024A, issued May 2024, maturing annually beginning October 1, 2025 through October 1, 2044, interest payable semi-annually at rates of 4.426%-5.125%. Purpose: Stormwater capital projects	-	13,290,000
Total Revenue Bonds	<u>\$ -</u>	<u>\$ 116,292,314</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Primary Government (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Details of Long-Term Indebtedness (Continued)</u>		
Obligations Payable and Financed Purchases:		
\$26,452,442 FWSA Opequon Water Facility obligations, commencing April 1, 2004, maturing annually through October 1, 2039, interest payable monthly at rates of 2.6%-3.5%. Purpose: Utilities capital projects**	\$ -	\$ 7,869,422
\$25,092,500 FWSA Green Energy Project obligations, commencing June 30, 2016, maturing annually through October 1, 2038, interest payable monthly at rates of 3.13%-5.13%. Purpose: Utilities capital projects**	-	20,967,500
\$980,044 Financed Equipment Agreement, commencing September 1, 2022, maturing annually through September 1, 2025, interest payable annually at a rate of 0.995%. Purpose: Motorola portable radio equipment for public safety use.	656,592	-
Total Obligations Payable and Financed Purchases	<u>\$ 656,592</u>	<u>\$ 28,836,922</u>

**On October 1, 2021, the FWSA Green Energy Project and the FWSA Opequon Water Facility obligations were refunded, maturing annually through April 1, 2039, with interest payable at rates of 0.31%-2.81%.

Annual requirements to amortize long-term debt and related interest are as follows:

<u>Governmental Activities</u>						
	<u>General Obligation Bonds</u>		<u>Lease Liabilities</u>		<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 9,405,443	\$ 2,428,727	\$ 116,131	\$ 8,868	\$ 632,148	\$ 36,172
2026	8,342,975	2,222,504	107,048	6,190	625,104	19,084
2027	5,605,124	2,011,380	104,555	3,488	166,283	7,394
2028	4,440,000	1,805,986	74,813	953	151,952	3,585
2029	4,080,000	1,609,436	4,707	42	23,323	102
2030-2034	23,195,001	5,152,731	-	-	23,373	51
2035-2039	14,340,000	1,709,688	-	-	-	-
2040-2044	5,260,000	168,291	-	-	-	-
	<u>\$ 74,668,543</u>	<u>\$ 17,108,743</u>	<u>\$ 407,254</u>	<u>\$ 19,541</u>	<u>\$ 1,622,183</u>	<u>\$ 66,388</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Primary Government (Continued)

		<u>Governmental Activities</u>					
		<u>Financed Equipment</u>					
		<u>Purchase</u>					
		<u>Principal</u>		<u>Interest</u>			
	2025	\$	326,671	\$	6,533		
	2026		<u>329,921</u>		<u>3,283</u>		
		<u>\$</u>	<u>656,592</u>	<u>\$</u>	<u>9,816</u>		
<u>Business-type Activities</u>							
<u>General Obligation Bonds</u>				<u>Obligations Payable FWSA</u>			
<u>Principal</u>		<u>Interest</u>	<u>Revenue Bonds</u>		<u>Principal</u>		<u>Interest</u>
2025	\$ 874,557	\$ 11,847	\$ 6,229,708	\$ 4,565,320	\$ 1,782,535	\$ 811,207	
2026	772,025	6,379	6,936,059	4,253,815	1,850,500	740,351	
2027	309,875	1,549	7,282,451	3,886,270	1,910,396	681,760	
2028	-	-	7,628,885	3,525,935	1,956,114	638,701	
2029	-	-	7,980,363	3,159,878	2,000,157	589,736	
2030-2034	-	-	28,370,589	11,362,125	9,454,884	2,125,375	
2035-2039	-	-	23,894,833	6,534,892	9,882,336	770,609	
2040-2044	-	-	16,139,426	2,616,034	-	-	
2045-2049	-	-	8,575,000	801,950	-	-	
2050-2054	-	-	3,255,000	72,003	-	-	
		<u>\$ 1,956,457</u>	<u>\$ 19,775</u>	<u>\$ 116,292,314</u>	<u>\$ 40,778,222</u>	<u>\$ 28,836,922</u>	<u>\$ 6,357,739</u>

Annual requirements to amortize long-term debt and related interest are as follows:

		<u>Business-type Activities</u>	
		<u>Lease Liabilities</u>	
		<u>Principal</u>	<u>Interest</u>
	2025	\$ 1,587	\$ 33
	2026	1,073	7
		<u>\$ 2,660</u>	<u>\$ 40</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Frederick-Winchester Service Authority (FWSA) treatment plant rights

During 2008 and 2009, the FWSA in conjunction with the participating entities decided to expand the Opequon Water Reclamation Facility. The FWSA has issued debt to finance this project. During 2011, this project was completed and the City assumed responsibility for partial debt service of this plant.

In November 2013, the City, along with the FWSA, the County of Frederick, and the Frederick County Sanitation Authority, approved the Green Energy Project (the "Project") for the purpose of implementing a series of capacity and efficiency improvements to the Opequon Water Reclamation Facility. To finance this project, the FWSA authorized the issuance of \$53,000,000 in bonds. In late fiscal year 2017, the Project began accepting waste. The City has assumed responsibility for a portion of the related debt service in the approximate amount of \$25,092,500.

Prior Defeasance of Debt

In addition to the current year refunding, the City defeased certain outstanding general obligation and revenue bonds payable in prior years. The proceeds were placed in trust to fund all future debt service payments. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

At June 30, 2024, the following bonds are considered defeased:

	Beginning Balance		Increases		Decreases		Ending Balance
General obligation bonds							
PIB Series 2007	\$ 2,400,000	\$	-	\$	(435,000)	\$	1,965,000
PIB Series 2013	16,650,000		-		-		16,650,000
Series 2012	12,525,000		-		(5,990,000)		6,535,000
Revenue bonds							
VRA VPFP 2008B	4,300,000		-		(775,000)		3,525,000
VRA VPFP 2011B	12,050,000		-		(950,000)		11,100,000
VRA VPFP 2010 C	5,590,000		-		(710,000)		4,880,000
	<u>\$ 53,515,000</u>	\$	<u>-</u>	\$	<u>(8,860,000)</u>	\$	<u>44,655,000</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

School Board

The following is a summary of long-term debt transactions for the School Board for the year ended June 30:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental Activities – School Board					
Compensated absences	\$ 3,008,298	\$ 112,699	\$ (125,947)	\$ 2,995,050	\$ 89,852
Lease liabilities	490,462	4,987	(195,326)	300,123	174,970
Subscription liabilities	<u>155,819</u>	<u>186,536</u>	<u>(218,292)</u>	<u>124,063</u>	<u>111,084</u>
School board					
Long-term liabilities	<u>\$ 3,654,579</u>	<u>\$ 304,222</u>	<u>\$ (539,565)</u>	<u>\$ 3,419,236</u>	<u>\$ 375,906</u>

Annual requirements to amortize long-term debt and related interest are as follows:

School Board					
	Lease Liabilities		Subscription Liabilities		
	Principal	Interest	Principal	Interest	
2025	\$ 174,970	\$ 4,163	\$ 111,084	\$ 2,579	
2026	79,617	2,024	5,688	302	
2027	45,082	378	3,031	159	
2028	454	3	2,107	93	
2029	<u>-</u>	<u>-</u>	<u>2,153</u>	<u>47</u>	
	<u>\$ 300,123</u>	<u>\$ 6,568</u>	<u>\$ 124,063</u>	<u>\$ 3,180</u>	

Parking Authority

The following is a summary of long-term debt transactions for the Parking Authority for the year ended June 30:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Business-type Activities – Parking Authority					
Revenue bond	\$ 5,949,766	\$ -	\$ (338,418)	\$ 5,611,348	\$ 346,793
Compensated absences	43,099	11,724	(4,403)	50,420	7,991
Lease liabilities	<u>-</u>	<u>14,061</u>	<u>(5,750)</u>	<u>8,311</u>	<u>4,164</u>
Parking authority					
Long-term liabilities	<u>\$ 5,992,865</u>	<u>\$ 25,785</u>	<u>\$ (348,571)</u>	<u>\$ 5,670,079</u>	<u>\$ 358,948</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Parking Authority (Continued)

Details of Long-Term Indebtedness

\$6,285,000 Revenue Refunding Bonds, Series 2021, issued August 3, 2021, maturing annually beginning August 1, 2022 through August 1, 2037, interest payable semi-annually at a rate of 2.25%. Purpose: Refund certain outstanding bonds

\$ 5,611,348

Annual requirements to amortize long-term debt and related interest are as follows:

Parking Authority					
Revenue Bonds			Lease Liabilities		
	Principal	Interest		Principal	Interest
2025	\$ 346,793	\$ 122,354		\$ 4,164	\$ 86
2026	354,721	114,462		4,147	103
2027	362,001	106,399		-	-
2028	368,733	98,178		-	-
2029	379,814	89,757		-	-
2030-2034	2,019,754	315,941		-	-
2035-2039	1,779,532	81,129		-	-
	<u>\$ 5,611,348</u>	<u>\$ 928,220</u>		<u>\$ 8,311</u>	<u>\$ 189</u>

Refunding of Debt

In August 2021, the Parking Authority issued a Revenue Refunding Bond totaling \$6,285,000 for the purpose of refunding Series 2018 bonds for \$6,243,000. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the Parking Authority's long-term debt.

At June 30, 2024, the following bonds are considered defeased:

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue Bond Series 2018	\$ 5,945,100	\$ -	\$ (305,200)	\$ 5,639,900

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Long-Term Debt (Continued)

Economic Development Authority

The following is a summary of long-term debt transactions for the EDA for the year ended June 30:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities –					
EDA					
Revenue bond	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 280,528
Lease liabilities	<u>57,932</u>	<u>-</u>	<u>(15,739)</u>	<u>42,193</u>	<u>16,448</u>
EDA long-term liabilities	<u>\$ 4,057,932</u>	<u>\$ -</u>	<u>\$ (15,739)</u>	<u>\$ 4,042,193</u>	<u>\$ 296,976</u>

Details of Long-Term Indebtedness

\$4,000,000 Revenue Bond, Series 2023, issued May 31, 2023, maturing annually beginning June 1, 2025 through June 1, 2035, interest payable semi-annually at a rate of 5.07%. Purpose: Wards Plaza redevelopment project \$ 4,000,000

The \$4,000,000 loan is offset by a corresponding Note Receivable due from the Wards Plaza developer.

Annual requirements to amortize long-term debt and related interest are as follows:

	Revenue Bonds		Lease Liabilities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 280,528	\$ 202,800	\$ 16,448	\$ 802
2026	294,750	188,578	17,064	415
2027	309,694	173,634	8,681	59
2028	325,396	157,932	-	-
2029	341,893	141,434	-	-
2030-2034	1,987,734	428,903	-	-
2035	<u>460,005</u>	<u>23,322</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,000,000</u>	<u>\$ 1,316,603</u>	<u>\$ 42,193</u>	<u>\$ 1,276</u>

The EDA also had a Line of Credit with Bank of Clarke in the amount of \$500,000. As of June 30, 2024, the EDA's outstanding balance on the line of credit was \$-0-. The interest rate is a variable rate based on the Wall Street Journal Prime rate but cannot go below 4.250% or higher than 24.00%.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Leases

City as Lessor

A summary of significant City leases as the lessor is as follows:

In January 2022, the City entered into a lease as lessor with the Winchester Department of Social Services for the use of building space at 401 N. Cameron Street and 24 Baker Street expiring in December 2042. As of June 30, 2024, the value of the lease receivable is \$2,043,434. The lessee is required to make monthly fixed payments of \$9,876 which increased to \$11,147 in March 2024 and the lease has an interest rate of 2.132%. The value of the deferred inflow of resources as of June 30, 2024, was \$1,974,207 and the City recognized lease revenue of \$98,217 during the fiscal year.

Since this lease is between funds, the activity is eliminated on the government-wide statements (Exhibits 1 and 2). However, lessor terms above are presented in the General Fund (Exhibit 3) and the lessee principal and interest payments in the Social Services Fund (Exhibit 19).

The City also has a lease as lessor with the Virginia Health Department expiring in March 2027. An initial lease receivable was recorded in the amount of \$754,667. As of June 30, 2024, the value of the lease receivable is \$537,112. The lessee is required to make monthly fixed payments of \$8,129 and additional monthly payments of \$8,674. The lease has an interest rate of 2.26%. The value of the deferred inflow of resources as of June 30, 2024, was \$518,834, and the City recognized lease revenue of \$188,667 during the fiscal year. The lessee has four extension options, each for 12 months. The lessee had a termination period of 42 months as of the lease commencement.

In addition to the significant lessor leases above, the City also leases buildings and infrastructure to various entities for periods expiring December 2026 through June 2044. As of June 30, 2024, the value of these lease receivables is \$329,556 and the value of the deferred inflows of resources related to these leases as of June 30, 2024, was \$305,343.

The lease receivables are due as follows:

Year Ending	Principal	Interest
2025	\$ 333,965	\$ 60,186
2026	351,045	52,472
2027	311,507	44,449
2028	146,323	39,351
2029	104,501	36,713
Thereafter	1,662,761	254,801
	<u>\$ 2,910,102</u>	<u>\$ 487,972</u>

Total lease and interest revenue in the general fund was \$349,009 and \$60,425, respectively, for 2023.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Leases (Continued)

City and School Board as Lessee

In April 2023, the City entered into a lease with Dave Holiday Rentals for the use of building space at 117 E. Piccadilly Street expiring in March 2028. The City is required to make monthly payments of \$5,817, which will increase by 2% each year.

In addition to the significant lease noted above, the City also has leases for building space and various equipment, such as copiers and postage machines, for periods expiring between July 2024 through December 2042.

In February 2023, the Schools entered into a lease with Ricoh USA, Inc. for copiers expiring in February 2027. The Schools are required to make monthly fixed payments of \$6,300.

In addition to the significant lease noted above, the School Board also has leases for various equipment, primarily copiers, for periods expiring between July 2024 through November 2027.

Parking Authority as Lessee

In November 2023, the Parking Authority entered into a lease with ParkHub, Inc. for the use of parking management equipment expiring in April 2026. The Parking Authority is required to make monthly payments of \$5,855.

EDA as Lessee

During 2023, the EDA entered into one lease agreement with the City for the use of office space. The initial term of the agreement is for three years commencing on April 1, 2023, and expiring January 1, 2025, with monthly rent starting at \$1,400 per month, increasing annually at a rate of 2%. The Authority is reasonably certain they will exercise one renewal period.

The value of right-to-use lease asset balances and related accumulated amortization as of year-end are disclosed in Note 6. The related debt, as well as principal and interest requirements to maturity are disclosed in Note 8. The City, Schools, Parking Authority, and the EDA use its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 10. Subscription Liabilities

City

A summary of significant City SBITAs are as follows:

In March 2023, the City entered into an IT contract with Avenity, Inc. for the use of personal property software expiring in March 2029, which includes two 24-month renewal periods, which management is reasonably certain of exercising. The City is required to make annual payments of \$87,000 which will increase by 3% each year. The City incurred \$62,000 of implementation costs in order to place the software into service which is reflected in the recorded value of the subscription right-to-use asset.

In December 2020, the City entered into an IT contract with H.T.E., Inc, for the use of an accounting software package expiring in December 2026, which includes one twelve-month renewal period, which management is reasonably certain of exercising. The City is required to make annual payments of \$203,768 which will increase by 5% each year. In fiscal year 2021, the City incurred \$10,000 of implementation costs, which is reflected in the recorded value of the subscription right-to-use asset. Additionally, the contract does include a fiscal funding clause of which management is reasonably certain they will not exercise.

In June 2023, the City entered into an IT contract with Info-Tech Research Group for the use of diagnostic software expiring in June 2026. The City is required to make annual payments of \$12,443 throughout 2024 with the payments increasing to \$17,612 for the remainder of the contract.

In addition to the significant SBITAs noted above, the City has several other SBITAs for various software platforms for periods expiring between July 2024 through June 2030.

The value of right-to-use subscription asset balances and related accumulated amortization as of year-end are disclosed in Note 6. The related debt, as well as principal and interest requirements to maturity are disclosed in Note 8. The City uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each IT contract.

Schools

A summary of significant School SBITAs are as follows:

In July 2022, the School Board entered into an IT contract with PowerSchool Group, LLC for the use of software expiring in June 2025. The Schools are required to make annual fixed payments of \$52,349. The Schools incurred \$68,867 of implementation costs in order to place the software into service, which is reflected in the recorded value of the subscription right-to-use asset.

In addition to the significant SBITA noted above, the Schools have several other SBITAs for various software platforms for periods expiring between September 2024 through March 2029.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 10. Subscription Liabilities (Continued)

The value of right-to-use subscription asset balances and related accumulated amortization as of year-end are disclosed in Note 6. The related debt, as well as principal and interest requirements to maturity are disclosed in Note 8. The Schools use its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each IT contract.

Note 11. Contingent Liabilities and Commitments

Federal programs in which the City participates were audited in accordance with provisions of the *Uniform Guidance*. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no matters of material noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

In May 2023, the EDA and the City entered into a support agreement where the City will provide financial assistance related to the EDA's \$4,000,000 bond issuance. The nature of the support agreement is such that in the event the EDA does not collect sufficient funds to satisfy their debt obligations, the City will provide the necessary funds. The EDA will use the bond proceeds to fund economic development projects in and around Ward Plaza.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a 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>.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>City</u>	<u>WPA</u>	<u>School Non- Professional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>337</u>	<u>3</u>	<u>51</u>
Inactive members:			
Vested inactive members	118	1	19
Non-vested inactive members	239	2	33
Inactive members active elsewhere in VRS	<u>218</u>	<u>2</u>	<u>8</u>
Total inactive members	575	5	60
Active members	<u>507</u>	<u>4</u>	<u>91</u>
Total covered employees	<u><u>1,419</u></u>	<u><u>12</u></u>	<u><u>202</u></u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Contributions

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

The City and WPA's contractually required contribution rate for the year ended June 30, 2024, was 10.42% of covered employee compensation. The School Board Non-Professional Employee Plan's contractually required contribution rate for the year ended June 30, 2024, was 4.93% of covered employee compensation. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2021.

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$3,223,397 and \$2,939,764 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the pension plan from the WPA were \$25,006 and \$27,694 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the pension plan from School Board Non-Professional Employee Plan were \$132,358 and \$135,665 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees, Public Safety employees with Hazardous Duty Benefits, and the VRS Teacher Retirement Plan in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry-Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

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

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

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

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 118,806,608	\$ 114,190,201	\$ 4,616,407
Changes for the year:			
Service cost	3,171,531	-	3,171,531
Interest	8,201,586	-	8,201,586
Differences between expected and actual experience	1,401,252	-	1,401,252
Contributions – employer	-	2,956,212	(2,956,212)
Contributions – employee	-	1,420,008	(1,420,008)
Net investment income	-	7,509,229	(7,509,229)
Benefit payments, including refunds of employee contributions	(5,861,866)	(5,861,866)	-
Administrative expenses	-	(74,689)	74,689
Other changes	-	(23,032)	23,032
Net changes	6,912,503	5,925,862	986,641
Balances at June 30, 2023	\$ 125,719,111	\$ 120,116,063	\$ 5,603,048

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability - WPA

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 1,185,779	\$ 1,142,291	\$ 43,488
Changes for the year:			
Service cost	24,604	-	24,604
Interest	63,626	-	63,626
Differences between expected and actual experience	10,871	-	10,871
Contributions – employer	-	22,934	(22,934)
Contributions – employee	-	11,016	(11,016)
Net investment income	-	58,255	(58,255)
Benefit payments, including refunds of employee contributions	(45,475)	(45,475)	-
Administrative expenses	-	(579)	579
Other changes	-	7,496	(7,496)
Net changes	53,626	53,647	(21)
Balances at June 30, 2023	\$ 1,239,405	\$ 1,195,938	\$ 43,467

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability – School Board Non-Professional Employee Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2022	\$ 9,229,428	\$ 10,401,385	\$ (1,171,957)
Changes for the year:			
Service cost	334,903	-	334,903
Interest	631,237	-	631,237
Differences between expected and actual experience	34,505	-	34,505
Contributions – employer	-	135,028	(135,028)
Contributions – employee	-	149,738	(149,738)
Net investment income	-	673,429	(673,429)
Benefit payments, including refunds of employee contributions	(425,342)	(425,342)	-
Administrative expenses	-	(6,662)	6,662
Other changes	-	271	(271)
Net changes	575,303	526,462	48,841
Balances at June 30, 2023	\$ 9,804,731	\$ 10,927,847	\$ (1,123,116)

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

The following presents the net pension liability (asset) of the Political Subdivision using the discount rate of 6.75%, as well as what the Political Subdivision's net pension liability (asset) would be if it was 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 (asset)	\$ 24,101,736	\$ 5,603,048	\$ (9,346,198)
WPA's net pension liability (asset)	186,976	43,467	(72,506)
School Board Non-Professional Employee Plan's net pension asset	(17,024)	(1,123,116)	(2,047,820)

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,289,384. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 943,327	\$ 1,019,237
Changes of assumptions	204,864	-
Net difference between projected and actual earnings on pension plan investments	-	1,791,375
Employer contributions subsequent to the measurement date	<u>3,223,397</u>	<u>-</u>
Total	<u><u>\$ 4,371,588</u></u>	<u><u>\$ 2,810,612</u></u>

The \$3,223,397 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ (1,584,618)
2026	(1,841,254)
2027	1,701,410
2028	62,041
2029	-
Thereafter	-

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the WPA recognized pension expense of \$10,003. At June 30, 2024, the WPA 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	\$ 7,318	\$ 7,907
Changes of assumptions	1,589	-
Net difference between projected and actual earnings on pension plan investments	-	13,897
Employer contributions subsequent to the measurement date	<u>25,006</u>	<u>-</u>
Total	<u><u>\$ 33,913</u></u>	<u><u>\$ 21,804</u></u>

The \$25,006 reported as deferred outflows of resources related to pensions resulting from WPA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ (12,293)
2026	(14,284)
2027	13,199
2028	481
2029	-
Thereafter	-

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the School Board Non-Professional Employee Plan recognized pension income of \$(132,950). At June 30, 2024, the School Board Non-Professional Employee Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,912	\$ 108,108
Changes of assumptions	880	-
Net difference between projected and actual earnings on pension plan investments	-	160,109
Employer contributions subsequent to the measurement date	<u>132,358</u>	<u>-</u>
Total	<u><u>\$ 155,150</u></u>	<u><u>\$ 268,217</u></u>

The \$132,358 reported as deferred outflows of resources related to pensions resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	<u>Effect on Pension Expense</u>
2025	\$ (210,928)
2026	(187,876)
2027	148,639
2028	4,740
2029	-
Thereafter	-

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Defined Benefit Pension Plan (Continued)

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

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2024, \$490,175 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

Note 13. Defined Benefit Pension Plan – Teacher Cost-Sharing Plan

General Information about the Teacher Cost-Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia school divisions, including Winchester City Public Schools, (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 12.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. Defined Benefit Pension Plan – Teacher Cost-Sharing Plan (Continued)

General Information about the Teacher Cost-Sharing Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2024, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$6,185,527 and \$5,710,358 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assemble Reconvened Session, and is classified as a non-employer contribution.

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

At June 30, 2024, the School Division reported a liability of \$36,610,317 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The School Division's proportion of the Net Pension Liability was based on the School Division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Division's proportion was 0.362% as compared to 0.354% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$3,613,482. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. 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)

At June 30, 2024, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,144,857	\$ 1,428,691
Changes of assumptions	1,659,674	-
Net difference between projected and actual earnings on pension plan investments	-	2,380,409
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,034,163	369,497
Employer contributions subsequent to the measurement date	<u>6,185,527</u>	<u>-</u>
Total	<u><u>\$ 12,024,221</u></u>	<u><u>\$ 4,178,597</u></u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. 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 \$6,185,527 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ (544,086)
2026	(1,877,960)
2027	3,236,706
2028	845,437
2029	-
Thereafter	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. Defined Benefit Pension Plan – Teacher Cost-Sharing Plan (Continued)

General Information about the Teacher Cost-Sharing Plan (Continued)

Net Pension Liability (Continued)

The total pension liability is calculated by the System's actuary, and each Pplan'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.

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 was 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	\$ 64,897,034	\$ 36,610,317	\$ 13,356,309

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2024, \$885,821 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll for the Teacher Cost-Sharing Plan and School Board Non-Professional Employee Plan combined.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan

Plan Description and Benefits Provided

The City of Winchester administers a cost-sharing defined benefit healthcare plan (the “Retiree Health Plan”). Participating employers include the City, the WPA, the Northwestern Juvenile Detention Center Commission, and the Frederick-Winchester Service Authority. The Plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees under age 65 have the option of choosing three medical plans including a prescription program for retail and a mail order program. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The Plan was established under the authority of the City of Winchester’s Council. Management of the Plan is vested in the City’s OPEB Finance Board, which is comprised of the City’s CFO, Treasurer, and a citizen representative.

Summary of Significant Accounting Policies

Employer contributions to the Plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30. Securities without an established market are reported at estimated fair value.

Employees Covered by Benefit Terms

As of the January 1, 2024 actuarial valuation, the following employees were covered by the benefit terms of the Plan, including City, WPA, and other employers:

Inactive employees or beneficiaries:	
Currently receiving benefits	38
Active plan members	<u>213</u>
Total	<u><u>251</u></u>

Investment Policies

The City’s policy for the allocation of invested assets is established and may be amended by the OPEB Finance Board. It is the policy of the OPEB Finance Board to ensure that assets are diversified to minimize the impact of large losses from individual investments, and to achieve a long-term level of return commensurate with contemporary economic conditions. The investment policy discourages the use of cash equivalents, except for liquidity purposes.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan (Continued)

Contributions

Contribution requirements are established by City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. Contributions to the OPEB plan from the City were \$-0- for the year ended June 30, 2024.

Net OPEB Liability

At June 30, 2024, the City and WPA reported liabilities of \$2,709,032 and \$26,880, respectively, for their proportionate shares of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2024. The City's and WPA's proportion of the collective net OPEB liability was based on a projection of the City's and WPA's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers actuarially determined. At June 30, 2024, the City's and WPA's proportion was 94.06%.

	<u>City and WPA</u>	<u>Other Employers</u>	<u>Total</u>
Total OPEB liability	\$ 8,740,986	\$ 552,003	\$ 9,292,989
Plan fiduciary net position	6,005,074	379,227	6,384,301
Employers' net OPEB liability	<u>\$ 2,735,912</u>	<u>\$ 172,776</u>	<u>\$ 2,908,688</u>
Plan fiduciary net position as a percentage of total OPEB liability	68.70%	68.70%	68.70%

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan (Continued)

Changes in Net OPEB Liability – Entire Plan

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2023	\$ 8,500,675	\$ 5,965,156	\$ 2,535,519
Changes for the year:			
Service cost	184,226	-	184,226
Interest	535,293	-	535,293
Experience losses (gains)	(487,344)	-	(487,344)
Contributions – employer	-	520,435	(520,435)
Net investment income	-	419,145	(419,145)
Changes in assumptions	1,080,574	-	1,080,574
Benefit payments	(520,435)	(520,435)	-
Net changes	792,314	419,145	373,169
Balances at June 30, 2024	\$ 9,292,989	\$ 6,384,301	\$ 2,908,688

Actuarial Assumptions and Other Inputs

In the January 1, 2024 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions include a 6.50% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the plan's investments calculated based on the funded level of the plan at the valuation date.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; employees with individual coverage are assumed to elect individual coverage in retirement; those with spouse/family coverage assumed to continue this coverage at retirement. For participants where it was not provided and for future retirees, females are assumed to be 3 years younger than male spouses.

Election Rate – 90% of actives currently enrolled in the City's health care plan will continue in the Plan upon retiring or becoming disabled.

Demographic Assumptions – Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of City employees. All employees are assumed to participate in the VRS.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Economic Assumptions – The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in 2021. The following assumptions were used as input variables into this model:

▪ Rate of Inflation	2.60%
▪ Rate of Growth in Real Income / GNP per capita	1.40%
▪ Excess Medical Growth	0.90%
▪ Expected Health Share of GDP in 2033	19.0%
▪ Health Share of GDP Resistance Point	17.00%
▪ Year for Limiting Cost Growth to GDP Growth	2075

Payroll is assumed to increase at 2.50% per annum. This assumption is used to determine the level percentage of payroll amortization factor. Inflation is assumed to be 2.50% per annum.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB investments was determined using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, the expectation for inflation of 2.60%, productivity, and labor force growth.

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Capital Market Assumptions</u>	<u>Expected Long-term Return (Net of Inflation)</u>
Domestic Equity	39.00 %	7.55 %	5.05 %
International Developed Equity	15.00	7.06	4.56
International Emerging Markets Equity	6.00	7.43	4.93
Core Fixed	40.00	4.70	2.20
Total	100.00 %		
	Inflation		2.50 %

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan (Continued)

Discount Rate

The discount rate used to measure the net OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the political subdivision, as well as what the political subdivision's net OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower (5.50%) or one-percentage-point higher (7.50%) than the current discount rate:

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Net OPEB liability – City	\$ 3,515,830	\$ 2,709,032	\$ 1,987,171
Net OPEB liability – WPA	34,885	26,880	19,717
Net OPEB liability – Other Employers	224,232	172,776	126,738
Total	<u>\$ 3,774,947</u>	<u>\$ 2,908,688</u>	<u>\$ 2,133,626</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the political subdivision, as well as what the political subdivision's net OPEB liability would be if it was calculated using healthcare cost trend rates that are one-percentage-point lower (3.04%) or one-percentage-point higher (5.04%) than the current healthcare cost trend rates:

	1.00% Decrease (3.04%)	Current Healthcare Cost Trend Rates (4.04%)	1.00% Increase (5.04%)
Net OPEB liability – City	\$ 1,869,757	\$ 2,709,032	\$ 3,674,407
Net OPEB liability – WPA	18,552	26,880	36,458
Net OPEB liability – Other Employers	119,249	172,776	234,346
Total	<u>\$ 2,007,558</u>	<u>\$ 2,908,688</u>	<u>\$ 3,945,211</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits Liability – Local Plan (Continued)

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

For the year ended June 30, 2024, the City, WPA, and other participating employers recognized OPEB expenses of \$545,770, \$5,415, and \$34,808, respectively. At June 30, 2024, the City and WPA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		WPA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,092,864	\$ 385,781	\$ 10,844	\$ 3,828
Net difference between projected and actual earnings on OPEB plan investments	238,605	-	2,367	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	18,545	-	184
Changes of assumptions	862,630	1,336,268	8,559	13,259
Total	<u>\$ 2,194,099</u>	<u>\$ 1,740,594</u>	<u>\$ 21,770</u>	<u>\$ 17,271</u>

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:

Year Ending June 30,	Effect on OPEB Expense	
	City	WPA
2025	207,125	2,055
2026	305,395	3,030
2027	(120,953)	(1,200)
2028	(107,538)	(1,067)
2029	85,363	847
Thereafter	84,113	834

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. 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, Schools, and WPA also participate in various cost-sharing and agent multiemployer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

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

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

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

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.

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

The General Employee HIC is available for all full-time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer, agent-defined benefit plan.

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the General Employee HIC Program:

	<u>City</u>	<u>WPA</u>	<u>Schools Non- Professional Employees</u>
Inactive members or their beneficiaries currently receiving benefits	99	1	19
Inactive members:			
Vested inactive members	13	-	4
Active elsewhere in VRS	168	2	8
Total inactive members	181	2	12
Active members	391	4	91
Total covered employees	671	7	122

Line of Duty Act Program

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in Fiscal Year 2012. The employer contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers. The LODA is considered a multiple-employer, cost-sharing plan.

Specific information about the LODA is available at <https://www.valoda.org/>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

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

	City	WPA	Schools
June 30, 2024, Contribution	\$181,602	\$1,584	\$232,195
June 30, 2023, Contribution	\$163,933	\$1,737	\$214,180

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session.

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401 and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2024, Contribution	\$479,703
June 30, 2023, Contribution	\$440,120

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

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1400 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	0.07% of covered employee compensation.

	City	WPA	Schools
June 30, 2024, Contribution	\$18,029	\$205	\$8,620
June 30, 2023, Contribution	\$16,211	\$225	\$8,553

Line of Duty Act Program

Governed by:	<i>Code of Virginia 9-1-400.1 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	\$830.00 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2024, Contribution	\$152,281
June 30, 2023, Contribution	\$117,106

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

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

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Group Life Insurance Program

	City	WPA	Schools
June 30, 2024, proportionate share of liability	\$1,554,126	\$13,557	\$2,021,922
June 30, 2023, proportion	0.14%	0.001%	0.17%
June 30, 2022, proportion	0.13%	0.001%	0.17%
June 30, 2024, expense	\$89,493	\$781	\$83,175

Teacher Health Insurance Credit Program

June 30, 2024, proportionate share of liability	\$4,425,187
June 30, 2023, proportion	0.37%
June 30, 2022, proportion	0.36%
June 30, 2024, expense	\$322,437

Line of Duty Act Program

June 30, 2024, proportionate share of liability	\$3,537,735
June 30, 2023, proportion	0.88%
June 30, 2022, proportion	0.89%
June 30, 2024, expense	\$451,950

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.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2022	\$ 630,863	\$ 481,785	\$ 149,078
Changes for the year:			
Service cost	11,554	-	11,554
Interest	43,467	-	43,467
Differences between expected and actual experience	(8,573)	-	(8,573)
Contributions – employer	-	16,329	(16,329)
Net investment income	-	29,170	(29,170)
Benefit payments	(30,850)	(30,850)	-
Administrative expenses	-	(696)	696
Other changes	-	(464)	464
Net changes	15,598	13,489	2,109
Balances at June 30, 2023	\$ 646,461	\$ 495,274	\$ 151,187

In addition, for the year ended June 30, 2024, the City recognized OPEB expense of \$21,915 related to the General Employee HIC Program.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2022	\$ 7,732	5,663	\$ 2,069
Changes for the year:			
Service cost	132	-	132
Interest	495	-	495
Differences between expected and actual experience	(98)	-	(98)
Contributions – employer	-	186	(186)
Net investment income	-	332	(332)
Benefit payments	(351)	(351)	-
Administrative expenses	-	(8)	8
Other changes	-	366	(366)
Net changes	178	525	(347)
Balances at June 30, 2023	\$ 7,910	6,188	\$ 1,722

In addition, for the year ended June 30, 2024, the WPA recognized OPEB expense of \$250 related to the General Employee HIC Program.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Changes in the Schools Non-Professional Employees net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2022	\$ 126,631	\$ 115,116	\$ 11,515
Changes for the year:			
Service cost	2,567	-	2,567
Interest	8,498	-	8,498
Differences between expected and actual experience	170	-	170
Contributions – employer	-	8,553	(8,553)
Net investment income	-	6,998	(6,998)
Benefit payments	(6,618)	(6,618)	-
Administrative expenses	-	(167)	167
Other changes	-	184	(184)
Net changes	4,617	8,950	(4,333)
Balances at June 30, 2023	\$ 131,248	\$ 124,066	\$ 7,182

In addition, for the year ended June 30, 2024, the Schools recognized OPEB expense of \$275 related to the General Employee Health Insurance Credit Program.

At June 30, 2024, the City, WPA, and Schools 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	\$ 155,220	\$ 47,176
Changes of assumptions	33,220	107,676
Net difference between projected and actual earnings on OPEB plan investments	-	62,454
Changes in proportion	106,104	18,758
Employer contributions subsequent to the measurement date	181,602	-
Total	\$ 476,146	\$ 236,064

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Group Life Insurance Program - WPA

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,354	\$ 412
Changes of assumptions	290	939
Net difference between projected and actual earnings on OPEB plan investments	-	545
Changes in proportion	926	164
Employer contributions subsequent to the measurement date	1,584	-
Total	<u>\$ 4,154</u>	<u>\$ 2,060</u>

Group Life Insurance Program – Schools (Teachers and Non-professional)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 201,941	\$ 61,376
Changes of assumptions	43,220	140,087
Net difference between projected and actual earnings on OPEB plan investments	-	81,252
Changes in proportion	54,528	20,537
Employer contributions subsequent to the measurement date	232,195	-
Total	<u>\$ 531,884</u>	<u>\$ 303,252</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 194,775
Change in assumptions	103,011	4,459
Net difference between projected and actual earnings on OPEB plan investments	2,221	-
Changes in proportion	133,598	86,825
Employer contributions subsequent to the measurement date	479,703	-
Total	<u>\$ 718,533</u>	<u>\$ 286,059</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,924	\$ 46,304
Changes of assumptions	103,354	2,113
Net difference between projected and actual earnings on OPEB plan investments	-	4,906
Employer contributions subsequent to the measurement date	18,029	-
Total	<u>\$ 125,307</u>	<u>\$ 53,323</u>

General Employee Health Insurance Credit Program - WPA

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45	\$ 527
Changes of assumptions	1,177	24
Net difference between projected and actual earnings on OPEB plan investments	-	56
Employer contributions subsequent to the measurement date	205	-
Total	<u>\$ 1,427</u>	<u>\$ 607</u>

General Employee Health Insurance Credit Program - Schools

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131	\$ 13,612
Changes of assumptions	4,576	-
Net difference between projected and actual earnings on OPEB plan investments	-	838
Employer contributions subsequent to the measurement date	8,620	-
Total	<u>\$ 13,327</u>	<u>\$ 14,450</u>

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

<u>Line of Duty Act Program</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 188,707	\$ 666,153
Changes of assumptions	785,772	729,500
Net difference between projected and actual earnings on OPEB plan investments	-	10,350
Changes in proportion	158,440	327,166
Employer contributions subsequent to the measurement date	152,281	-
Total	<u>\$ 1,285,200</u>	<u>\$ 1,733,169</u>

The deferred outflows of resources related to OPEB resulting from the City's, WPA's, and Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

<u>Group Life Insurance Program - City</u>	
<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2025	\$ 13,044
2026	(47,078)
2027	40,678
2028	22,150
2029	29,686
Thereafter	-

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Group Life Insurance Program - WPA

Year Ending June 30,	Effect on OPEB Expense
2025	\$ 114
2026	(411)
2027	355
2028	193
2029	259
Thereafter	-

Group Life Insurance Program – Schools (Teachers and Non-professional)

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (15,473)
2026	(75,128)
2027	45,288
2028	16,026
2029	25,724
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (35,409)
2026	(22,940)
2027	4,922
2028	(615)
2029	1,216
Thereafter	5,597

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program - City

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (277)
2026	(1,717)
2027	17,994
2028	15,124
2029	16,993
Thereafter	5,838

General Employee Health Insurance Credit Program - WPA

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (3)
2026	(20)
2027	205
2028	172
2029	194
Thereafter	67

General Employee Health Insurance Credit Program - Schools

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (4,822)
2026	(4,451)
2027	(335)
2028	(135)
2029	-
Thereafter	-

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Line of Duty Act Program

<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2025	\$ (39,716)
2026	(39,392)
2027	(32,223)
2028	(40,890)
2029	(68,025)
Thereafter	(380,004)

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%

Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%; LODA 3.86%
---	------------------------------

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

Mortality rates used for 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 13.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan	Line of Duty Act Program
Total OPEB Liability	\$ 3,907,052	\$ 1,475,471	\$ 406,211
Plan fiduciary net position	2,707,739	264,054	5,311
Employers' net OPEB liability	\$ 1,199,313	\$ 1,211,417	\$ 400,900
Plan fiduciary net position as a percentage of total OPEB liability	69.30%	17.90%	1.31%

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.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. 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:

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

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Line of Duty Act Program

The long-term expected rate of return on the LODA Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS pooled investments 6.75% assumption noted above. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate ("SEIR") is the applicable municipal bond index rate based on the Fidelity Fixed-Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The discount rate used to measure the LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The following presents the net OPEB liabilities of the City, WPA, and Schools, as well as what the net OPEB liabilities would be if it was calculated using a discount rate that is one-percentage-point lower (5.75% HIC; GLI/2.86% LODA) or one-percentage-point higher (7.75% HIC; GLI/4.86% LODA) 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	\$ 2,303,701	\$ 1,554,126	\$ 948,091
GLI Net OPEB liability – WPA	20,095	13,557	8,270
GLI Net OPEB liability – Schools	2,997,121	2,021,922	1,233,469
Teacher HIC Net OPEB liability	\$ 5,005,380	\$ 4,425,187	\$ 3,933,523
General Employee HIC Net OPEB liability – City	\$ 233,001	\$ 151,187	\$ 83,132
General Employee HIC Net OPEB liability – WPA	2,654	1,722	947
General Employee HIC Net OPEB liability – Schools	20,308	7,182	(4,107)
	(2.86%)	(3.86%)	(4.86%)
LODA Net OPEB liability	\$ 3,966,643	\$ 3,537,735	\$ 3,174,886

Sensitivity of the LODA Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the LODA net OPEB liability of the City using health care trend rate of 7.00% decreasing to 4.75%, as well as what the City's LODA net OPEB liability would be if it was calculated using healthcare cost trend rates that are one-percentage-point lower (6.00% decreasing to 3.75%) or one-percentage-point higher (8.00% decreasing to 5.75%) than the current healthcare cost trend rates:

	1.00% Decrease (6.00% decreasing to 3.75%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
LODA Net OPEB liability	\$ 3,000,119	\$ 3,537,735	\$ 4,203,926

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16. Summary of Other Postemployment Benefits

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense
City – Local Plan	\$ 2,194,099	\$ 2,709,032	\$ 1,740,594	\$ 545,770
City – GLI	476,146	1,554,126	236,064	89,493
City – HIC	125,307	151,187	53,323	21,915
City – LODA	1,285,200	3,537,735	1,733,169	451,950
	<u>\$ 4,080,752</u>	<u>\$ 7,952,080</u>	<u>\$ 3,763,150</u>	<u>\$ 1,109,128</u>
WPA – Local Plan	21,770	26,880	17,271	5,415
WPA – GLI	4,154	13,557	2,060	781
WPA – HIC	1,427	1,722	607	250
	<u>\$ 27,351</u>	<u>\$ 42,159</u>	<u>\$ 19,938</u>	<u>\$ 6,446</u>
Schools Non				
Professional – HIC	13,327	7,182	14,450	275
Teachers – HIC	718,533	4,425,187	286,059	322,437
Schools Non				
Professional – GLI	60,288	167,424	25,491	12,484
Teachers – GLI	471,596	1,854,498	277,761	70,691
	<u>\$ 1,263,744</u>	<u>\$ 6,454,291</u>	<u>\$ 603,761</u>	<u>\$ 405,887</u>

Note 17. 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 has joined together with other cities and counties in the Virginia Liability Risk Management Plan (VARISK2), a Commonwealth of Virginia risk pool currently operating as a risk management program for public body members in Virginia. The City pays an annual premium to VARISK2 for its public officials general law enforcement and medical malpractice liability insurance coverage. The Department of Treasury obtains its authority to act from the statutory provisions of the Code and will limit liability up to \$1 million for each insured event.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 17. Risk Management (Continued)

Through the Virginia Municipal League, the City has joined together with other Virginia public bodies in the Virginia Municipal League Insurance Programs pools currently operating as common risk management and insurance programs for members in Virginia. The City pays 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.

Through the Virginia School Board Association ("VSBA"), the School Board has joined together with other localities in the VSBA Insurance Program and School Systems of VA Group Self-Insurance Association, public entity risk pools currently operating as an insurance program and common risk management for several member city and county school boards in Virginia. The school board pays annual premiums to VSBA Insurance Program and School Systems of VA Group Self-Insurance Association for its employer liability insurance coverage and worker's compensation insurance coverage. The agreement for formation of VSBA Insurance Program and School Systems of VA Group Self-Insurance Association provides that it will be self-sustaining through member premiums. The Workers' compensation coverage provides the benefits set forth in the Virginia Workers' Compensation Act.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 18. Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the general fund balance and other governmental funds balance are presented below:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Government Funds</u>
Nonspendable:			
Inventories	\$ 13,606	\$ -	\$ -
Prepays	100	59,812	
Total nonspendable	<u>13,706</u>	<u>59,812</u>	<u>-</u>
Restricted for:			
Revenue for public safety programs	<u>532,982</u>	<u>-</u>	<u>-</u>
Total restricted	<u>532,982</u>	<u>-</u>	<u>-</u>
Committed to:			
Public safety	69,607	-	-
Parks, recreation, and cultural	159,405	-	-
Other capital projects	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Total committed	<u>2,229,012</u>	<u>-</u>	<u>-</u>
Assigned to:			
Judicial administration	27,343	-	21,865
Public safety	28,450	-	449,997
Public works	-	-	181,620
Health and welfare	-	-	22,518
Education	1,542,373	-	-
Parks, recreation, and cultural	-	-	592,141
Subsequent year appropriation	<u>3,710,300</u>	<u>-</u>	<u>-</u>
Total assigned	<u>5,308,466</u>	<u>-</u>	<u>1,268,141</u>
Unassigned	<u>26,692,909</u>	<u>(4,693,610)</u>	<u>-</u>
Total fund balance	<u>\$ 34,777,075</u>	<u>\$ (4,633,798)</u>	<u>\$ 1,268,141</u>

At June 30, 2024, the Capital Improvements Fund had a deficit in fund balance of \$4,633,798. This deficit is anticipated to be recovered through future transfers of funds from other governmental funds.

(Continued)

CITY OF WINCHESTER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 19. Subsequent Events

Management has evaluated subsequent events through December 2, 2024, the date the financial statements were available to be issued.

Subsequent to year-end, the City approved the issuance of a \$23,375,000 general obligation public improvement bond with interest rates from 4.00% to 5.00% and maturity in June 2045. The bond proceeds will be used to finance the costs of various capital improvement projects.

Note 20. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements, which are not yet effective.

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WINCHESTER, VIRGINIA

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

	Primary Government and Winchester Parking Authority Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 3,196,135	\$ 2,704,596	\$ 2,681,427	\$ 2,732,667	\$ 2,597,139	\$ 2,484,786	\$ 2,579,048	\$ 2,505,857	\$ 2,454,330	\$ 2,316,409
Interest on total pension liability	8,265,212	8,021,634	7,400,627	6,842,363	6,619,241	6,194,543	5,955,078	5,655,539	5,566,393	5,265,624
Benefit payments, including refunds of employee contributions	(5,907,341)	(5,331,938)	(4,920,195)	(4,616,328)	(4,498,689)	(4,051,306)	(3,747,622)	(3,717,526)	(3,463,806)	(3,782,051)
Difference between actual and expected experience	1,412,123	(2,475,215)	(2,928,336)	2,176,590	811,802	(556,820)	(573,149)	(249,368)	(2,623,418)	-
Changes of assumptions	-	-	4,312,620	-	3,228,192	-	(692,576)	-	-	-
Net change in total pension liability	6,966,129	2,919,077	6,546,143	7,135,292	8,757,685	4,071,203	3,520,779	4,194,502	1,933,499	3,799,982
Total pension liability - beginning	119,992,387	117,073,310	110,527,167	103,391,875	94,634,190	90,562,987	87,042,208	82,847,706	80,914,207	77,114,225
Total pension liability - ending	\$ 126,958,516	\$ 119,992,387	\$ 117,073,310	\$ 110,527,167	\$ 103,391,875	\$ 94,634,190	\$ 90,562,987	\$ 87,042,208	\$ 82,847,706	\$ 80,914,207
Plan Fiduciary Net Position										
Contributions - employer	\$ 2,979,146	\$ 2,568,299	\$ 2,405,081	\$ 2,118,242	\$ 2,112,247	\$ 2,087,412	\$ 2,054,193	\$ 2,551,366	\$ 2,496,346	\$ 2,480,335
Contributions - employee	1,431,024	1,250,779	1,174,178	1,233,064	1,292,059	1,084,938	1,107,449	1,102,156	1,063,902	1,010,980
Net investment income (loss)	7,567,484	(126,218)	25,789,902	1,770,438	5,982,376	6,089,112	9,027,657	1,291,832	3,207,547	9,515,209
Benefit payments, including refunds of employee contributions	(5,907,341)	(5,331,938)	(4,920,195)	(4,616,328)	(4,498,689)	(4,051,306)	(3,747,622)	(3,717,526)	(3,463,806)	(3,782,051)
Administrative expenses	(75,268)	(73,906)	(63,756)	(60,203)	(58,925)	(52,294)	(51,704)	(44,712)	(43,206)	(50,971)
Other changes	(15,536)	2,713	(203,436)	198,071	(169,802)	(10,114)	(22,965)	63,874	(47,957)	502
Net change in plan fiduciary net position	5,979,509	(1,710,271)	24,181,774	643,284	4,659,266	5,147,748	8,367,008	1,246,990	3,212,826	9,174,004
Plan fiduciary net position - beginning	115,332,492	117,042,763	92,860,989	92,217,705	87,558,439	82,410,691	74,043,683	72,796,693	69,583,867	60,409,863
Plan fiduciary net position - ending	\$ 121,312,001	\$ 115,332,492	\$ 117,042,763	\$ 92,860,989	\$ 92,217,705	\$ 87,558,439	\$ 82,410,691	\$ 74,043,683	\$ 72,796,693	\$ 69,583,867
Net pension liability - ending	\$ 5,646,515	\$ 4,659,895	\$ 30,547	\$ 17,666,178	\$ 11,174,170	\$ 7,075,751	\$ 8,152,296	\$ 12,998,525	\$ 10,051,013	\$ 11,330,340
Plan fiduciary net position as a percentage of total pension liability	96%	96%	100%	84%	89%	93%	91%	85%	88%	86%
Covered payroll	\$ 30,717,949	\$ 26,743,991	\$ 24,694,829	\$ 25,468,564	\$ 23,917,946	\$ 22,250,533	\$ 22,001,965	\$ 22,043,861	\$ 21,352,682	\$ 20,509,189
Net pension liability as a percentage of covered payroll	18.38%	17.42%	0.12%	69%	47%	32%	37%	59%	47%	55%

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

CITY OF WINCHESTER, VIRGINIA

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

	Schools - Nonprofessional Employees Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 334,903	\$ 262,310	\$ 273,865	\$ 260,986	\$ 242,727	\$ 239,752	\$ 229,749	\$ 239,831	\$ 232,607	\$ 234,274
Interest on total pension liability	631,237	621,593	577,687	557,813	527,051	508,391	503,177	487,897	460,720	432,031
Benefit payments, including refunds of employee contributions	(425,342)	(408,967)	(426,816)	(407,534)	(423,662)	(378,664)	(336,811)	(317,220)	(291,762)	(221,176)
Difference between actual and expected experience	34,505	(396,474)	(310,362)	(107,196)	167,672	(80,413)	(160,784)	(182,415)	(597)	-
Changes of assumptions	-	-	264,853	-	212,756	-	(139,925)	-	-	-
Net change in total pension liability	575,303	78,462	379,227	304,069	726,544	289,066	95,406	228,093	400,968	445,129
Total pension liability - beginning	<u>9,229,428</u>	<u>9,150,966</u>	<u>8,771,739</u>	<u>8,467,670</u>	<u>7,741,126</u>	<u>7,452,060</u>	<u>7,356,654</u>	<u>7,128,561</u>	<u>6,727,593</u>	<u>6,282,464</u>
Total pension liability - ending	<u>\$ 9,804,731</u>	<u>\$ 9,229,428</u>	<u>\$ 9,150,966</u>	<u>\$ 8,771,739</u>	<u>\$ 8,467,670</u>	<u>\$ 7,741,126</u>	<u>\$ 7,452,060</u>	<u>\$ 7,356,654</u>	<u>\$ 7,128,561</u>	<u>\$ 6,727,593</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 135,028	\$ 161,593	\$ 144,042	\$ 133,747	\$ 127,371	\$ 140,978	\$ 142,642	\$ 182,973	\$ 182,430	\$ 202,866
Contributions - employee	149,738	129,832	116,047	118,764	111,012	108,249	109,305	104,368	104,329	100,009
Net investment income (loss)	673,429	(12,390)	2,291,593	158,448	534,183	562,499	839,313	118,191	298,135	884,655
Benefit payments, including refunds of employee contributions	(425,342)	(408,967)	(426,816)	(407,534)	(423,662)	(378,664)	(336,811)	(317,220)	(291,762)	(221,176)
Administrative expenses	(6,662)	(6,514)	(5,701)	(5,476)	(5,338)	(4,863)	(4,829)	(4,204)	(4,031)	(4,659)
Other changes	271	244	216	(190)	(336)	(501)	(748)	(51)	(62)	46
Net change in plan fiduciary net position	526,462	(136,202)	2,119,381	(2,241)	343,230	427,698	748,872	84,057	289,039	961,741
Plan fiduciary net position - beginning	<u>10,401,385</u>	<u>10,537,587</u>	<u>8,418,206</u>	<u>8,420,447</u>	<u>8,077,217</u>	<u>7,649,519</u>	<u>6,900,647</u>	<u>6,816,590</u>	<u>6,527,551</u>	<u>5,565,810</u>
Plan fiduciary net position - ending	<u>\$ 10,927,847</u>	<u>\$ 10,401,385</u>	<u>\$ 10,537,587</u>	<u>\$ 8,418,206</u>	<u>\$ 8,420,447</u>	<u>\$ 8,077,217</u>	<u>\$ 7,649,519</u>	<u>\$ 6,900,647</u>	<u>\$ 6,816,590</u>	<u>\$ 6,527,551</u>
Net pension liability (asset) - ending	<u>\$ (1,123,116)</u>	<u>\$ (1,171,957)</u>	<u>\$ (1,386,621)</u>	<u>\$ 353,533</u>	<u>\$ 47,223</u>	<u>\$ (336,091)</u>	<u>\$ (197,459)</u>	<u>\$ 456,007</u>	<u>\$ 311,971</u>	<u>\$ 200,042</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>111%</u>	<u>113%</u>	<u>115%</u>	<u>96%</u>	<u>99%</u>	<u>104%</u>	<u>103%</u>	<u>94%</u>	<u>96%</u>	<u>97%</u>
Covered payroll	<u>\$ 3,289,520</u>	<u>\$ 2,842,683</u>	<u>\$ 2,467,380</u>	<u>\$ 2,509,199</u>	<u>\$ 2,342,029</u>	<u>\$ 2,278,347</u>	<u>\$ 2,245,349</u>	<u>\$ 2,127,334</u>	<u>\$ 2,109,954</u>	<u>\$ 2,044,072</u>
Net pension liability (asset) as a percentage of covered payroll	<u>-34%</u>	<u>-41%</u>	<u>-56%</u>	<u>14%</u>	<u>2%</u>	<u>-15%</u>	<u>-9%</u>	<u>21%</u>	<u>15%</u>	<u>10%</u>

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

CITY OF WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
 VRS TEACHER RETIREMENT PLAN
 June 30, 2024

School Division Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.362%	\$ 36,610,317	\$ 36,668,606	99.84%	82.45%
2023	0.354%	33,730,529	33,769,087	99.89%	82.61%
2022	0.350%	27,138,040	31,839,788	85.23%	85.46%
2021	0.354%	51,555,588	31,549,305	163.41%	71.47%
2020	0.353%	46,466,019	29,750,334	156.19%	73.51%
2019	0.364%	42,860,000	29,604,640	144.77%	74.81%
2018	0.370%	45,450,000	29,329,091	154.97%	72.92%
2017	0.378%	53,014,000	28,839,427	183.82%	68.28%
2016	0.378%	47,549,000	28,107,384	169.17%	70.68%
2015	0.368%	44,422,000	27,264,162	162.93%	70.88%

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

CITY OF WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION EMPLOYER CONTRIBUTIONS
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government and Winchester Parking Authority					
2024	\$ 3,248,403	\$ 3,248,403	\$ -	\$ 33,862,704	9.59%
2023	2,967,458	2,967,458	-	30,717,949	9.66%
2022	2,564,944	2,564,944	-	26,743,991	9.59%
2021	2,377,464	2,377,464	-	24,694,829	9.63%
2020	2,156,879	2,156,879	-	25,468,564	8.47%
2019	2,063,819	2,063,819	-	23,917,946	8.63%
2018	2,086,214	2,086,214	-	22,250,533	9.38%
2017	2,051,838	2,051,838	-	22,001,965	9.33%
2016	2,567,157	2,567,157	-	22,043,861	11.65%
2015	2,638,462	2,638,462	-	21,352,682	12.36%
Schools - Nonprofessional Employees					
2024	\$ 132,358	\$ 132,358	\$ -	\$ 3,327,856	3.98%
2023	135,665	135,665	-	3,289,520	4.12%
2022	162,065	162,065	-	2,842,683	5.70%
2021	144,444	144,444	-	2,467,380	5.85%
2020	134,192	134,192	-	2,509,199	5.35%
2019	127,729	127,729	-	2,342,029	5.45%
2018	141,361	141,361	-	2,278,347	6.20%
2017	143,042	143,042	-	2,245,349	6.37%
2016	183,396	183,396	-	2,127,334	8.62%
2015	182,815	182,815	-	2,109,954	8.66%
Schools - VRS Teacher Retirement Plan					
2024	\$ 6,185,527	\$ 6,185,527	\$ -	\$ 40,010,377	15.46%
2023	5,710,358	5,710,358	-	36,668,606	15.57%
2022	5,273,804	5,273,804	-	33,769,087	15.62%
2021	4,951,480	4,951,480	-	31,839,788	15.55%
2020	4,687,085	4,687,085	-	31,549,305	14.86%
2019	4,523,107	4,523,107	-	29,750,334	15.20%
2018	4,713,786	4,713,786	-	29,604,640	15.92%
2017	4,205,966	4,205,966	-	29,329,091	14.34%
2016	4,021,395	4,021,395	-	28,839,427	13.94%
2015	4,074,900	4,074,900	-	28,107,384	14.50%

The Notes to Required Supplementary Information are an integral part of this Statement.

CITY OF WINCHESTER, VIRGINIA

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

		VRS Health Insurance Credit Primary Government and Winchester Parking Authority Plan Year Ended June 30,						
VRS Health Insurance Credit - City and WPA		2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$	11,686	\$ 13,649	\$ 13,801	\$ 14,218	\$ 14,221	\$ 13,397	\$ 14,030
Interest on total OPEB liability		43,962	34,744	32,041	32,014	34,748	33,879	32,993
Difference between expected and actual experience		(8,671)	(11,508)	6,524	(17,299)	(46,940)	(25,089)	-
Changes of assumptions		-	131,550	5,568	-	13,750	-	(17,997)
Benefit payments, including refunds of employee contributions		(31,201)	(34,904)	(33,115)	(32,656)	(22,827)	(25,595)	(11,878)
Net change in total OPEB liability		15,776	133,531	24,819	(3,723)	(7,048)	(3,408)	17,148
Total OPEB liability - beginning		638,595	505,064	480,245	483,968	491,016	494,424	477,276
Total OPEB liability - ending		654,371	638,595	505,064	480,245	483,968	491,016	494,424
Plan Fiduciary Net Position								
Contributions - employer		16,515	20,022	19,164	23,214	22,855	21,761	22,286
Net investment income		29,502	933	106,192	8,184	25,415	25,719	36,848
Benefit payments		(31,201)	(34,904)	(33,115)	(32,656)	(22,827)	(25,595)	(11,878)
Administrative expenses		(704)	(867)	(1,224)	(777)	(557)	(606)	(615)
Other		(98)	11,554	(712)	1,687	(3,306)	(2,466)	1,819
Net change in plan fiduciary net position		14,014	(3,262)	90,305	(348)	21,580	18,813	48,460
Plan fiduciary net position - beginning		487,448	490,710	400,405	400,753	379,173	360,360	311,900
Plan fiduciary net position - ending		501,462	487,448	490,710	400,405	400,753	379,173	360,360
Net OPEB liability - ending	\$	152,909	\$ 151,147	\$ 14,354	\$ 79,840	\$ 83,215	\$ 111,843	\$ 134,064
Plan fiduciary net position as a percentage of total OPEB liability		77%	76%	97%	83%	83%	77%	73%
Covered payroll	\$	23,579,650	\$ 20,436,216	\$ 19,021,853	\$ 19,818,132	\$ 18,532,932	\$ 17,312,179	\$ 17,226,470
Net OPEB liability as a percentage of covered payroll		0.65%	0.74%	0.08%	0.40%	0.45%	0.65%	0.78%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - i.e., Plan year 2017 was presented in the entity's fiscal year 2018 financial report.

Note: Plan year 2017 amounts corrected in 2019 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (Plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF WINCHESTER, VIRGINIA

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

VRS Health Insurance Credit Schools Nonprofessional Employees Plan Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017
VRS Health Insurance Credit - Schools Nonprofessional Employees							
Total OPEB Liability							
Service cost	\$ 2,567	\$ 4,864	\$ 4,582	\$ 4,460	\$ 3,547	\$ 3,227	\$ 3,096
Interest on total OPEB liability	8,498	8,813	8,481	8,314	7,414	7,425	7,360
Changes in benefit terms	-	-	-	4,016	-	-	-
Difference between expected and actual experience	170	(13,754)	(9,106)	(6,898)	10,142	(3,657)	-
Changes of assumptions	-	4,789	3,752	-	2,930	-	(4,270)
Benefit payments, including refunds of employee contributions	(6,618)	(7,567)	(7,738)	(7,090)	(6,477)	(7,819)	(2,701)
Net change in total OPEB liability	4,617	(2,855)	(29)	2,802	17,556	(824)	3,485
Total OPEB liability - beginning	126,631	129,486	129,515	126,713	109,157	109,981	106,496
Total OPEB liability - ending	131,248	126,631	129,486	129,515	126,713	109,157	109,981
Plan Fiduciary Net Position							
Contributions - employer	8,553	8,659	7,621	6,016	5,607	5,669	5,614
Net investment income	6,998	87	23,063	1,739	5,329	5,875	8,159
Benefit payments	(6,618)	(7,567)	(7,738)	(7,090)	(6,477)	(7,819)	(2,701)
Administrative expenses	(167)	(198)	(275)	(167)	(116)	132	(135)
Other	184	3,444	-	(1)	(6)	(914)	401
Net change in Plan fiduciary net position	8,950	4,425	22,671	497	4,337	2,943	11,338
Plan fiduciary net position - beginning	115,116	110,691	88,020	87,523	83,186	80,243	68,905
Plan fiduciary net position - ending	124,066	115,116	110,691	88,020	87,523	83,186	80,243
Net OPEB liability - ending	\$ 7,182	\$ 11,515	\$ 18,795	\$ 41,495	\$ 39,190	\$ 25,971	\$ 29,738
Plan fiduciary net position as a percentage of total OPEB liability	95%	91%	85%	68%	69%	76%	73%
Covered payroll	\$ 3,289,520	\$ 2,842,683	\$ 2,464,994	\$ 2,509,199	\$ 2,336,297	\$ 2,267,717	\$ 2,245,349
Net OPEB liability as a percentage of covered payroll	0%	0%	1%	2%	2%	1%	1%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - i.e., Plan year 2017 was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (Plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2024

	Local Plan Total for all Employers Plan Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Local Plan - Totals for all employers							
Total OPEB Liability							
Service cost	\$ 184,226	\$ 177,243	\$ 253,318	\$ 243,481	\$ 235,248	\$ 222,257	\$ 214,120
Interest on total OPEB liability	535,293	524,017	592,600	566,667	456,740	395,825	374,376
Difference between expected and actual experience	(487,344)	56,866	820,242	(7,634)	2,007,314	633,920	(3,365)
Changes of assumptions	1,080,574	-	(2,209,129)	-	(603,377)	-	-
Benefit payments, including refunds of employee contributions	(520,435)	(581,639)	(466,582)	(381,094)	(360,870)	(294,359)	(253,650)
Net change in total OPEB liability	792,314	176,487	(1,009,551)	421,420	1,735,055	957,643	331,481
Total OPEB liability - beginning	8,500,675	8,324,188	9,333,739	8,912,319	7,177,264	6,219,621	5,888,140
Total OPEB liability - ending	9,292,989	8,500,675	8,324,188	9,333,739	8,912,319	7,177,264	6,219,621
Plan Fiduciary Net Position							
Contributions - employer	520,435	581,639	466,582	799,094	677,870	688,359	3,763,727
Net investment income (loss)	419,145	426,503	(873,807)	1,294,260	218,216	253,647	7,260
Benefit payments	(520,435)	(581,639)	(466,582)	(381,094)	(360,870)	(294,359)	(253,650)
Net change in Plan fiduciary net position	419,145	426,503	(873,807)	1,712,260	535,216	647,647	3,517,337
Plan fiduciary net position - beginning	5,965,156	5,538,653	6,412,460	4,700,200	4,164,984	3,517,337	-
Plan fiduciary net position - ending	6,384,301	5,965,156	5,538,653	6,412,460	4,700,200	4,164,984	3,517,337
Net OPEB liability - ending	\$ 2,908,688	\$ 2,535,519	\$ 2,785,535	\$ 2,921,279	\$ 4,212,119	\$ 3,012,280	\$ 2,702,284
Plan fiduciary net position as a percentage of total OPEB liability	69%	70%	67%	69%	53%	58%	57%
Covered payroll	\$ 34,441,041	\$ 33,331,814	\$ 29,203,858	\$ 26,954,995	\$ 25,706,956	\$ 24,341,867	\$ 23,926,081
Net OPEB liability as a percentage of covered payroll	8%	8%	10%	11%	16%	12%	11%
Schedule of Investment Returns							
Annual money-weighted rate of return, net of investment expense	12.15%	8.06%	-13.29%	26.22%	5.08%	6.78%	0.59%

This schedule is intended to show information for 10 years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2024

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Local Plan - City and WPA					
2024	94.06%	\$ 2,735,912	\$ 34,441,041	7.94%	68.70%
2023	94.40%	2,393,530	33,331,814	7.18%	70.17%
2022	94.40%	2,629,545	29,203,858	9.00%	66.54%
2021	95.10%	2,778,137	26,954,995	10.31%	68.70%
2020	95.10%	4,005,725	25,706,956	15.58%	52.74%
2019	95.35%	2,872,209	24,341,867	11.80%	58.03%
2018	95.61%	2,583,654	23,926,081	10.80%	56.55%
Virginia Retirement System - Group Life Insurance - City and WPA					
2023	0.14%	\$ 1,567,683	\$ 30,779,349	5.09%	69.30%
2022	0.14%	1,485,104	26,829,324	5.54%	67.21%
2021	0.13%	1,415,459	24,824,551	5.70%	67.45%
2020	0.14%	2,031,603	25,580,734	7.94%	52.64%
2019	0.13%	2,031,179	23,957,369	8.48%	52.00%
2018	0.13%	1,780,176	22,336,167	7.97%	51.22%
2017	0.13%	1,783,983	21,855,882	8.16%	48.86%
Virginia Retirement System - Line of Duty Act - City					
2023	0.88%	\$ 3,537,735	\$ 11,810,959	29.95%	1.31%
2022	0.89%	3,385,284	10,685,910	31.68%	1.87%
2021	0.87%	3,848,534	10,060,931	38.25%	1.68%
2020	0.96%	4,018,366	10,052,714	39.97%	1.02%
2019	0.92%	3,316,000	9,748,157	34.02%	0.79%
2018	0.94%	2,947,000	9,253,377	31.85%	0.60%
2017	0.99%	2,606,000	9,299,054	28.02%	1.30%
Virginia Retirement System - Group Life Insurance - Schools (Teacher and Non-professional)					
2023	0.17%	\$ 2,021,922	\$ 39,958,126	5.06%	69.30%
2022	0.17%	1,996,633	36,585,755	5.46%	67.21%
2021	0.16%	1,902,070	34,387,933	5.53%	67.45%
2020	0.16%	2,731,385	34,123,682	8.00%	52.64%
2019	0.15%	2,663,347	32,085,718	8.30%	52.00%
2018	0.17%	2,548,000	31,898,684	7.99%	51.22%
2017	0.17%	2,569,000	31,488,698	8.16%	48.86%
Virginia Retirement System - Health Insurance Credit - Teachers					
2023	0.37%	\$ 4,425,187	\$ 36,668,606	12.07%	17.90%
2022	0.36%	4,458,472	33,731,893	13.22%	15.08%
2021	0.35%	4,526,250	31,838,038	14.22%	13.15%
2020	0.35%	4,629,337	31,549,305	14.67%	9.95%
2019	0.35%	4,639,048	29,723,396	15.61%	8.97%
2018	0.37%	4,646,000	29,591,167	15.70%	8.08%
2017	0.37%	4,700,000	29,240,563	16.07%	7.04%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - e.g., Plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

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 WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - CITY

June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit - City and WPA					
2024	\$ 18,234	\$ 18,234	\$ -	\$ 26,069,901	0.07%
2023	16,436	16,436	-	23,579,650	0.07%
2022	19,926	19,926	-	20,436,216	0.10%
2021	18,994	18,994	-	19,021,853	0.10%
2020	23,695	23,695	-	19,818,132	0.12%
2019	22,204	22,204	-	18,532,932	0.12%
2018	21,663	21,663	-	17,312,179	0.13%
Virginia Retirement System - Group Life Insurance - City and WPA					
2024	\$ 183,186	\$ 183,186	\$ -	\$ 33,948,178	0.54%
2023	165,670	165,670	-	30,779,349	0.54%
2022	144,723	144,723	-	26,829,324	0.54%
2021	133,907	133,907	-	24,824,551	0.54%
2020	132,580	132,580	-	25,580,734	0.52%
2019	124,331	124,331	-	23,957,369	0.52%
2018	116,437	116,437	-	22,336,167	0.52%
Virginia Retirement System - Line of Duty Act - City					
2024	\$ 152,281	\$ 152,281	\$ -	\$ 11,756,869	1.30%
2023	117,106	117,106	-	11,810,959	0.99%
2022	122,301	122,301	-	10,685,910	1.14%
2021	120,149	120,149	-	10,060,931	1.19%
2020	130,391	130,391	-	10,052,714	1.30%
2019	124,039	124,039	-	9,748,157	1.27%
2018	100,141	100,141	-	9,253,377	1.08%
Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Local Plan - City and WPA					
2024	\$ 64,901	\$ -	\$ 64,901	\$ 34,441,041	0.00%
2023	94,400	-	94,400	33,331,814	0.00%
2022	399,312	-	399,312	29,203,858	0.00%
2021	397,518	397,518	-	26,954,995	1.47%
2020	301,467	301,467	-	25,706,956	1.17%
2019	375,679	375,679	-	24,341,867	1.54%
2018	3,355,985	3,355,985	-	23,926,081	14.03%

Schedules are intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

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

The Notes to Required Supplementary Information are an integral part of this schedule.

CITY OF WINCHESTER, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - SCHOOLS
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit - Schools Nonprofessional Employees					
2024	\$ 8,620	\$ 8,620	\$ -	\$ 3,327,856	0.26%
2023	8,553	8,553	-	3,289,520	0.26%
2022	8,659	8,659	-	2,842,683	0.30%
2021	7,620	7,620	-	2,464,994	0.31%
2020	6,016	6,016	-	2,509,199	0.24%
2019	5,607	5,607	-	2,336,297	0.24%
2018	5,669	5,669	-	2,267,717	0.25%
Virginia Retirement System - Group Life Insurance - Schools (Teacher and Non-professional)					
2024	\$ 232,195	\$ 232,195	\$ -	\$ 43,280,132	0.54%
2023	214,180	214,180	-	39,958,126	0.54%
2022	195,138	195,138	-	36,585,755	0.53%
2021	182,368	182,368	-	34,387,933	0.53%
2020	175,154	175,154	-	34,123,682	0.51%
2019	168,064	168,064	-	32,085,718	0.52%
2018	167,149	167,149	-	31,898,684	0.52%
Virginia Retirement System - Health Insurance Credit - Teachers					
2024	\$ 479,703	\$ 479,703	\$ -	\$ 39,913,233	1.20%
2023	440,120	440,120	-	36,668,606	1.20%
2022	403,319	403,319	-	33,731,893	1.20%
2021	377,877	377,877	-	31,838,038	1.19%
2020	373,337	373,337	-	31,549,305	1.18%
2019	356,531	356,531	-	29,723,396	1.20%
2018	363,973	363,973	-	29,591,167	1.23%

Schedules are intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

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

CITY OF WINCHESTER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “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.

Note 2. Changes of Assumptions

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

CITY OF WINCHESTER, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2024

Note 2. Changes of Assumptions (Continued)

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

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

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

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

Teacher cost-sharing pool

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Social Services Fund – to account for the provision of health and welfare services. Financing is provided by state and federal funds, which may be used only for this purpose.

Highway Maintenance Fund – to account for the proceeds of state street and highway maintenance grants, and the related expenditure, which is to be used for this purpose. This fund is only used for maintenance-related expenditures, capital expenditures are recorded in other applicable funds.

Emergency Medical Services Fund – to account for the provision of emergency medical transportation services. Financing is provided by fees charged to customers and insurance providers.

Winchester-Frederick County Convention and Visitors Bureau Fund – to account for the costs of a shared visitors bureau. Financing is provided in equal amounts by the City of Winchester and Frederick County.

Law Library Fund – to account for the purchase of reference material for the law library. Financing is provided by a portion of court fines levied. Such funds are limited to expenditures for this purpose.

Transit Fund – to account for grants and monies received and used for operations of the City's public transit system.

Federal Grants Fund – to account for Federal grants and monies received under the American Rescue Plan Act and used for the City's response to COVID and fiscal recovery.

CITY OF WINCHESTER, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2024

Exhibit 18

	Special Revenue Funds							
	Social Services Fund	Highway Maintenance Fund	Emergency Medical Services Fund	Win-Fred Convention and Visitors Bureau Fund	Law Library Fund	Transit Fund	Federal Grants Fund	Total
ASSETS								
Cash and cash equivalents	\$ 14,004	\$ 362,986	\$ 665,593	\$ 665,612	\$ 10,718	\$ 1,276	\$ -	\$ 1,720,189
Investments	656	16,993	31,160	31,160	502	60	-	80,531
Accounts receivable, net	5,000	12	272,470	963	1,056	4,606	-	284,107
Cash and cash equivalents - restricted	-	-	-	-	-	-	340,839	340,839
Investments - restricted	-	-	-	-	-	-	15,956	15,956
Due from other governments	1,066,273	-	-	-	14,240	988,524	6,270	2,075,307
Total assets	<u>\$ 1,085,933</u>	<u>\$ 379,991</u>	<u>\$ 969,223</u>	<u>\$ 697,735</u>	<u>\$ 26,516</u>	<u>\$ 994,466</u>	<u>\$ 363,065</u>	<u>\$ 4,516,929</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 856,308	\$ 170,296	214,424	\$ 92,063	\$ 4,651	\$ 7,490	24,292	\$ 1,369,524
Accrued payroll	207,107	67,776	42,937	13,531	-	77,275	-	408,626
Due to other funds	-	-	-	-	-	870,000	-	870,000
Unearned revenue	-	-	-	-	-	-	338,773	338,773
Total liabilities	<u>1,063,415</u>	<u>238,072</u>	<u>257,361</u>	<u>105,594</u>	<u>4,651</u>	<u>954,765</u>	<u>363,065</u>	<u>2,986,923</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	261,865	-	-	-	-	261,865
Fund balances:								
Assigned	22,518	141,919	449,997	592,141	21,865	39,701	-	1,268,141
Total fund balances	<u>22,518</u>	<u>141,919</u>	<u>449,997</u>	<u>592,141</u>	<u>21,865</u>	<u>39,701</u>	<u>-</u>	<u>1,268,141</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,085,933</u>	<u>\$ 379,991</u>	<u>\$ 969,223</u>	<u>\$ 697,735</u>	<u>\$ 26,516</u>	<u>\$ 994,466</u>	<u>\$ 363,065</u>	<u>\$ 4,516,929</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 19

	Special Revenue Funds							
	Social Services Fund	Highway Maintenance Fund	Emergency Medical Services Fund	Win-Fred Convention and Visitors Bureau Fund	Law Library Fund	Transit Fund	Federal Grants Fund	Total
REVENUES								
Revenues from use of money and property	\$ -	\$ 1,207	\$ 5,278	\$ 7,016	\$ 178	\$ 1,154	\$ -	\$ 14,833
Charges for services	-	-	1,396,889	-	28,845	15,000	-	1,440,734
Miscellaneous	28,039	20,137	-	69,766	-	-	-	117,942
Recovered costs	-	-	-	-	-	500	-	500
Intergovernmental:								
Frederick County	-	-	-	652,122	-	-	-	652,122
Commonwealth	4,357,355	4,388,209	-	-	-	629,761	-	9,375,325
Federal	4,348,495	10,816	-	-	-	1,794,536	3,827,417	9,981,264
Total revenues	<u>8,733,889</u>	<u>4,420,369</u>	<u>1,402,167</u>	<u>728,904</u>	<u>29,023</u>	<u>2,440,951</u>	<u>3,827,417</u>	<u>21,582,720</u>
EXPENDITURES								
Current:								
General administration	-	-	-	-	-	-	471,550	471,550
Judicial administration	-	-	-	-	30,498	-	-	30,498
Public safety	-	-	1,402,167	-	-	-	365,077	1,767,244
Public works	-	4,172,031	-	-	-	2,307,429	126,169	6,605,629
Health and welfare	12,122,311	-	-	-	-	-	218,628	12,340,939
Parks, recreation, and culture	-	-	-	-	-	-	6,401	6,401
Community development	-	-	-	930,002	-	-	250,000	1,180,002
Capital outlay	48,114	425,425	-	-	-	1,007,646	2,389,592	3,870,777
Debt service:								
Principal	98,022	4,024	-	-	-	-	-	102,046
Interest and fiscal charges	38,375	18	-	-	-	-	-	38,393
Total expenditures	<u>12,306,822</u>	<u>4,601,498</u>	<u>1,402,167</u>	<u>930,002</u>	<u>30,498</u>	<u>3,315,075</u>	<u>3,827,417</u>	<u>26,413,479</u>
Excess (deficiency) of revenues over expenditures	<u>(3,572,933)</u>	<u>(181,129)</u>	<u>-</u>	<u>(201,098)</u>	<u>(1,475)</u>	<u>(874,124)</u>	<u>-</u>	<u>(4,830,759)</u>
OTHER FINANCING SOURCES								
Transfers in	<u>3,572,933</u>	<u>-</u>	<u>-</u>	<u>317,500</u>	<u>-</u>	<u>859,469</u>	<u>-</u>	<u>4,749,902</u>
Total other financing sources	<u>3,572,933</u>	<u>-</u>	<u>-</u>	<u>317,500</u>	<u>-</u>	<u>859,469</u>	<u>-</u>	<u>4,749,902</u>
Net change in fund balances	-	(181,129)	-	116,402	(1,475)	(14,655)	-	(80,857)
Fund balance - beginning	<u>22,518</u>	<u>323,048</u>	<u>449,997</u>	<u>475,739</u>	<u>23,340</u>	<u>54,356</u>	<u>-</u>	<u>1,348,998</u>
Fund balance - ending	<u>\$ 22,518</u>	<u>\$ 141,919</u>	<u>\$ 449,997</u>	<u>\$ 592,141</u>	<u>\$ 21,865</u>	<u>\$ 39,701</u>	<u>\$ -</u>	<u>\$ 1,268,141</u>

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

Exhibit 20

	Social Services Fund				Highway Maintenance Fund				Emergency Medical Services Fund				Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance w/ Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES																
Revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,207	\$ (793)	\$ 2,000	\$ 2,000	\$ 5,278	\$ 3,278	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	1,348,000	1,398,000	1,396,889	(1,111)	-	-	-	-
Miscellaneous	-	22,440	28,039	5,599	-	21,000	20,137	(863)	-	-	-	-	-	-	-	-
Intergovernmental:																
Commonwealth	4,686,927	4,952,746	4,357,355	(595,391)	4,000,000	4,372,000	4,388,209	16,209	-	-	-	-	-	-	-	-
Federal	4,325,880	4,662,173	4,348,495	(313,678)	4,000	32,000	10,816	(21,184)	-	-	-	-	4,100,000	4,588,000	3,827,417	(760,583)
Total revenues	9,012,807	9,614,919	8,705,850	(906,957)	4,004,000	4,404,000	4,400,025	(399,975)	1,350,000	1,400,000	1,402,167	2,167	4,100,000	4,588,000	3,827,417	(760,583)
EXPENDITURES																
Current:																
General	-	-	-	-	-	-	-	-	-	-	-	-	385,000	578,838	471,550	107,288
Public safety	-	-	-	-	-	-	-	-	1,350,000	1,400,000	1,402,167	(2,167)	205,000	444,718	365,077	79,641
Public works	-	-	-	-	4,267,000	4,502,600	4,172,031	330,569	-	-	-	-	-	111,604	126,169	(14,565)
Health and welfare	12,966,000	13,446,357	12,122,311	1,324,046	-	-	-	-	-	-	-	-	-	186,380	218,628	(32,248)
Parks, recreation, and culture	-	-	-	-	-	-	-	-	-	-	-	-	-	6,410	6,401	9
Community development	-	-	-	-	-	-	-	-	-	-	-	-	750,000	738,585	250,000	488,585
Capital Outlay	30,000	52,440	48,114	4,326	120,000	223,000	425,425	(202,425)	-	-	-	-	2,760,000	2,521,465	2,389,592	131,873
Debt service:																
Principal	-	95,200	98,022	(2,822)	-	1,400	4,024	(2,624)	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	38,400	38,375	25	-	-	18	(18)	-	-	-	-	-	-	-	-
Total expenditures	12,996,000	13,632,397	12,306,822	1,325,575	4,387,000	4,727,000	4,601,498	125,502	1,350,000	1,400,000	1,402,167	(2,167)	4,100,000	4,588,000	3,827,417	760,583
Excess (deficiency) of revenues over expenditures	(3,983,193)	(3,995,038)	(3,572,933)	422,105	(383,000)	(300,000)	(181,129)	118,871	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES																
Transfers in	3,983,193	3,995,038	3,572,933	(422,105)	383,000	300,000	-	(300,000)	-	-	-	-	-	-	-	-
Total other financing sources	3,983,193	3,995,038	3,572,933	(422,105)	383,000	300,000	-	(300,000)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (181,129)	\$ (181,129)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Win-Fred Convention and Visitors Bureau Fund				Law Library Fund				Transit Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES												
Revenues from use of money and property	\$ 27	\$ 27	\$ 7,016	\$ 6,989	\$ -	\$ -	\$ 178	\$ 178	\$ -	\$ -	\$ 1,154	\$ 1,154
Charges for services	-	-	-	-	20,000	20,000	28,845	8,845	30,000	30,000	15,000	(15,000)
Miscellaneous	66,000	66,000	69,766	3,766	-	-	-	-	200	200	-	(200)
Recovered costs	-	-	-	-	-	-	-	-	-	-	500	500
Intergovernmental:												
Frederick County	606,473	606,473	652,122	45,649	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-	427,100	647,100	629,761	(17,339)
Federal	-	-	-	-	-	-	-	-	1,407,600	2,254,949	1,794,536	(460,413)
Total revenues	672,500	672,500	728,904	56,404	20,000	20,000	29,023	9,023	1,864,900	2,932,249	2,440,951	(491,298)
EXPENDITURES												
Current:												
Judicial administration	-	-	-	-	40,000	40,000	30,498	9,502	-	-	-	-
Public works	-	-	-	-	-	-	-	-	2,324,000	2,379,600	2,307,429	72,171
Community development	990,000	1,112,200	930,002	182,198	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	1,011,749	1,007,646	4,103
Total expenditures	990,000	1,112,200	930,002	182,198	40,000	40,000	30,498	9,502	2,324,000	3,391,349	3,315,075	76,274
Excess (deficiency) of revenues over expenditures	(317,500)	(439,700)	(201,098)	238,602	(20,000)	(20,000)	(1,475)	18,525	(459,100)	(459,100)	(874,124)	(415,024)
OTHER FINANCING SOURCES												
Transfers in	317,500	317,500	317,500	-	-	-	-	-	459,100	459,100	859,469	400,369
Appropriation of fund balance	-	122,200	-	(122,200)	20,000	20,000	-	(20,000)	-	-	-	-
Total other financing sources	317,500	439,700	317,500	(122,200)	20,000	20,000	-	(20,000)	459,100	459,100	859,469	400,369
Net change in fund balances	\$ -	\$ -	\$ 116,402	\$ 116,402	\$ -	\$ -	\$ (1,475)	\$ (1,475)	\$ -	\$ -	\$ (14,655)	\$ (14,655)

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
For the Year Ended June 30, 2024

Exhibit 21

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 113,667	\$ 113,667
Miscellaneous	-	-	511,000	511,000
Recovered costs	500,000	500,000	45,020	(454,980)
Intergovernmental:				
Commonwealth	2,500,000	6,301,550	1,384,068	(4,917,482)
Federal	3,137,000	7,264,582	641,827	(6,622,755)
Total revenues	<u>6,137,000</u>	<u>14,066,132</u>	<u>2,695,582</u>	<u>(11,370,550)</u>
EXPENDITURES				
Current:				
General government administration	-	865,000	555,558	309,442
Public safety	2,400,000	2,673,464	815,485	1,857,979
Public works	13,647,000	20,156,706	10,722,967	9,433,739
Parks, recreation, and culture	2,920,000	9,473,582	2,871,425	6,602,157
Debt service:				
Interest and fiscal charges	-	187,100	187,029	71
Total expenditures	<u>18,967,000</u>	<u>33,355,852</u>	<u>15,152,464</u>	<u>18,203,388</u>
Excess (deficiency) of revenues over expenditures	<u>(12,830,000)</u>	<u>(19,289,720)</u>	<u>(12,456,882)</u>	<u>6,832,838</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	9,850,000	9,400,000	-	(9,400,000)
Issuance of leases	-	-	132,169	132,169
Issuance of subscriptions	-	450,000	555,558	105,558
Transfers in	2,880,000	2,880,000	2,078,397	(801,603)
Appropriation of fund balance	100,000	6,559,720	-	(6,559,720)
Total other financing sources (uses)	<u>12,830,000</u>	<u>19,289,720</u>	<u>2,766,124</u>	<u>(16,523,596)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,690,758)</u>	<u>\$ (9,690,758)</u>

INTERNAL SERVICE FUNDS

Employee Benefits Fund – to account for the receipt and payment of funds for City employee fringe benefits, including health insurance and workers' compensation. Cost-reimbursement revenues paid by departments and agencies of the City, as well as participating employees, are used to provide the employee fringe benefits.

Maintenance Fund – to account for the purchase and use of equipment inventory, which is provided to departments and agencies of the City on a cost-reimbursement basis.

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

Exhibit 22

	Employee Benefits Fund	Maintenance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 859,600	\$ 8,769	\$ 868,369
Investments	40,242	411	40,653
Accounts receivable, net	7,007	356	7,363
Prepays	2,231	-	2,231
Inventories	-	110,050	110,050
Cash and cash equivalents - restricted	341,771	-	341,771
Total current assets	<u>1,250,851</u>	<u>119,586</u>	<u>1,370,437</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	205,463	205,463
Total assets	<u>1,250,851</u>	<u>325,049</u>	<u>1,575,900</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	-	113,653	113,653
Other postemployment benefit-related deferred outflows	-	86,181	86,181
Total deferred outflows of resources	<u>-</u>	<u>199,834</u>	<u>199,834</u>
LIABILITIES			
Current liabilities:			
Accounts payable	848,652	52,300	900,952
Accrued payroll	-	74,346	74,346
Compensated absences - current	-	8,517	8,517
Subscription liability - current	-	3,689	3,689
Total current liabilities	<u>848,652</u>	<u>138,852</u>	<u>987,504</u>
Noncurrent liabilities:			
Compensated absences	-	75,115	75,115
Subscription liability	-	7,621	7,621
Net pension liability	-	145,668	145,668
Net other postemployment benefit liability	-	132,627	132,627
Total noncurrent liabilities	<u>-</u>	<u>361,031</u>	<u>361,031</u>
Total liabilities	<u>848,652</u>	<u>499,883</u>	<u>1,348,535</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	-	73,070	73,070
Other postemployment benefit-related deferred inflows	-	62,863	62,863
Total deferred inflows of resources	<u>-</u>	<u>135,933</u>	<u>135,933</u>
NET POSITION			
Net investment in capital assets	-	194,153	194,153
Unrestricted	402,199	(305,086)	97,113
Total net position	<u>\$ 402,199</u>	<u>\$ (110,933)</u>	<u>\$ 291,266</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit 23

	Employee Benefits Fund	Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,151,172	\$ 4,095,172	\$ 5,246,344
Recovered costs	-	8,694	8,694
Total operating revenues	<u>1,151,172</u>	<u>4,103,866</u>	<u>5,255,038</u>
OPERATING EXPENSES			
Personal services	-	1,598,148	1,598,148
Contractual services	-	520,472	520,472
Other supplies and expenses	-	1,945,758	1,945,758
Insurance claims and expenses	1,361,102	-	1,361,102
Depreciation and amortization	-	16,485	16,485
Total operating expenses	<u>1,361,102</u>	<u>4,080,863</u>	<u>5,441,965</u>
Operating income (loss)	<u>(209,930)</u>	<u>23,003</u>	<u>(186,927)</u>
NON-OPERATING REVENUES			
Investment earnings	<u>3,659</u>	<u>-</u>	<u>3,659</u>
Income (loss) before capital contributions and transfers	<u>(206,271)</u>	<u>23,003</u>	<u>(183,268)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>106,227</u>	<u>106,227</u>
Change in net position	(206,271)	129,230	(77,041)
Total net position - beginning	<u>608,470</u>	<u>(240,163)</u>	<u>368,307</u>
Total net position - ending	<u>\$ 402,199</u>	<u>\$ (110,933)</u>	<u>\$ 291,266</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit 24

	Employee Benefits Fund	Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 1,151,977	\$ 4,094,955	\$ 5,246,932
Cash paid to suppliers	-	(2,520,140)	(2,520,140)
Cash paid to employees	-	(1,656,798)	(1,656,798)
Premiums paid	(1,306,146)	-	(1,306,146)
Recovered costs and other receipts	-	8,694	8,694
Net cash used in operating activities	(154,169)	(73,289)	(227,458)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(3,957)	(3,957)
Principal payments on long-term liabilities	-	(3,717)	(3,717)
Net cash used in capital and related financing activities	-	(7,674)	(7,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments, net	29,931	5,522	35,453
Investment income	3,659	-	3,659
Net cash provided by investing activities	33,590	5,522	39,112
Net decrease in cash and cash equivalents	(120,579)	(75,441)	(196,020)
Cash and cash equivalents - beginning of year	1,321,950	84,210	1,406,160
Cash and cash equivalents - end of year	\$ 1,201,371	\$ 8,769	\$ 1,210,140
Cash and cash equivalents at end of year is comprised of the following:			
Cash and cash equivalents	\$ 859,600	\$ 8,769	\$ 868,369
Cash and cash equivalents - restricted	341,771	-	341,771
Total	\$ 1,201,371	\$ 8,769	\$ 1,210,140
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (209,930)	\$ 23,003	\$ (186,927)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation and amortization	-	16,485	16,485
Pension expense, net of employer contributions	-	(75,786)	(75,786)
Other postemployment benefit expense, net of employer contributions	-	(8,717)	(8,717)
(Increase) decrease in:			
Accounts receivable	805	(217)	588
Prepays	203	-	203
Inventories	-	5,722	5,722
Increase (decrease) in:			
Accounts payable	54,753	(59,632)	(4,879)
Accrued payroll	-	11,847	11,847
Compensated absences	-	14,006	14,006
Total adjustments	55,761	(96,292)	(40,531)
Net cash used in operating activities	\$ (154,169)	\$ (73,289)	\$ (227,458)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital asset transferred from general government	\$ -	\$ 106,227	\$ 106,227

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Special Welfare Fund – to account for the receipt and payment of funds collected by the City on the behalf of certain social services clients.

Northwestern Regional Jail Authority Construction Fund – to account for bond proceeds for purposes of constructing a new regional jail.

Northwestern Regional Juvenile Detention Center Fund – to account for state grants, member locality contributions and reimbursements, and other revenues for the purpose of operating a joint juvenile detention center.

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2024

Exhibit 25

	Special Welfare Fund	Northwestern Regional Jail Authority Construction Fund	Northwestern Regional Juvenile Detention Center Fund	Total
ASSETS				
Cash and cash equivalents - restricted	\$ 3,607	\$ -	\$ 1,651,184	\$ 1,654,791
Investments - restricted	-	1,441,349	77,300	1,518,649
Accounts receivable	-	-	318,039	318,039
Total assets	<u>3,607</u>	<u>1,441,349</u>	<u>2,046,523</u>	<u>3,491,479</u>
LIABILITIES				
Accounts payable	-	-	13,728	13,728
Accrued payroll	-	-	144,407	144,407
Total liabilities	<u>-</u>	<u>-</u>	<u>158,135</u>	<u>158,135</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 3,607</u>	<u>\$ 1,441,349</u>	<u>\$ 1,888,388</u>	<u>\$ 3,333,344</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended June 30, 2024

Exhibit 26

	Special Welfare Fund	Northwestern Regional Jail Authority Construction Fund	Northwestern Regional Juvenile Detention Center Fund	Total
ADDITIONS				
Member contributions	\$ 38,265	\$ -	\$ -	\$ 38,265
Payments collected from other local governments	-	1,232,400	2,233,406	3,465,806
Payments collected from Federal government	-	-	321,801	321,801
Grant proceeds	-	-	973,230	973,230
Miscellaneous	-	-	96,644	96,644
INVESTMENT INCOME:				
Interest and dividends	-	52,975	18,057	71,032
Net investment income	-	52,975	18,057	71,032
Total additions	<u>38,265</u>	<u>1,285,375</u>	<u>3,643,138</u>	<u>4,966,778</u>
DEDUCTIONS				
Payments made to welfare recipients	35,253	-	-	35,253
Bond principal payments	-	900,000	-	900,000
Bond interest payments	-	332,400	-	332,400
Payroll	-	-	3,140,997	3,140,997
Administrative	-	-	347,183	347,183
Total deductions	<u>35,253</u>	<u>1,232,400</u>	<u>3,488,180</u>	<u>4,755,833</u>
Change in fiduciary net position	3,012	52,975	154,958	210,945
Total net position - beginning	<u>595</u>	<u>1,388,374</u>	<u>1,733,430</u>	<u>3,122,399</u>
Total net position - ending	<u>\$ 3,607</u>	<u>\$ 1,441,349</u>	<u>\$ 1,888,388</u>	<u>\$ 3,333,344</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

GENERAL FUND

School Operating Fund – to account for the operations and maintenance of the 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.

CAPITAL PROJECTS FUNDS

School Fundraising Fund – created to account for fundraising revenue and expenditures for the construction of school facilities.

School Capital Improvement Fund – created to account for unexpended school funds allowed by the Common Council to be carried over to future periods for school-related capital projects.

School Construction Fund – created to account for the financing and construction of school capital projects. Currently, financing is provided by bond proceeds. Expenditures are for the construction of school facilities.

SPECIAL REVENUE FUNDS

School Cafeteria Fund – to account for the operation and maintenance of cafeterias of the schools. Financing is provided primarily from charges for services and federal and state lunch subsidiaries. Such funds are limited by federal and state law to expenditures for cafeteria operations and maintenance.

School Federal Grants Fund – to account for the proceeds from federal grants. Such funds are limited to specified educational expenditures that are governed by the terms of the grant.

School Textbook Fund – to account for the purchase and sale of school textbooks. Financing is provided primarily by the transfer of funds from the School Operating Fund and funds received are limited by the School Board to expenditures only for school textbooks.

School Activity Funds – to account for funds received from extracurricular school activities, and from any and all school-sponsored activities of the Schools that involve school personnel, students, or property.

INTERNAL SERVICE FUND

School Insurance Fund – to account for the operation of a partially self-insured employee health insurance program. Receipts from the School Board and participating employees are used to pay claims and purchase insurance for excess claims.

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

Newton B. Shingleton, M. Louise Cooper, and School Scholarship Funds – to account for donations received for the purpose of funding scholarships.

CITY OF WINCHESTER, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit 27

	School Operating Fund	School Fundraising Fund	School Capital Improvement Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,780,819	\$ 706,331	\$ 3,451,436	\$ 235,367	\$ 2,412,061	\$ 12,586,014
Investments	270,627	33,029	161,578	11,019	78,526	554,779
Receivables, net:						
Accounts	92,331	-	100	-	-	92,431
Promises to give	-	2,381	-	-	-	2,381
Due from other funds	2,061,367	-	-	-	-	2,061,367
Due from other governments	978,130	-	-	-	3,093,643	4,071,773
Inventories	-	-	-	-	63,637	63,637
	<u>9,183,274</u>	<u>741,741</u>	<u>3,613,114</u>	<u>246,386</u>	<u>5,647,867</u>	<u>19,432,382</u>
Total assets	\$	\$	\$	\$	\$	\$
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 500,660	\$ 389	\$ 317,858	\$ -	\$ 746,095	\$ 1,565,002
Accrued payroll	6,902,026	-	-	-	795,677	7,697,703
Due to other funds	-	-	-	-	2,061,367	2,061,367
	<u>7,402,686</u>	<u>389</u>	<u>317,858</u>	<u>-</u>	<u>3,603,139</u>	<u>11,324,072</u>
Total liabilities	\$	\$	\$	\$	\$	\$
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,552,652	5,881	-	-	-	1,558,533
	<u>1,552,652</u>	<u>5,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,558,533</u>
Total deferred inflows of resources	\$	\$	\$	\$	\$	\$
Fund balances:						
Nonspendable	-	-	-	-	63,637	63,637
Assigned	227,936	735,471	3,295,256	246,386	2,197,640	6,702,689
Unassigned	-	-	-	-	(216,549)	(216,549)
	<u>227,936</u>	<u>735,471</u>	<u>3,295,256</u>	<u>246,386</u>	<u>2,044,728</u>	<u>6,549,777</u>
Total fund balances	\$	\$	\$	\$	\$	\$
Total liabilities and fund balances	\$ 9,183,274	\$ 741,741	\$ 3,613,114	\$ 246,386	\$ 5,647,867	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						143,878,020
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						1,558,533
Internal service funds are used by management to charge the costs of maintenance and risk management, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.						490,829
Long-term liabilities, including debt, leases, and subscriptions payable, are not due and payable in the current period and, therefore, are not reported in the funds.						
Leases						(300,123)
Compensated absences						(2,995,050)
Subscription liabilities						(124,063)
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.						
Pension-related deferred outflows						12,179,371
Pension-related deferred inflows						(4,446,814)
Net pension asset						1,123,116
Net pension liability						(36,610,317)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.						
Other postemployment benefit-related deferred outflows						1,263,744
Other postemployment benefit-related deferred inflows						(603,761)
Net other postemployment benefit liability						(6,454,291)
Net position of governmental activities						\$ 115,508,971

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit 28

	School Operating Fund	School Fundraising Fund	School Capital Improvement Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Revenues from use of money and property	\$ 120,337	\$ 9,061	\$ 45,104	\$ -	\$ 16,743	\$ 191,245
Charges for services	477,709	-	-	-	985,326	1,463,035
Miscellaneous	669,830	5,000	379,200	-	32,282	1,086,312
Recovered costs	-	-	125,183	-	-	125,183
Intergovernmental revenues:						
Local	33,696,729	-	759,458	-	-	34,456,187
Commonwealth	34,887,054	-	-	-	65,082	34,952,136
Federal	-	-	-	-	16,860,263	16,860,263
Total revenues	<u>69,851,659</u>	<u>14,061</u>	<u>1,308,945</u>	<u>-</u>	<u>17,959,696</u>	<u>89,134,361</u>
EXPENDITURES						
Current:						
Education	69,864,862	17,532	297,703	-	18,414,727	88,594,824
Capital outlay	769,058	-	2,906,566	-	12,007	3,687,631
Debt service:						
Principal retirement	-	-	413,618	-	-	413,618
Interest and other fiscal charges	-	-	11,132	-	-	11,132
Total expenditures	<u>70,633,920</u>	<u>17,532</u>	<u>3,629,019</u>	<u>-</u>	<u>18,426,734</u>	<u>92,707,205</u>
Excess (deficiency) of revenues over expenditures	<u>(782,261)</u>	<u>(3,471)</u>	<u>(2,320,074)</u>	<u>-</u>	<u>(467,038)</u>	<u>(3,572,844)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of subscriptions	-	-	186,536	-	-	186,536
Issuance of leases	-	-	4,987	-	-	4,987
Transfers in	391,849	-	62,112	-	-	453,961
Transfers out	-	-	-	-	(453,961)	(453,961)
Total other financing sources (uses)	<u>391,849</u>	<u>-</u>	<u>253,635</u>	<u>-</u>	<u>(453,961)</u>	<u>191,523</u>
Net change in fund balances	(390,412)	(3,471)	(2,066,439)	-	(920,999)	(3,381,321)
Fund balances - beginning	<u>618,348</u>	<u>738,942</u>	<u>5,361,695</u>	<u>246,386</u>	<u>2,965,727</u>	
Fund balances - ending	<u>\$ 227,936</u>	<u>\$ 735,471</u>	<u>\$ 3,295,256</u>	<u>\$ 246,386</u>	<u>\$ 2,044,728</u>	

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives or lease terms and reported as depreciation or amortization expense. This is the amount by which capital outlays, \$8,074,519, exceeded depreciation and amortization, \$5,033,014, in the current period. 3,041,505

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,556,152

Internal service funds are used by management to charge the costs of risk management, to individual funds. The net revenue (expense) of this internal service fund is reported with governmental activities. 465,513

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences 13,248

The issuance of long-term debt, including leases and subscriptions, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments 413,618
Issuance of leases (4,987)
Issuance of subscriptions (186,536)

Governmental funds report 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 6,317,885
Pension expense (2,939,615) 3,378,270

Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

Employer OPEB contributions 720,518
OPEB expense (373,295) 347,223

Change in net position of governmental activities \$ 5,642,685

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL OPERATING FUND
For the Year Ended June 30, 2024

Exhibit 29

Exhibit 22

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 120,337	\$ 65,337
Charges for services	167,400	167,400	477,709	310,309
Miscellaneous	319,999	414,843	669,830	254,987
Intergovernmental:				
Local	35,291,308	35,291,308	33,696,729	(1,594,579)
Commonwealth	34,689,571	37,155,671	34,887,054	(2,268,617)
Total revenues	70,523,278	73,084,222	69,851,659	(3,232,563)
EXPENDITURES				
Current:				
Education	70,327,428	72,929,344	69,864,862	3,064,482
Capital outlay	195,850	773,226	769,058	4,168
Total expenditures	70,523,278	73,702,570	70,633,920	3,068,650
OTHER FINANCING SOURCES (USES)				
Transfers in	-	391,849	391,849	-
Transfers out	-	(391,849)	-	391,849
Appropriation of fund balance	-	618,348	-	(618,348)
Total other financing sources (uses)	-	618,348	391,849	(226,499)
Net change in fund balances	\$ -	\$ -	\$ (390,412)	\$ (390,412)

**CITY OF WINCHESTER, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
OTHER GOVERNMENTAL FUNDS
June 30, 2024**

Exhibit 30

	Special Revenue				
	School Cafeteria Fund	School Federal Grants Fund	School Textbook Fund	School Activity Funds	Total Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,321,971	\$ -	\$ 356,303	\$ 733,787	\$ 2,412,061
Investments	61,846	-	16,680	-	78,526
Due from other governments	11,231	3,082,412	-	-	3,093,643
Inventories	63,637	-	-	-	63,637
Total assets	<u>\$ 1,458,685</u>	<u>\$ 3,082,412</u>	<u>\$ 372,983</u>	<u>\$ 733,787</u>	<u>\$ 5,647,867</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,645	\$ 625,258	\$ 119,192	\$ -	\$ 746,095
Accrued payroll	183,341	612,336	-	-	795,677
Due to other funds	-	2,061,367	-	-	2,061,367
Total liabilities	<u>184,986</u>	<u>3,298,961</u>	<u>119,192</u>	<u>-</u>	<u>3,603,139</u>
Fund balances:					
Nonspendable	63,637	-	-	-	63,637
Assigned	1,210,062	-	253,791	733,787	2,197,640
Unassigned	-	(216,549)	-	-	(216,549)
Total fund balances	<u>1,273,699</u>	<u>(216,549)</u>	<u>253,791</u>	<u>733,787</u>	<u>2,044,728</u>
Total liabilities and fund balances	<u>\$ 1,458,685</u>	<u>\$ 3,082,412</u>	<u>\$ 372,983</u>	<u>\$ 733,787</u>	<u>\$ 5,647,867</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit 31

	Special Revenue				
	School Cafeteria Fund	School Federal Grants Fund	School Textbook Fund	School Activity Funds	Total Other Governmental Funds
REVENUES					
Revenues from use of money and property	\$ 14,276	\$ -	\$ 2,289	\$ 178	\$ 16,743
Charges for services	176,833	-	-	808,493	985,326
Miscellaneous	32,282	-	-	-	32,282
Intergovernmental revenues:					
Commonwealth	65,082	-	-	-	65,082
Federal	2,690,530	14,169,733	-	-	16,860,263
Total revenues	<u>2,979,003</u>	<u>14,169,733</u>	<u>2,289</u>	<u>808,671</u>	<u>17,959,696</u>
EXPENDITURES					
Current:					
Education	3,255,565	14,157,726	169,917	831,519	18,414,727
Capital outlay	-	12,007	-	-	12,007
Total expenditures	<u>3,255,565</u>	<u>14,169,733</u>	<u>169,917</u>	<u>831,519</u>	<u>18,426,734</u>
Excess (deficiency) of revenues over expenditures	<u>(276,562)</u>	<u>-</u>	<u>(167,628)</u>	<u>(22,848)</u>	<u>(467,038)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(453,961)	-	-	-	(453,961)
Total other financing sources (uses)	<u>(453,961)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(453,961)</u>
Net change in fund balances	(730,523)	-	(167,628)	(22,848)	(920,999)
Fund balance - beginning	<u>2,004,222</u>	<u>(216,549)</u>	<u>421,419</u>	<u>756,635</u>	<u>2,965,727</u>
Fund balance - ending	<u>\$ 1,273,699</u>	<u>\$ (216,549)</u>	<u>\$ 253,791</u>	<u>\$ 733,787</u>	<u>\$ 2,044,728</u>

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CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
OTHER GOVERNMENTAL SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2024

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenues from use of money and property	\$ 2,000	\$ 2,000	\$ 14,276	\$ 12,276
Charges for services	590,000	590,000	176,833	(413,167)
Miscellaneous	15,000	15,000	32,282	17,282
Intergovernmental:				
Commonwealth	51,070	51,070	65,082	14,012
Federal	2,208,416	2,208,416	2,690,530	482,114
Total revenues	<u>2,866,486</u>	<u>2,866,486</u>	<u>2,979,003</u>	<u>112,517</u>
EXPENDITURES				
Current:				
Education	2,866,486	3,466,486	3,255,565	210,921
Capital outlay	-	-	-	-
Total expenditures	<u>2,866,486</u>	<u>3,466,486</u>	<u>3,255,565</u>	<u>210,921</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(600,000)</u>	<u>(276,562)</u>	<u>323,438</u>
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	1,053,962	-	(1,053,962)
Transfers in	-	-	-	-
Transfers out	-	(453,962)	(453,961)	1
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>(453,961)</u>	<u>(1,053,961)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (730,523)</u>	<u>\$ (730,523)</u>

Exhibit 32

School Federal Grants Fund				School Textbook Fund			
Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289	\$ 2,289
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,929,520	19,966,002	14,169,733	(5,796,269)	-	-	-	-
15,929,520	19,966,002	14,169,733	(5,796,269)	-	-	2,289	2,289
13,701,101	18,426,578	14,157,726	4,268,852	400,000	600,000	169,917	430,083
2,228,419	1,539,424	12,007	1,527,417	-	-	-	-
15,929,520	19,966,002	14,169,733	5,796,269	400,000	600,000	169,917	430,083
-	-	-	-	(400,000)	(600,000)	(167,628)	432,372
-	-	-	-	400,000	400,000	-	(400,000)
-	-	-	-	-	200,000	-	(200,000)
-	-	-	-	-	-	-	-
-	-	-	-	400,000	600,000	-	(600,000)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (167,628)	\$ (167,628)

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2024

	School Fundraising Fund			Variance with
	Budgeted Amounts			Final Budget -
	Original	Final	Actual	Positive
				(Negative)
REVENUES				
Revenues from use of money and property	\$ -	\$ -	\$ 9,061	\$ 9,061
Miscellaneous	125,000	125,000	5,000	(120,000)
Recovered costs	-	-	-	-
Intergovernmental:				
Local	-	-	-	-
Commonwealth	-	-	-	-
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>14,061</u>	<u>(110,939)</u>
EXPENDITURES				
Education	-	72,141	17,532	54,609
Capital outlay	125,000	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>125,000</u>	<u>72,141</u>	<u>17,532</u>	<u>54,609</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>52,859</u>	<u>(3,471)</u>	<u>(56,330)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of subscriptions	-	-	-	-
Issuance of leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(197,921)	-	197,921
Appropriation of fund balance	-	145,062	-	(145,062)
Total other financing sources (uses)	<u>-</u>	<u>(52,859)</u>	<u>-</u>	<u>52,859</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,471)</u>	<u>\$ (3,471)</u>

School Capital Improvement Fund				School Construction Fund			
Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
\$ -	\$ -	\$ 45,104	\$ 45,104	\$ -	\$ -	\$ -	\$ -
-	-	379,200	379,200	-	-	-	-
-	84,579	125,183	40,604	-	-	-	-
-	759,458	759,458	-	-	-	-	-
-	-	-	-	-	-	-	-
-	844,037	1,308,945	464,908	-	-	-	-
500,000	593,674	297,703	295,971	-	-	-	-
5,282,545	6,063,941	2,906,566	3,157,375	-	-	-	-
-	-	413,618	(413,618)	-	-	-	-
-	-	11,132	(11,132)	-	-	-	-
5,782,545	6,657,615	3,629,019	3,028,596	-	-	-	-
(5,782,545)	(5,813,578)	(2,320,074)	3,493,504	-	-	-	-
-	-	186,536	186,536	-	-	-	-
-	-	4,987	4,987	-	-	-	-
-	451,883	62,112	(389,771)	-	-	-	-
-	-	-	-	-	-	-	-
5,782,545	5,361,695	-	(5,361,695)	-	-	-	-
5,782,545	5,813,578	253,635	(5,559,943)	-	-	-	-
\$ -	\$ -	\$ (2,066,439)	\$ (2,066,439)	\$ -	\$ -	\$ -	\$ -

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
INTERNAL SERVICE FUND
June 30, 2024

Exhibit 34

	School Insurance Fund
<hr/>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 468,879
Investments	<u>21,950</u>
Total current assets	<u>490,829</u>
 NET POSITION	
Unrestricted	<u><u>\$ 490,829</u></u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
INTERNAL SERVICE FUND
For the Year Ended June 30, 2024

Exhibit 35

	School Insurance Fund
<hr/>	
OPERATING REVENUES	
Charges for services	\$ 6,660,745
Total operating revenues	<u>6,660,745</u>
OPERATING EXPENSES	
Insurance claims and expenses	<u>6,195,776</u>
Total operating expenses	<u>6,195,776</u>
Operating income	<u>464,969</u>
NON-OPERATING REVENUES	
Investment earnings	<u>544</u>
Total non-operating revenues	<u>544</u>
Change in net position	465,513
Total net position - beginning	<u>25,316</u>
Total net position - ending	<u><u>\$ 490,829</u></u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
INTERNAL SERVICE FUND
For the Year Ended June 30, 2024

Exhibit 36

	School Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from internal services provided	\$ 6,662,826
Premiums paid	<u>(6,195,776)</u>
Net cash provided by operating activities	<u>467,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments, net	(20,421)
Interest and dividends received	<u>544</u>
Net cash used in investing activities	<u>(19,877)</u>
Net increase in cash and cash equivalents	447,173
Cash and cash equivalents - beginning of year	<u>21,706</u>
Cash and cash equivalents - end of year	<u>\$ 468,879</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 464,969</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease (increase) in accounts receivable	<u>2,081</u>
Total adjustments	<u>2,081</u>
Net cash provided by operating activities	<u>\$ 467,050</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2024

Exhibit 37

	Private-Purpose Trust Funds			
	School Scholarship Fund	Newton B. Shingleton Scholarship Fund	M. Louise Cooper Scholarship Fund	Total
ASSETS				
Cash and cash equivalents - restricted	\$ 69,345	\$ 2,697	\$ 90,891	\$ 162,933
Investments - restricted	459,248	28,093	35,555	522,896
Total assets	<u>\$ 528,593</u>	<u>\$ 30,790</u>	<u>\$ 126,446</u>	<u>\$ 685,829</u>
NET POSITION				
Restricted for scholarships	\$ 528,593	\$ 30,790	\$ 126,446	\$ 685,829
Total net position	<u>\$ 528,593</u>	<u>\$ 30,790</u>	<u>\$ 126,446</u>	<u>\$ 685,829</u>

CITY OF WINCHESTER, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2024

Exhibit 38

	School Scholarship Fund	Newton B. Shingleton Scholarship Fund	M. Louise Cooper Scholarship Fund	Total
ADDITIONS				
Gifts and contributions	\$ 19,949	\$ -	\$ 17,858	\$ 37,807
Investment earnings:				
Interest	493	-	13	506
Dividends	13,765	-	-	13,765
Realized and unrealized gains on investments	16,879	-	-	16,879
Total additions	<u>51,086</u>	<u>-</u>	<u>17,871</u>	<u>68,957</u>
DEDUCTIONS				
Administrative expenses	3,974	-	-	3,974
Scholarships awarded	21,726	1,626	22,667	46,019
Total deductions	<u>25,700</u>	<u>1,626</u>	<u>22,667</u>	<u>49,993</u>
Change in net position	25,386	(1,626)	(4,796)	18,964
Net position - beginning	<u>503,207</u>	<u>32,416</u>	<u>131,242</u>	<u>666,865</u>
Net position - ending	<u>\$ 528,593</u>	<u>\$ 30,790</u>	<u>\$ 126,446</u>	<u>\$ 685,829</u>

DISCRETELY PRESENTED COMPONENT UNITS

ENTERPRISE FUNDS

Parking Authority Fund – to account for the provision of parking facilities to City residents and visitors through City-owned parking lots and garages and metered on-street parking. All activities necessary to provide such services are included in the fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

Economic Development Authority – to account for the economic initiatives provided to City businesses via grants, loans, and other economic support while also encouraging economic growth within the City. All activities necessary to provide such services are included in the fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - WINCHESTER PARKING AUTHORITY
ENTERPRISE FUND
June 30, 2024

	Exhibit 39
	Parking Authority Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,316,217
Investments	61,618
Accounts receivable, net	20,238
Total current assets	<u>1,398,073</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	11,685
Depreciable, net	6,394,126
Total capital assets, net	<u>6,405,811</u>
Total noncurrent assets	<u>6,405,811</u>
Total assets	<u>7,803,884</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related deferred outflows	33,913
Other postemployment benefit-related deferred outflows	27,351
Total deferred outflows of resources	<u>61,264</u>
LIABILITIES	
Current liabilities:	
Accounts payable	68,571
Accrued payroll	19,362
Accrued interest payable	52,316
Compensated absences - current	7,991
Lease liability - current	4,164
Revenue bonds payable - current	346,793
Total current liabilities	<u>499,197</u>
Noncurrent liabilities:	
Net pension liability	43,467
Net other postemployment benefit liability	42,159
Compensated absences	42,429
Lease liability	4,147
Revenue bonds payable	5,264,555
Total noncurrent liabilities	<u>5,396,757</u>
Total liabilities	<u>5,895,954</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on refunding	67,455
Pension-related deferred inflows	21,804
Other postemployment benefit-related deferred inflows	19,938
Total deferred inflows of resources	<u>109,197</u>
NET POSITION	
Net investment in capital assets	718,697
Unrestricted	1,141,300
Total net position	<u>\$ 1,859,997</u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - WINCHESTER PARKING AUTHORITY
ENTERPRISE FUND
For the Year Ended June 30, 2024

Exhibit 40

	Parking Authority Fund
OPERATING REVENUES	
Charges for services	\$ 1,668,021
Recovered costs	26,855
Miscellaneous	8,992
Total operating revenues	<u>1,703,868</u>
OPERATING EXPENSES	
Personnel services	474,526
Contractual services	495,774
Other supplies and expenses	139,148
Depreciation and amortization	263,290
Total operating expenses	<u>1,372,738</u>
Operating income	<u>331,130</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	13,714
Interest and fiscal charges	(122,088)
Total non-operating revenues (expenses)	<u>(108,374)</u>
Change in net position	222,756
Total net position - beginning	<u>1,637,241</u>
Total net position - ending	<u><u>\$ 1,859,997</u></u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - WINCHESTER PARKING AUTHORITY
ENTERPRISE FUND
For the Year Ended June 30, 2024

Exhibit 41

**Parking
Authority
Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$ 1,677,542
Cash paid to suppliers	(588,154)
Cash paid to employees	(494,462)
Recovered costs and other receipts	<u>26,855</u>
Net cash provided by operating activities	<u>621,781</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal paid on long-term debt	(344,168)
Interest paid on long-term debt	<u>(130,062)</u>
Net cash used in capital and related financing activities	<u>(474,230)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	18,456
Investment income	<u>13,714</u>
Net cash provided by investing activities	<u>32,170</u>

Net increase in cash and cash equivalents	179,721
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Cash and cash equivalents - beginning of year	<u>1,136,496</u>
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Cash and cash equivalents - end of year	<u><u>\$ 1,316,217</u></u>
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**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$ 331,130
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	263,290
Pension expense, net of employer contributions	(24,622)
Other postemployment benefit expense, net of employer contributions	(4,208)
(Increase) decrease in:	
Accounts receivable	529
Increase (decrease) in:	
Accounts payable	46,768
Accrued payroll	1,573
Compensated absences	<u>7,321</u>
Total adjustments	<u>290,651</u>
Net cash provided by operating activities	<u><u>\$ 621,781</u></u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Lease asset acquired by a lease liability	<u><u>\$ 14,061</u></u>
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CITY OF WINCHESTER, VIRGINIA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
ENTERPRISE FUND
June 30, 2024

Exhibit 42

**Economic
Development
Authority**

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,189,534
Investments	49,944
Other receivables	8,391
Bond administration fees receivable	291,508
Notes receivable, current portion	322,839
Prepaid expenses	9,679
Total current assets	<u>3,871,895</u>

Noncurrent assets:

Notes receivable	4,425,683
Capital assets:	
Depreciable, net	41,267
Total capital assets, net	<u>41,267</u>
Total noncurrent assets	<u>4,466,950</u>
Total assets	<u>8,338,845</u>

LIABILITIES

Current liabilities:

Accounts payable	53,892
Accrued interest payable	16,807
Current portion of long-term liabilities	296,976
Other liabilities	1,307
Total current liabilities	<u>368,982</u>

Noncurrent liabilities:

Long-term liabilities	3,745,217
Total liabilities	<u>4,114,199</u>

NET POSITION

Unrestricted	4,224,646
Total net position	<u>\$ 4,224,646</u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
ENTERPRISE FUND
For the Year Ended June 30, 2024

Exhibit 43

	Economic Development Authority
OPERATING REVENUES	
Bond administration fees	\$ 425,865
Contributions from City of Winchester	292,500
Miscellaneous	<u>92,848</u>
Total operating revenues	<u>811,213</u>
OPERATING EXPENSES	
Business development grants and contributions	97,587
Professional fees	200,071
Office	39,093
Insurance	2,722
Management fees	42,500
Administrative fees	26,737
Repairs, maintenance, and rental	4,138
Amortization	16,507
Miscellaneous	<u>42,065</u>
Total operating expenses	<u>471,420</u>
Operating income	<u>339,793</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income on notes receivable	322,508
Investment income	2,657
Interest expense	<u>(204,443)</u>
Total non-operating revenues (expenses)	<u>120,722</u>
Change in net position	460,515
Total net position - beginning	<u>3,764,131</u>
Total net position - ending	<u><u>\$ 4,224,646</u></u>

CITY OF WINCHESTER, VIRGINIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
ENTERPRISE FUND
For the Year Ended June 30, 2024

Exhibit 44

**Economic
Development
Authority**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received for fees	\$ 403,669
Cash payments to suppliers for goods and services	(368,901)
Business redevelopment grants	(127,545)
Contributions and reimbursements from City of Winchester	333,125
Miscellaneous receipts	<u>85,721</u>
Net cash provided by operating activities	<u>326,069</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal payments on long-term liabilities	(15,739)
Interest payments on long-term liabilities	<u>(204,536)</u>
Net cash used in capital and related financing activities	<u>(220,275)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	322,508
Investment income	2,657
Loans made to others	(565,000)
Loan repayments received	33,058
Purchases of investments, net	<u>(2,657)</u>
Net cash used in investing activities	<u>(209,434)</u>

Net decrease in cash and cash equivalents (103,640)

Cash and cash equivalents - beginning of year 3,293,174

Cash and cash equivalents - end of year \$ 3,189,534

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$ 339,793
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization	16,507
(Increase) decrease in:	
Bond administration fees receivable	(22,196)
Other receivables	(7,127)
Due from City of Winchester	40,625
Prepaid expenses	(2,378)
Increase (decrease) in:	
Accounts payable	(9,197)
Due to grantees	(30,000)
Other liabilities	<u>42</u>
Total adjustments	<u>(13,724)</u>
Net cash provided by operating activities	<u><u>\$ 326,069</u></u>

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STATISTICAL SECTION

This part of the City of Winchester's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Pages
<i>Financial Trends – Tables 1 – 4</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	145-151
<i>Revenue Capacity – Tables 5 – 8</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	152-155
<i>Debt Capacity – Tables 9 – 13</i> These schedules contain trend information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.....	156-160
<i>Demographic and Economic Information – Tables 14 – 15</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place	161-162
<i>Operating Information – Tables 16 – 18</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.....	163-165

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

CITY OF WINCHESTER, VIRGINIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2015 (2)	2016	2017	2018 (3)	2019	2020	2021 (4)	2022 (5)	2023 (6)	2024
Governmental activities										
Net investment in capital assets	\$ 62,544,269	\$ 66,966,198	\$ 69,929,756	\$ 70,459,348	\$ 72,904,117	\$ 74,708,474	\$ 79,574,272	\$ 87,323,524	\$ 91,991,133	\$ 102,089,132
Restricted	-	-	364,378	180,235	161,576	150,594	335,969	213,733	426,011	532,982
Unrestricted	(55,025,188)	(47,098,924)	(44,101,379)	(43,546,593)	(37,104,769)	(42,760,281)	(52,768,802)	(37,014,473)	(23,927,353)	(15,032,894)
Total governmental activities net position	<u>\$ 7,519,081</u>	<u>\$ 19,867,274</u>	<u>\$ 26,192,755</u>	<u>\$ 27,092,990</u>	<u>\$ 35,960,924</u>	<u>\$ 32,098,787</u>	<u>\$ 27,141,439</u>	<u>\$ 50,522,784</u>	<u>\$ 68,489,791</u>	<u>\$ 87,589,220</u>
Business-type activities										
Net investment in capital assets	\$ 54,226,599	\$ 56,936,681	\$ 57,742,151	\$ 59,597,359	\$ 67,751,354	\$ 67,170,510	\$ 73,095,972	\$ 71,939,919	\$ 73,252,599	\$ 80,969,920
Unrestricted	1,468,786	2,059,919	6,099,423	7,127,252	3,398,883	10,010,985	4,111,254	11,268,228	14,310,070	19,181,303
Total business-type activities net position	<u>\$ 55,695,385</u>	<u>\$ 58,996,600</u>	<u>\$ 63,841,574</u>	<u>\$ 66,724,611</u>	<u>\$ 71,150,237</u>	<u>\$ 77,181,495</u>	<u>\$ 77,207,226</u>	<u>\$ 83,208,147</u>	<u>\$ 87,562,669</u>	<u>\$ 100,151,223</u>
Primary government										
Net investment in capital assets	\$ 116,770,868	\$ 123,902,879	\$ 127,671,907	\$ 130,056,707	\$ 140,655,471	\$ 141,878,984	\$ 152,670,244	\$ 159,263,443	\$ 165,243,732	\$ 183,059,052
Restricted	-	-	364,378	180,235	161,576	150,594	335,969	213,733	426,011	532,982
Unrestricted	(53,556,402)	(45,039,005)	(38,001,956)	(36,419,341)	(33,705,886)	(32,749,296)	(48,657,548)	(25,746,245)	(9,617,283)	4,148,409
Total primary government net position	<u>\$ 63,214,466</u>	<u>\$ 78,863,874</u>	<u>\$ 90,034,329</u>	<u>\$ 93,817,601</u>	<u>\$ 107,111,161</u>	<u>\$ 109,280,282</u>	<u>\$ 104,348,665</u>	<u>\$ 133,730,931</u>	<u>\$ 156,052,460</u>	<u>\$ 187,740,443</u>
School Board Component Unit										
Net investment in capital assets	\$ 114,558,724	\$ 124,932,493	\$ 123,044,755	\$ 120,782,253	\$ 118,910,329	\$ 119,204,107	\$ 129,013,805	\$ 134,263,208	\$ 139,454,344	\$ 143,142,625
Restricted	13,403,506	821,630	300,258	1,831,921	-	6,937,921	6,404,579	2,255,139	1,171,957	1,123,116
Unrestricted	(43,930,728)	(43,319,468)	(43,545,337)	(51,460,197)	(47,853,349)	(45,286,745)	(41,748,465)	(35,938,328)	(30,760,015)	(28,756,770)
Total governmental activities net position	<u>\$ 84,031,502</u>	<u>\$ 82,434,655</u>	<u>\$ 79,799,676</u>	<u>\$ 71,153,977</u>	<u>\$ 71,056,980</u>	<u>\$ 80,855,283</u>	<u>\$ 93,669,919</u>	<u>\$ 100,580,019</u>	<u>\$ 109,866,286</u>	<u>\$ 115,508,971</u>

Notes: (1) These totals are as previously reported. A prior period adjustment was required in 2010, 2011, 2013, 2014, and 2015, which modified these amounts.
(2) GASB Statement No. 68 was adopted in fiscal year 2015.
(3) GASB Statement No. 75 was adopted in fiscal year 2018.
(4) GASB Statement No. 84 was adopted in fiscal year 2021.
(5) GASB Statement No. 87 was adopted in fiscal year 2022.
(6) GASB Statement No. 96 was adopted in fiscal year 2023.

CITY OF WINCHESTER, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 4,568,861	\$ 5,329,460	\$ 5,451,957	\$ 5,979,196	\$ 6,076,967	\$ 7,037,126	\$ 7,735,258	\$ 8,066,864	\$ 8,469,542	\$ 9,277,238
Judicial administration	3,058,235	3,567,530	3,874,647	4,068,397	4,050,790	4,749,053	4,951,042	4,593,264	5,045,416	5,342,471
Public safety	19,887,873	20,791,778	22,064,479	23,349,564	23,636,754	25,216,038	27,625,527	26,732,161	29,351,218	30,897,599
Public works	10,879,509	11,195,268	12,104,532	12,006,083	12,447,637	13,135,183	12,680,285	13,033,839	14,879,716	15,904,951
Health and welfare	7,425,520	7,773,128	8,962,664	10,109,412	9,846,626	10,885,673	11,812,539	12,651,515	12,935,322	13,069,701
Education	27,576,745	29,707,234	29,222,718	30,404,117	30,516,542	40,872,759	41,906,085	31,894,879	34,689,831	34,515,215
Parks, recreation, and culture	4,021,683	3,366,170	3,497,835	3,565,732	3,678,228	5,600,748	6,216,111	4,243,367	5,030,423	5,175,013
Community development	2,490,393	1,632,494	2,424,272	1,762,569	1,808,680	1,861,174	3,113,080	2,593,936	2,849,563	3,708,714
Interest on long-term debt	3,551,526	3,585,291	3,526,095	3,014,335	2,935,800	3,139,550	2,767,187	2,381,752	2,136,450	2,087,079
Bond issuance costs	179,468	75,256	55,800	-	-	-	-	-	-	-
Total governmental activities expenses	83,639,813	87,023,609	91,184,999	94,259,405	94,998,024	112,497,304	118,807,114	106,191,577	115,387,481	119,977,981
Business-type activities:										
Water and sewer	20,636,511	21,456,454	22,171,658	24,222,296	27,743,327	27,037,990	30,472,903	29,414,553	32,850,505	33,825,733
Stormwater	-	-	-	-	-	-	-	-	-	1,275,879
Total business-type activities expenses	20,636,511	21,456,454	22,171,658	24,222,296	27,743,327	27,037,990	30,472,903	29,414,553	32,850,505	35,101,612
Total primary government expenses	\$ 104,276,324	\$ 108,480,063	\$ 113,356,657	\$ 118,481,701	\$ 122,741,351	\$ 139,535,294	\$ 149,280,017	\$ 135,606,130	\$ 148,237,986	\$ 155,079,593
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 154,503	\$ 237,474	\$ 173,246	\$ 235,862	\$ 201,368	\$ 291,934	\$ 206,699	\$ 189,525	\$ 434,282	\$ 459,132
Judicial administration	653,086	707,512	624,795	698,834	701,643	659,418	362,568	697,127	722,022	748,928
Public safety	1,254,909	1,349,908	1,261,688	1,297,234	1,283,210	1,448,273	1,399,770	1,701,058	1,680,070	2,064,874
Public works	1,494,206	1,584,757	1,611,541	1,474,553	1,418,784	1,475,717	1,394,533	2,095,569	2,395,654	2,888,836
Health and welfare	55,214	67,621	73,984	80,057	2,716	96,171	107,915	125,250	133,089	195,153
Parks, recreation, and culture	874,561	839,602	913,764	889,174	961,009	801,765	315,020	682,153	892,043	938,435
Community development	390,299	352,184	390,131	387,336	387,420	299,136	328,168	589,024	2,452,874	795,859
Operating grants and contributions	12,993,980	15,312,212	14,049,448	15,695,768	15,636,296	18,300,232	22,753,874	25,985,180	22,373,550	24,065,025
Capital grants and contributions	1,134,183	3,775,641	1,443,507	1,085,606	753,680	2,166,142	1,619,557	4,755,284	4,975,746	5,200,845
Total governmental activities revenues	19,004,941	24,226,911	20,542,104	21,844,424	21,346,126	25,538,788	28,488,104	36,820,170	36,059,330	37,357,087
Business-type activities:										
Charges for services:										
Water and sewer	24,814,747	25,686,701	26,809,216	28,793,288	31,093,254	31,095,173	31,057,985	36,195,859	37,007,115	42,069,989
Stormwater	-	-	-	-	-	-	-	-	-	2,308,474
Operating grants and contributions	-	-	-	269,348	270,721	233,366	428,676	120,975	125,417	103,081
Capital grants and contributions	1,400,500	1,237,760	252,812	17,280	1,208,398	2,695,234	397,297	300,400	1,200,168	4,314,097
Total business-type activities revenues	26,215,247	26,924,461	27,062,028	29,079,916	32,572,373	34,023,773	31,883,958	36,617,234	38,332,700	48,795,641
Total primary government revenues	\$ 45,220,188	\$ 51,151,372	\$ 47,604,132	\$ 50,924,340	\$ 53,918,499	\$ 59,562,561	\$ 60,372,062	\$ 73,437,404	\$ 74,392,030	\$ 86,152,728

CITY OF WINCHESTER, VIRGINIA
CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)

Table 2 (Continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental activities	\$ (64,634,872)	\$ (62,796,698)	\$ (70,642,895)	\$ (72,414,981)	\$ (73,651,898)	\$ (86,958,516)	\$ (90,319,010)	\$ (69,371,407)	\$ (79,328,151)	\$ (82,620,894)
Business-type activities	5,578,736	5,468,007	4,890,370	4,857,620	4,829,046	6,985,783	1,411,055	7,202,681	5,482,195	13,694,029
Total primary government net expense	<u>\$ (59,056,136)</u>	<u>\$ (57,328,691)</u>	<u>\$ (65,752,525)</u>	<u>\$ (67,557,361)</u>	<u>\$ (68,822,852)</u>	<u>\$ (79,972,733)</u>	<u>\$ (88,907,955)</u>	<u>\$ (62,168,726)</u>	<u>\$ (73,845,956)</u>	<u>\$ (68,926,865)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 38,692,668	\$ 39,173,337	\$ 40,050,899	\$ 42,217,997	\$ 43,975,091	\$ 46,200,389	\$ 47,023,633	\$ 49,817,931	\$ 52,035,189	\$ 55,221,611
Sales taxes	8,859,376	9,086,187	9,431,564	9,749,245	10,008,106	9,724,767	10,834,790	12,129,457	12,761,030	12,918,225
Utility taxes	2,048,531	1,989,779	1,986,800	2,163,796	2,013,325	1,934,929	1,921,589	1,925,536	1,894,282	1,902,568
Business license taxes	6,096,072	6,373,410	6,541,576	6,744,219	7,225,613	7,428,688	7,224,306	8,638,935	9,016,430	9,402,998
Franchise taxes	407,787	417,860	408,904	488,219	516,131	541,248	511,022	546,449	500,811	510,548
Hotel and meals taxes	8,343,827	8,834,036	9,216,945	9,496,911	9,807,536	8,905,186	9,543,120	11,387,014	12,335,873	13,154,798
Communication sales taxes	2,142,416	2,070,870	2,020,045	1,959,936	1,969,935	1,771,153	1,573,184	1,526,944	1,482,628	1,393,285
Other local taxes	2,443,144	2,253,116	2,458,236	2,246,671	2,049,677	1,848,957	2,077,961	2,323,744	2,275,087	2,157,554
Gain on sale of capital assets	-	11,250	(6,210)	-	-	-	1,928	-	-	177
Unrestricted grants and contributions	3,051,563	3,036,203	3,110,202	3,079,396	3,134,496	3,073,601	3,067,832	3,161,850	3,219,471	3,262,289
Investment earnings	78,070	159,131	98,245	144,080	313,472	244,789	41,212	1,212	399,613	400,895
Miscellaneous	16,349	139,712	51,170	32,996	106,450	22,672	41,085	47,670	124,744	25,375
Transfers	1,600,000	1,600,000	1,600,000	1,500,000	1,400,000	1,400,000	1,500,000	1,246,010	1,250,000	1,370,000
Total governmental activities	<u>73,779,803</u>	<u>75,144,891</u>	<u>76,968,376</u>	<u>79,823,466</u>	<u>82,519,832</u>	<u>83,096,379</u>	<u>85,361,662</u>	<u>92,752,752</u>	<u>97,295,158</u>	<u>101,720,323</u>
Business-type activities:										
Investment earnings	1,833	7,565	4,443	105,567	957,384	378,324	64,293	12,777	114,056	144,135
Miscellaneous	2,858	3,280	9,299	18,393	39,196	67,151	50,383	31,473	8,271	120,390
Transfers	(1,600,000)	(1,600,000)	(1,600,000)	(1,500,000)	(1,400,000)	(1,400,000)	(1,500,000)	(1,246,010)	(1,250,000)	(1,370,000)
Total business-type activities	<u>(1,595,309)</u>	<u>(1,589,155)</u>	<u>(1,586,258)</u>	<u>(1,376,040)</u>	<u>(403,420)</u>	<u>(954,525)</u>	<u>(1,385,324)</u>	<u>(1,201,760)</u>	<u>(1,127,673)</u>	<u>(1,105,475)</u>
Total primary government	<u>\$ 72,184,494</u>	<u>\$ 73,555,736</u>	<u>\$ 75,382,118</u>	<u>\$ 78,447,426</u>	<u>\$ 82,116,412</u>	<u>\$ 82,141,854</u>	<u>\$ 83,976,338</u>	<u>\$ 91,550,992</u>	<u>\$ 96,167,485</u>	<u>\$ 100,614,848</u>
Change in Net Position										
Governmental activities	\$ 9,144,931	\$ 12,348,193	\$ 6,325,481	\$ 7,408,485	\$ 8,867,934	\$ (3,862,137)	\$ (4,957,348)	\$ 23,381,345	\$ 17,967,007	\$ 19,099,429
Business-type activities	3,983,427	3,878,852	3,304,112	3,481,580	4,425,626	6,031,258	25,731	6,000,921	4,354,522	12,588,554
Total primary government	<u>\$ 13,128,358</u>	<u>\$ 16,227,045</u>	<u>\$ 9,629,593</u>	<u>\$ 10,890,065</u>	<u>\$ 13,293,560</u>	<u>\$ 2,169,121</u>	<u>\$ (4,931,617)</u>	<u>\$ 29,382,266</u>	<u>\$ 22,321,529</u>	<u>\$ 31,687,983</u>

CITY OF WINCHESTER, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2 (Continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
School Board Component Unit:										
Education	\$ 56,430,750	\$ 59,044,154	\$ 61,691,194	\$ 61,583,347	\$ 62,317,846	\$ 65,139,530	\$ 68,385,049	\$ 67,967,043	\$ 77,364,329	\$ 85,075,743
Total School Board component unit expenses	<u>56,430,750</u>	<u>59,044,154</u>	<u>61,691,194</u>	<u>61,583,347</u>	<u>62,317,846</u>	<u>65,139,530</u>	<u>68,385,049</u>	<u>67,967,043</u>	<u>77,364,329</u>	<u>85,075,743</u>
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	773,193	711,854	795,911	848,227	792,653	699,290	558,525	1,096,932	1,450,603	1,463,035
Operating grants and contributions	25,339,877	27,795,460	28,511,661	28,573,524	30,216,022	32,262,568	36,824,663	40,817,156	48,682,547	51,812,399
Capital grants and contributions	335,570	542,786	389,555	490,731	474,697	880,769	1,032,663	980,336	458,684	2,642,464
Total School Board component unit revenues	<u>26,448,640</u>	<u>29,050,100</u>	<u>29,697,127</u>	<u>29,912,482</u>	<u>31,483,372</u>	<u>33,842,627</u>	<u>38,415,851</u>	<u>42,894,424</u>	<u>50,591,834</u>	<u>55,917,898</u>
Net Expense										
School Board Component Unit	<u>(29,982,110)</u>	<u>(29,994,054)</u>	<u>(31,994,067)</u>	<u>(31,670,865)</u>	<u>(30,834,474)</u>	<u>(31,296,903)</u>	<u>(29,969,198)</u>	<u>(25,072,619)</u>	<u>(26,772,495)</u>	<u>(29,157,845)</u>
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Winchester	27,521,529	29,646,946	29,158,944	30,142,733	30,452,322	40,807,449	41,841,339	31,834,141	34,627,705	34,456,187
Investment earnings	105,585	133,071	61,775	86,982	208,516	220,650	45,184	27,965	87,620	191,789
Miscellaneous	220,122	136,115	138,369	156,157	76,639	67,107	193,920	120,613	159,373	152,554
Total School Board Component Unit	<u>27,847,236</u>	<u>29,916,132</u>	<u>29,359,088</u>	<u>30,385,872</u>	<u>30,737,477</u>	<u>41,095,206</u>	<u>42,080,443</u>	<u>31,982,719</u>	<u>34,874,698</u>	<u>34,800,530</u>
Change in Net Position										
School Board Component Unit	<u>\$ (2,134,874)</u>	<u>\$ (77,922)</u>	<u>\$ (2,634,979)</u>	<u>\$ (1,284,993)</u>	<u>\$ (96,997)</u>	<u>\$ 9,798,303</u>	<u>\$ 12,111,245</u>	<u>\$ 6,910,100</u>	<u>\$ 8,102,203</u>	<u>\$ 5,642,685</u>

CITY OF WINCHESTER, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Post-GASB 54 implementation:										
General Fund										
Nonspendable	\$ 12,488	\$ 23,986	\$ 40,261	\$ 4,299	\$ 7,603	\$ 10,942	\$ 9,658	\$ 4,974	\$ 6,706	\$ 13,706
Restricted	457,025	444,950	359,898	180,235	161,576	150,594	335,969	213,733	426,011	532,982
Committed	1,811,912	1,678,662	816,327	758,966	802,452	1,629,059	1,568,721	2,288,502	2,286,935	2,229,012
Assigned	2,620,451	2,311,176	3,992,120	6,097,662	4,306,925	2,922,439	3,040,614	3,284,955	4,039,935	5,308,466
Unassigned	17,180,500	18,669,609	19,879,105	19,545,641	21,741,580	21,520,699	21,138,627	24,951,839	25,846,975	26,692,909
Total general fund	<u>\$ 22,082,376</u>	<u>\$ 23,128,383</u>	<u>\$ 25,087,711</u>	<u>\$ 26,586,803</u>	<u>\$ 27,020,136</u>	<u>\$ 26,233,733</u>	<u>\$ 26,093,589</u>	<u>\$ 30,744,003</u>	<u>\$ 32,606,562</u>	<u>\$ 34,777,075</u>
All Other Governmental Funds										
Nonspendable	\$ 152,500	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 59,812
Restricted	138,891	2,107,704	7,962,437	3,653,335	685,317	3,260,108	7,430,820	9,028,279	3,378,376	-
Committed	-	-	-	-	-	-	-	426,435	1,662,269	-
Assigned	4,134,658	2,319,870	1,316,253	880,491	1,467,063	983,346	972,105	1,148,328	1,365,313	1,268,141
Unassigned	-	-	-	(11,814)	(15,109)	(17,481)	(666,405)	-	-	(4,693,610)
Total all other governmental funds	<u>\$ 4,426,049</u>	<u>\$ 4,467,574</u>	<u>\$ 9,318,690</u>	<u>\$ 4,562,012</u>	<u>\$ 2,177,271</u>	<u>\$ 4,265,973</u>	<u>\$ 7,776,520</u>	<u>\$ 10,603,042</u>	<u>\$ 6,405,958</u>	<u>\$ (3,365,657)</u>

CITY OF WINCHESTER, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4 (Continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
General property taxes	\$ 38,656,808	\$ 39,043,098	\$ 40,096,166	\$ 42,004,425	\$ 43,326,891	\$ 45,189,753	\$ 45,850,960	\$ 48,478,205	\$ 51,341,576	\$ 54,503,000
Sales taxes	8,859,376	9,086,187	9,431,564	9,749,245	10,008,106	9,724,767	10,834,790	12,129,457	12,761,030	12,918,225
Other local taxes	21,481,775	21,939,070	22,632,506	23,099,752	23,582,217	22,427,329	22,851,182	26,348,621	27,505,050	28,521,501
Permits, privilege fees, and regulatory licenses	409,230	359,045	406,597	374,275	366,388	294,552	345,145	655,791	840,874	973,671
Fines and forfeitures	135,749	103,149	80,424	151,034	124,210	93,011	62,821	81,641	98,451	414,952
Revenues from use of money and property	212,093	309,350	275,080	331,454	530,560	491,370	139,194	290,260	850,502	884,653
Charges for services	2,465,271	2,572,507	2,788,014	2,589,743	2,582,744	2,316,443	2,095,129	2,835,481	3,338,497	3,764,409
Miscellaneous	1,127,260	1,077,661	1,125,757	1,084,921	1,032,841	1,147,040	900,172	948,580	1,193,723	1,764,953
Recovered costs	632,710	1,700,831	1,068,531	1,484,328	1,143,333	2,134,030	1,841,979	1,328,664	3,181,556	1,525,325
Intergovernmental	17,139,226	19,412,471	18,121,076	19,009,080	18,933,779	22,224,664	26,491,960	30,425,802	29,156,629	31,100,244
Total revenues	91,119,498	95,603,369	96,025,715	99,878,257	101,631,069	106,042,959	111,413,332	123,522,502	130,267,888	136,370,933
Expenditures										
General government administration	5,489,981	5,314,055	5,278,350	5,761,070	6,102,281	6,605,455	7,165,856	7,852,021	7,595,705	8,151,959
Judicial administration	3,288,665	5,460,743	3,673,845	3,904,672	4,004,740	4,309,282	4,271,818	4,451,654	4,950,370	5,194,676
Public safety	21,462,926	24,408,681	21,452,314	22,486,874	23,247,842	23,290,742	24,948,434	25,857,283	28,610,856	29,372,429
Public works	12,450,392	14,757,732	8,776,740	8,676,462	9,409,177	9,455,255	9,608,918	10,392,486	11,604,928	12,318,535
Health and welfare	7,522,062	7,972,355	8,964,354	10,189,623	10,068,857	10,839,383	11,617,879	12,813,132	13,157,098	13,202,756
Education	27,576,745	29,707,234	29,222,718	30,208,188	30,516,542	40,872,759	41,906,085	31,894,879	34,689,831	34,515,215
Parks, recreation, and culture	3,707,994	3,924,291	3,037,578	3,063,164	3,195,797	2,966,816	3,135,134	3,742,667	4,307,764	4,444,796
Community development	2,529,929	1,708,508	2,414,416	1,783,419	1,930,713	1,867,775	3,066,179	2,626,884	2,886,645	3,757,093
Capital outlay	-	-	5,480,740	8,556,040	6,960,346	11,712,403	9,039,041	18,582,038	15,116,580	21,365,999
Debt service:										
Principal retirement	6,202,770	6,127,933	6,885,730	6,720,569	7,488,901	8,041,602	8,174,980	8,954,909	10,214,237	10,933,307
Interest and fiscal charges	3,923,059	3,885,011	3,818,856	3,327,472	3,269,128	3,156,366	3,490,794	2,987,065	2,950,254	2,901,701
Bond issuance costs	179,468	75,256	55,800	254,708	23,720	284,345	525,696	232,681	-	-
Total expenditures	94,333,991	103,341,799	99,061,441	104,932,261	106,218,044	123,402,183	126,950,814	130,387,699	136,084,268	146,158,466
Deficiency of revenues (under) expenditures	(3,214,493)	(7,738,430)	(3,035,726)	(5,054,004)	(4,586,975)	(17,359,224)	(15,537,482)	(6,865,197)	(5,816,380)	(9,787,533)

CITY OF WINCHESTER, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4 (Continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Sale of property	-	11,250	795,000	3,443	5,117	62,000	1,928	5,218	-	103,329
Insurance recoveries	16,349	139,712	51,170	32,996	106,450	22,672	41,085	47,670	124,744	25,375
Bonds and other long-term liabilities issued	11,255,180	7,075,000	7,400,000	16,660,000	1,000,000	15,000,000	41,593,535	11,960,000	2,107,111	687,727
Proceeds from premium on bond issuance	1,309,592	-	-	2,751,878	-	2,176,851	4,781,523	1,083,235	-	-
Payment to refunded bond escrow agent	(12,373,771)	-	-	(19,151,899)	-	-	(29,010,186)	-	-	-
Transfers in	7,592,391	6,231,504	5,451,618	5,895,255	6,915,933	8,267,520	7,305,998	6,259,990	7,676,887	8,198,299
Transfers out	(5,992,391)	(4,631,504)	(3,851,618)	(4,395,255)	(5,391,933)	(6,867,520)	(5,805,998)	(5,013,980)	(6,426,887)	(6,828,299)
Total other financing sources and uses	1,807,350	8,825,962	9,846,170	1,796,418	2,635,567	18,661,523	18,907,885	14,342,133	3,481,855	2,186,431
Net change in fund balances	\$ (1,407,143)	\$ 1,087,532	\$ 6,810,444	\$ (3,257,586)	\$ (1,951,408)	\$ 1,302,299	\$ 3,370,403	\$ 7,476,936	\$ (2,334,525)	\$ (7,601,102)
Debt service as a percentage of noncapital expenditures	11.6%	11.0%	11.4%	10.4%	10.8%	10.0%	9.7%	10.7%	10.9%	11.1%

CITY OF WINCHESTER, VIRGINIA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 5

Fiscal Year	Real Property (1)(3)						Personal Property (1) (4)							Total Taxable Assessed Value	Total Direct Tax Rate	
			Tax Rate per \$100	Public Service	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100	Public Service	Tax Rate per \$100	Machinery & Tools	Tax Rate per \$100	Mobile Homes	Tax Rate per \$100			
	Residential	Commercial														
2015	(2)	\$ 1,744,437,672	\$ 1,170,855,700	\$ 0.91	\$ 66,459,087	\$ 0.91	\$ 269,176,193	\$ 4.50	\$ 32,033	\$ 4.50	\$ 136,394,356	\$ 1.30	\$ 218,148	\$ 0.91	\$ 3,387,573,189	\$ 1.21
2016		1,749,683,800	1,177,102,900	0.91	68,938,755	0.91	281,484,105	4.50	25,661	4.50	158,636,967	1.30	238,845	0.91	3,436,111,033	1.22
2017	(2)	1,895,930,700	1,219,641,300	0.91	68,267,350	0.91	284,408,731	4.50	20,377	4.50	143,653,774	1.30	217,381	0.91	3,612,139,613	1.21
2018		1,895,930,700	1,219,641,300	0.91	87,307,664	0.91	303,831,699	4.80	46,895	4.80	135,968,993	1.30	182,061	0.91	3,642,909,312	1.25
2019	(2)	1,986,440,800	1,215,715,500	0.93	89,076,531	0.93	333,421,362	4.80	43,778	4.80	133,782,120	1.30	173,327	0.93	3,758,653,418	1.29
2020		2,006,756,600	1,214,191,000	0.93	88,459,324	0.93	494,764,225	4.80	42,866	4.80	132,975,414	1.30	159,690	0.93	3,937,349,119	1.43
2021	(2)	2,197,744,400	1,197,398,500	0.93	84,348,848	0.93	547,641,690	4.80	40,650	4.80	124,779,994	1.30	251,490	0.93	4,152,205,572	1.45
2022		2,280,741,900	1,124,700,200	0.93	87,225,742	0.93	715,445,182	4.80	28,731	4.80	123,596,370	1.30	256,380	0.93	4,331,994,505	1.58
2023	(2)	2,969,117,862	1,347,501,206	0.83	86,036,046	0.83	674,666,461	4.80	23,401	4.80	116,927,156	1.30	225,985	0.83	5,194,498,117	1.36
2024		3,027,980,177	1,337,544,012	0.83	101,005,766	0.83	677,968,265	4.80	161,945	4.80	124,534,312	1.30	223,485	0.83	5,269,417,962	1.35

Notes:

- (1) Property assessed at 100% of actual value. Tax rates are assessed per \$100 of assessed value.
- (2) General reassessment of real property completed for the 2015, 2017, 2019, 2021, and 2023, tax year.
- (3) Real Property tax rate for residential and commercial property is rate in effect for 1st half billing coming due in the current fiscal year.
- (4) Starting in 2020 Personal property billing began to transition from monthly in arrears to semi-annual current year causing the large increase, this increase should level out after several years and return to the prior historical trend. Transition completed in February 2023.

Source:

City of Winchester, Commissioner of the Revenue

CITY OF WINCHESTER, VIRGINIA
DIRECT PROPERTY TAX RATES (1)
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Table 6

Fiscal Year	City Direct Rates (2)				Total Direct Rate
	Real Estate	Public Service Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
2015	0.78	0.02	0.36	0.05	1.21
2016	0.78	0.02	0.37	0.06	1.23
2017	0.78	0.02	0.35	0.05	1.20
2018	0.78	0.02	0.40	0.05	1.25
2019	0.79	0.02	0.43	0.05	1.29
2020	0.76	0.02	0.60	0.04	1.42
2021	0.76	0.02	0.63	0.04	1.45
2022	0.73	0.02	0.79	0.04	1.58
2023	0.69	0.01	0.62	0.03	1.35
2024	0.69	0.02	0.62	0.03	1.35

Notes:

- (1) The City is autonomous from any other political subdivision of the Commonwealth of Virginia, and there are no overlapping taxing powers with other political subdivisions.
- (2) Direct rates are derived by calculating a weighted-average that multiplies each rate by the proportion of the revenue base to which it applies.

Source:

City of Winchester, Commissioner of the Revenue

**CITY OF WINCHESTER, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Table 7

<u>Taxpayer</u>	<u>December 31, 2023</u>			<u>December 31, 2014</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Newell Brand Ind(Rubbermaid)	\$ 33,170,800	1	0.76%	\$ 20,389,000	5	0.70%
Mayflower Apple Blossom LP	33,000,000	2	0.76%	49,411,400	1	1.69%
Denstock Meadow Branch LLC	31,294,500	3	0.72%			
Molden Real Estate Corp	27,350,400	4	0.63%			
Canterbury Hill LLC	27,249,200	5	0.63%			
TSO Winchester Station LP	25,619,700	6	0.59%			
Peppertree Lane Apartments LLC	25,573,000	7	0.59%			
Wal-Mart Realty Company	25,440,100	8	0.59%	24,375,000	2	0.84%
PDK Winchester LC	25,038,100	9	0.58%	20,989,400	4	0.72%
Glaize Developments Inc	24,818,000	10	0.57%			
National Fruit Prod Co Inc				14,589,400	7	0.50%
Lowe's Home Center Inc				12,323,600	10	0.42%
DDRM Apple Blossom Corners LLC				16,428,100	6	0.56%
Winchester Medical Center						
Stuart Hill Apartments				13,773,400	8	0.47%
Pleasant Valley Market Place LLC				12,420,200	9	0.43%
BRE DDR BR Winchester VA LLC				21,930,200	3	0.75%
Total	<u><u>\$ 278,553,800</u></u>		<u><u>6.42%</u></u>	<u><u>\$ 206,629,700</u></u>		<u><u>7.08%</u></u>

Source:

City of Winchester, Commissioner of the Revenue Office

CITY OF WINCHESTER, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 8

Year	Taxes Levied for the Tax-Year (Original Levy)		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date						
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy					
2015	\$	38,015,252	\$	12,320	\$	38,027,572	\$	36,950,548	97.20%	\$	724,988	\$	37,675,536	99.07%
2016		38,468,743		58,913		38,527,656		37,485,391	97.44%		711,823		38,197,214	99.14%
2017		41,131,840		(3,130)		41,128,710		39,976,381	97.19%		796,519		40,772,900	99.13%
2018		41,417,336		(229,708)		41,187,628		40,093,397	96.80%		748,062		40,841,459	99.16%
2019		42,062,215		(50,510)		42,011,705		38,788,843	92.22%		848,921		39,637,764	94.35%
2020		42,729,722		61,419		42,791,141		41,533,134	97.20%		748,563		42,281,697	98.81%
2021		45,801,924		59,743		45,861,667		44,447,662	97.04%		701,615		45,149,277	98.45%
2022		47,768,479		(81,503)		47,686,976		46,194,677	96.71%		597,476		46,792,153	98.12%
2023		52,088,837		(25,609)		52,063,228		50,130,624	96.24%		485,084		50,615,708	97.22%
2024		44,406,246		30,036		44,436,282		22,560,520	50.80%		-		22,560,520	50.77%

Source:

City of Winchester, Treasurer

Notes:

(1) Includes the Commonwealth's personal property tax reimbursement.

Personal Property Taxes are levied in arrears over multiple calendar years.

CITY OF WINCHESTER, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Obligations, Leases and Subscriptions Payable	General Obligation Bonds (2)	Revenue Bonds (2)	Obligations, Leases and Subscriptions Payable			
2015	\$ 99,712,411	\$ 400,000	\$ 17,963,960	\$ 65,703,296	\$ 14,597,808	\$ 198,377,475	18.96%	\$ 7,202
2016	100,191,106	200,000	16,131,797	62,598,576	38,040,155	217,161,634	19.49%	7,884
2017	99,842,184	-	14,021,066	59,832,770	37,505,134	211,201,154	17.94%	7,613
2018	93,457,246	-	11,780,883	97,467,969	36,474,141	239,180,239	19.48%	8,541
2019	85,101,955	900,000	9,449,051	93,778,788	35,358,843	224,588,637	17.36%	7,990
2020	93,467,155	600,000	7,409,640	90,026,942	33,967,211	225,470,948	16.30%	7,855
2021	101,209,497	400,000	5,804,724	120,525,066	33,808,488	261,747,775	18.37%	9,119
2022	104,548,373	67,894	4,268,137	122,693,846	32,216,429	263,794,679	17.79%	9,318
2023	93,758,815	3,037,228	3,091,743	117,213,924	30,557,226	247,658,936	15.47%	8,748
2024	82,957,790	2,686,029	2,047,437	126,143,283	28,839,582	242,674,121	14.15%	8,446

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

Notes:

- (1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
- (2) Includes Unamortized Bond Premiums.

CITY OF WINCHESTER, VIRGINIA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2015	\$ 117,676,371	\$ -	\$ 117,676,371	3.47%	\$ 4,272
2016	116,322,903	-	116,322,903	3.39%	4,223
2017	113,863,250	-	113,863,250	3.15%	4,104
2018	105,238,129	-	105,238,129	2.89%	3,758
2019	94,551,006	-	94,551,006	2.52%	3,364
2020	100,876,795	-	100,876,795	2.56%	3,514
2021	107,014,221	-	107,014,221	2.58%	3,728
2022	108,816,510	-	108,816,510	2.51%	3,844
2023	96,850,558	-	96,850,558	1.86%	3,421
2024	85,005,227	-	85,005,227	1.61%	2,958

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

Notes:

- (1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF WINCHESTER, VIRGINIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2024

Table 11

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Winchester	Amount Applicable to City of Winchester
City of Winchester	\$ 85,643,819	100%	\$ 85,643,819

Notes:

- (1) The City is autonomous from any other political subdivision of the Commonwealth of Virginia, and there is no overlapping debt or taxing powers.

**CITY OF WINCHESTER, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

Table 12

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 298,175,246	\$ 299,572,546	\$ 300,004,355	\$ 320,287,966	\$ 321,224,942	\$ 330,940,692	\$ 347,949,175	\$ 349,266,784	\$ 440,265,511	\$ 446,652,996
Total net debt applicable to limit	<u>106,210,407</u>	<u>105,885,838</u>	<u>104,449,458</u>	<u>95,354,720</u>	<u>85,790,000</u>	<u>91,165,000</u>	<u>95,905,000</u>	<u>98,000,000</u>	<u>88,390,044</u>	<u>77,281,592</u>
Legal debt margin	<u>\$ 191,964,839</u>	<u>\$ 193,686,708</u>	<u>\$ 195,554,897</u>	<u>\$ 224,933,246</u>	<u>\$ 235,434,942</u>	<u>\$ 239,775,692</u>	<u>\$ 252,044,175</u>	<u>\$ 251,266,784</u>	<u>\$ 351,875,467</u>	<u>\$ 369,371,404</u>
Total net debt applicable to the limit as a percentage of debt limit	35.62%	35.35%	34.82%	29.77%	26.71%	27.55%	27.56%	28.06%	20.08%	17.30%

Legal Debt Margin Calculation

Assessed Value of Real Property	\$ 4,466,529,955
Debt Limit - 10%	446,652,996
Amount of Debt Applicable to Debt Limit	
General obligation bonds	<u>77,281,592</u>
Legal Debt Margin	<u>\$ 369,371,404</u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed real property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF WINCHESTER, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Table 13

Water/Sewer and Stormwater Revenue Bonds												
Fiscal Year	Water and Sewer Charges and Other	Less: Water and Sewer Operating Expenses	Net Available Revenue	Water and Sewer Debt Service		Water and Sewer Coverage	Stormwater Charges and Other	Stormwater Operating Expenses	Net Available Revenue	Stormwater Debt Service		Stormwater Coverage
				Principal	Interest					Principal	Interest	
2015	\$ 25,689,559	\$ 13,326,754	\$ 12,362,805	\$ 2,538,184	\$ 3,102,309	2.19	\$ -	\$ -	\$ -	\$ -	\$ -	-
2016	26,812,496	14,285,299	12,527,197	2,724,187	2,884,045	2.23	-	-	-	-	-	-
2017	28,903,369	13,199,892	15,703,477	2,795,220	3,311,743	2.57	-	-	-	-	-	-
2018	28,811,681	14,221,898	14,589,783	2,981,285	3,191,748	2.36	-	-	-	-	-	-
2019	31,132,450	16,570,222	14,562,228	3,092,381	4,612,341	1.89	-	-	-	-	-	-
2020	31,162,324	16,152,665	15,009,659	3,208,511	4,251,191	2.01	-	-	-	-	-	-
2021	31,108,368	18,006,732	13,101,636	4,489,675	3,649,471	1.61	-	-	-	-	-	-
2022	36,227,332	17,913,228	18,314,104	4,585,874	4,376,594	2.04	-	-	-	-	-	-
2023	37,015,386	20,949,782	16,065,604	4,812,109	4,443,304	1.74	-	-	-	-	-	-
2024	42,114,779	22,372,061	19,742,718	5,253,382	4,209,471	2.09	2,384,074	994,193	1,389,881	-	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Water and Sewer charges and other includes investment earnings but not availability fees. Operating expenses do not include interest or depreciation.

**CITY OF WINCHESTER, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Table 14

Fiscal Year	Population(1)	Personal Income (amounts expressed in thousands)	Per capita income(2)	Median age(1)	Educational attainment (4) High School Graduate or higher	Bachelor's Degree or higher	School enrollment(5)	Unemployment rate (3)
2015	27,543	\$ 1,046,056	\$ 37,979	35.3	83.8%	28.6%	4,135	4.80%
2016	27,543	1,114,280	40,456	35.7	83.3%	28.1%	4,227	3.80%
2017	27,743	1,177,302	42,436	36.8	84.2%	28.3%	4,255	3.80%
2018	28,005	1,227,627	43,836	37.6	83.5%	31.3%	4,170	2.80%
2019	28,108	1,293,980	46,036	37.6	83.6%	32.5%	4,163	2.70%
2020	28,705	1,382,835	48,174	37.3	83.1%	33.9%	4,194	2.30%
2021	28,705	1,425,002	49,643	38.1	84.1%	35.1%	4,160	5.80%
2022	28,310	1,482,793	52,377	37.3	86.2%	34.3%	3,968	2.70%
2023	28,310	1,600,761	56,544	36.6	87.3%	33.7%	3,950	2.50%
2024	28,734	1,715,477	59,702	36.6	87.0%	32.3%	4,277	2.50%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) U.S. Census Bureau
- (5) City of Winchester School Board

**CITY OF WINCHESTER, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Table 15

<u>Employer</u>	<u>December 31, 2023</u>			<u>December 31, 2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Valley Health System	1,000 and over	1	6.39%	1,000 and over	1	7.33%
Walmart	1,000 and over	2	6.39%	500 - 999	5	3.66%
County of Frederick	1,000 and over	3	6.39%			
City of Winchester	500 - 999	4	3.20%	500 - 999	6	3.66%
Newell Brand Industries- Rubbermaid	500 - 999	5	3.20%	500 - 999	4	3.66%
US Federal Bureau of Investigation	500 - 999	6	3.20%	500 - 999	7	3.66%
Winchester Public Schools	500 - 999	7	3.20%	500 - 999	3	3.66%
Shenandoah University	500 - 999	8	3.20%	500 - 999	2	3.66%
U.S. Department of Defense	250 - 499	9	1.60%	500 - 999	8	3.66%
Blue Ridge Hospice	250 - 499	10	1.60%			
O'Sullivan Films Inc				250 - 499	9	1.83%
Onsite Engineering & Mana Inc				250 - 499	10	1.83%
Total	<u>6,000</u>		<u>38.37%</u>	<u>5,000</u>		<u>36.61%</u>

Source: Virginia Employment Commission

Percentage calculations and totals are based on the minimum number of employees in the respective range.

CITY OF WINCHESTER, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Table 16

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Function/Program</u>										
General government administration	41	42	43	42	43	42	56	43	49	54
Judicial administration	48	50	50	49	47	51	47	53	49	51
Public safety	234	233	226	223	240	215	227	237	239	239
Public works	53	59	71	58	62	58	85	102	111	123
Health and welfare	46	45	46	39	45	49	53	64	61	63
Parks, recreation and culture	42	39	36	38	35	33	22	22	30	27
Community development	19	21	12	11	12	12	12	14	19	20
Water and sewer	65	70	63	58	59	78	79	82	70	68
Bus service	19	21	13	18	21	22	14	27	28	33
Parking authority	6	6	6	3	5	6	6	7	7	7
Schools	689	703	707	700	703	703	707	746	757	756
Total	<u>1,262</u>	<u>1,289</u>	<u>1,273</u>	<u>1,239</u>	<u>1,272</u>	<u>1,269</u>	<u>1,308</u>	<u>1,397</u>	<u>1,420</u>	<u>1,441</u>

City FTE :

A full-time employee is scheduled to work 80 hours per biweekly pay period (including annual leave, sick leave, overtime, etc.). FTE employment is calculated by dividing total labor hours per pay period by 80.

Schools FTE:

Teacher FTE is based on 200 days at 7 hours per day.

**CITY OF WINCHESTER, VIRGINIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Table 17

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Building permits issued	1,732	1,787	1,898	1,913	3,949*	4,286*	1,855	1,819	1,740	2,086
Building inspections conducted (commercial and residential)	8,150	8,858	8,829	8,902	11,645*	5,114	4,166	3,777	5,053	3,808
Police										
Physical arrests	2,838	4,113	2,653	2,796	2,325	1,976	1,207	1,428	2,334	2,002
Parking violations	3,542	3,013	3,634	3,941	10,107	8,316	4,055	5,664	1,122	6,774
Traffic violations (including warnings)	4,543	4,534	5,190	5,021	7,947	5,378	6,368	3,657	5,989	6,277
Fire										
Emergency responses	6,022	6,282	6,784	6,588	6,142	5,854	6,116	6,779	6,501	6,661
Structure fires	54	52	48	56	54	45	33	42	34	24
On-site fire inspections	333	918	809	457	881	666	275****	895	888	1,020
Fire Protection Systems	63	136	116	111	171	68	44****	74	113	68
Refuse Collection										
Refuse collected (tons per year -- residential and non-residential)	6,451	6,534	6,629	6,561	6,719	6,794	7,109	7,217	7,108	7,033
Recyclables collected (tons per year includes cardboard & yard waste)	3,076	3,094	3,051	2,931	2,850	2,190	2,154	1,972	1,850	1,786
Recyclable scrap	10.00	8.00	19.37	33.87	3.39	16.50	20.51	23.26	12.59	10.0
Other Public Works										
Street resurfacing (miles)	21.38	7.03	11.98	10.04	9.59	10.23	1.39	5.58	18.35	9.66
Parks and Recreation										
Shelter permits issued	352	390	386	420	293	221**	239***	359	395	399
Indoor/Outdoor pool attendance incl classes (not including user groups, teams, etc.)	23,349	33,515	33,163	36,236	36,797	26,111**	4,109***	15,978	18,364	23,032
Racquetball court users ⁽¹⁾	2,711	1,980	1,824	2,550	2,402	1,340**	738***	701**	**N/A	**N/A
Indoor fitness room users ⁽¹⁾	5,797	2,535	3,128	3,808	3,335	1,944**	7***	1,019**	**N/A	**N/A
Total Park Memberships									1,572	1,573
Total Non-Member Visits (Inc Pool Attendance)(1)									21,245	**N/A
Daily Visits										31,416
Water										
Average daily production	6.43 mgd	6.55mgd	7.09 mgd	6.17 mgd	6.10mgd	5.82mgd	5.76mgd	5.54mgd	5.36mgd	5.70mgd
New connections	38	44	41	24	16	18	38	23	37	52
Total connections	11,113	11,157	11,198	11,222	11,238	11,256	11,294	11,317	11,354	11,406
Water main breaks	48	33	37	42	25	32	38	29	19	32
Average daily consumption	5.4 mgd	6.12 mgd	5.75 mgd	5.21 mgd	4.79mgd	3.83mgd	3.84mgd	3.91mgd	4.89mgd	4.07mgd
Wastewater										
Average daily flow (12 month period)	4.70 mgd	4.96 mgd	4.97 mgd	5.09 mgd	4.72 mgd	4.11mgd	4.82mgd	4.75mgd	4.89mgd	4.39mgd
Peak Flow (12 month period)	25.47 mgd	18.49 mgd	20.1 mgd	20.05 mgd	21.14mgd	20.04mgd	20.5mgd	21.27mgd	20.22mgd	16.55mgd
Transit										
Passenger trips	126,122	138,961	143,208	139,998	134,832	110,844**	85,334***	134,223	180,625	181,306
Schools (2)										
Number of teachers, Elementary (K-4)	150	159	157	156	154	146	157	166	168	157
Number of teachers, Middle (5-8)	104	107	108	105	103	110	121	113	119	97
Number of teachers, Secondary (9-12)	101	102	104	102	102	101	111	114	120	102
Number of students, Elementary (K-4)	1,688	1,698	1,677	1,598	1,576	1,742	1,502	1,446	1,485	1,631
Number of students, Middle (5-8)	1,287	1,306	1,343	1,304	1,287	1,313	1,265	1,213	1,184	1,225
Number of students, Secondary (9-12)	1,190	1,259	1,269	1,297	1,258	1,297	1,315	1,326	1,348	1,377

Source: Various Departments in the City

Notes:

* Increase in Building permits and inspections due to the Water Meter Replacement (Expansion Tank) Project.

** Decrease in participation reflects impact of COVID-19 pandemic March 17- June 30, 2020.

*** Decrease in participation reflects impact of COVID-19 pandemic during FY21

**** There was a vacancy for most of the year for a Fire Marshall and COVID restricted the ability to perform the normal inspections.

(1) **For FY23 & FY24 these specific numbers will not be tracked in the new software.

CITY OF WINCHESTER, VIRGINIA
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

Table 18

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
SubStations	-	-	2	1	1	1	-	-	-	-
Patrol cars	69	74	85	81	85	81	81	85	85	81
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Refuse Collection										
Collection Trucks	8	8	8	8	8	8	8	8	11	12
Other Public Works										
Streets (miles)	221	221	221	219	219	224	223	223	223	223
Streetlights	63	126	121	121	121	121	121	121	121	121
Traffic signals	57	59	55	54	54	55	55	57	57	57
Parks and Recreation										
Number of parks	14	14	14	15	15	15	15	15	15	16
Acreage	247	247	247	248	271	271	271	271	271	278
Miles of Trails	-	-	-	-	-	6	*7.1	*7.1	7	8
Playgrounds	9	9	9	9	9	9	9	9	9	10
Community centers	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	9	9	9	9	8	8	8	8	8	8
Soccer/football fields	9	9	9	9	10	10	10	10	10	12
Basketball courts	7	7	7	8	8	8	8	8	7	9
Tennis courts	8	8	8	8	8	8	8	8	8	8
Horseshoe courts	24	24	24	24	24	24	24	24	24	24
Pickleball Courts	-	-	-	-	-	-	-	-	-	10
Water										
Miles of water mains	126	127	127	127	127	128	128	129	130	130
Fire hydrants	1,085	1,088	1,290	1,290	1,316	1,316	1,316	1,345	1,364	1,385
Water storage capacity	12 mg	12 mg	12 mg	12 mg	12mg	10.3mg	10.1mgd	10.1mgd	10.1mgd	10.1mgd
Wastewater										
Miles of storm sewers	82	83	83	83	83	83	83	84	85	85
Miles of sanitary sewers	122	123	123	123	123	123	123	124	124	124
Opequon wastewater treatment capacity (1)	7.1 mgd	7.1 mgd	7.1 mgd	7.1 mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd
Transit										
Minibuses	6	6	6	6	5	5	5	5	6	6
Trolleys	1	1	1	1	1	1	1	1	1	1
Vans	2	2	4	4	4	4	4	4	4	5
Schools										
Attendance Centers, Elementary	4	4	4	4	4	4	4	4	4	4
Attendance Centers, Middle	1	1	1	1	1	1	1	1	1	1
Attendance Centers, Secondary	1	1	1	1	1	1	1	1	1	1
Number of classrooms, Elementary	127	127	168	168	168	168	168	168	168	168
Number of classrooms, Middle	90	90	90	90	90	90	90	90	90	90
Number of classrooms, Secondary	95	95	95	95	95	95	95	115	115	115

Source: Various Departments in the City

Notes:

(1) Operated by Frederick Winchester Service Authority

* Includes the ParCourse Trail

**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 Winchester, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winchester, Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a significant deficiency.**

Report on 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002.**

School's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 2, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the City of Winchester, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Winchester, Virginia complied, in all material respects, with the types of compliances requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Winchester, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City of Winchester, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Winchester, Virginia's federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Winchester, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Winchester, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Winchester, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 2, 2024

CITY OF WINCHESTER, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Governor's Opportunity Funds
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls

State Agency Requirements

Education
Social Services
Urban Highway Maintenance
Stormwater Management Program
Fire Programs Aid to Localities
Opioid Abatement Program

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

CITY OF WINCHESTER, VIRGINIA

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

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency and no material weaknesses** relating to the audit of the financial statements were 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 during the audit.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The programs tested as major were:

Name of Program	Assistance <u>Listing Number</u>
Special Education Cluster – Grants to States	84.027
COVID-19 – Special Education Cluster – Grants to States	84.027X
Special Education Cluster – Preschool Grants	84.173
COVID-19 – Special Education Cluster – Preschool Grants	84.173X
 COVID-19 - Elementary and Secondary School Emergency Relief	 84.425D, 84.425U
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Medicaid Cluster – Medical Assistance Program	93.778
Adoption Assistance	93.659

8. The **threshold for** distinguishing Type A and B programs was **\$874,595**.
9. The City of Winchester was determined to be a **low-risk auditee**.

(Continued)

CITY OF WINCHESTER, VIRGINIA

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001: Audit Adjustments (Significant Deficiency) – Schools

Condition:

As part of our audit, we proposed one significant adjustment to capital assets for the Schools.

Criteria:

Capital outlay, building improvement, repairs and maintenance, and professional service accounts should be reviewed in detail to ensure proper accounting treatment.

Cause:

A comprehensive review of all capital outlay, building improvement, repairs and maintenance, and professional service accounts was not properly done to identify capital assets.

Effect:

One significant adjustment was made to capital assets.

Recommendation:

We suggest management implement procedures to ensure all transactions are appropriately accounted for and reflected. Additionally, the adjustment that was made as a result of our current year audit should be reviewed during the next year as a reminder of matters needing accounting attention in preparing for the 2025 audit.

Views of Responsible Officials and Planned Corrective Action:

Management approved and made the adjusting journal entry that was suggested as part of our audit. The staff have discussed the documented processes and are considering additional procedures to ensure all appropriate items are accounted for.

CITY OF WINCHESTER, VIRGINIA

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

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2024-002: Department of Social Services – System Access

Condition:

During our review of system access, we noted one individual did not have a VDSS Information Security – Policy Acknowledgment and Non-Disclosure Agreement signed within the last five years.

Recommendation:

While this is digitally signed every year as part of the required Annual Training, a signed, hard copy must also be obtained every five years. In addition to the annual requirement, we recommend that each employee of the City of Winchester’s Department of Social Services sign a hard copy of the VDSS Information Security - Policy Acknowledgment and Non-Disclosure Agreement every five years.

Views of Responsible Officials:

The City of Winchester’s Department of Social Services will update their processes to obtain a signed, hard copy of the VDSS Information Security – Policy Acknowledgment and Non-Disclosure Agreement every five years.

CITY OF WINCHESTER, VIRGINIA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS Year Ended June 30, 2024

2023-001: Procurement – Elementary and Secondary School Emergency Relief (ESSER) – AL# 84.425D, 84.425U

Condition:

During our review of ESSER expenditures, we noted a bid bond was not obtained as part of the bidding process related to their HVAC project for Frederick Douglas Elementary School. The total contract is \$6.35 million.

Recommendation:

We recommend updating the Federal procurement policy to adhere to current Uniform Guidance requirements. Additionally, we recommend that management and purchasing agents remain familiar with procurement guidelines.

Current Status:

No such finding was noted during 2024 testing. Additionally, Winchester Public Schools adopted new purchasing policies to reference the Uniform Guidance while also partnering with the City's procurement team. Appears to be resolved.

2023-002: Virginia Public Procurement Act (the Act) - Schools

Condition:

During our review of ESSER expenditures, we noted a bid bond was not obtained as part of the bidding process related to their HVAC project for Frederick Douglas Elementary School. The total contract is for \$6.35 million. This is consistent with §2.2-4336 of the Act.

Recommendation:

We recommend following purchasing and procurement guidelines set forth by the Code of Virginia, Chapter 43, Virginia Public Procurement Act. In addition, we recommend that management and purchasing agents remain familiar with the Act.

Current Status:

No such compliance finding was noted during 2024 testing of the Act. Appears to be resolved.

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Pass-through Entity Identifying Number	Amounts Passed Thru to Sub-recipients	Cluster Expenditures	Federal Expenditures
U.S. Department of Agriculture					
Direct payments:					
Cooperative Forestry Assistance	10.664	N/A			10,816
Pass-through payments:					
Department of Social Services:					
SNAP Cluster - State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010123, 0010124, 0030123, 0030124, 0040123, 0040124, 0050123, 0050124			\$ 1,074,007
Department of Education:					
State Pandemic Electronic Benefit Transfer (EBT) Administrative Costs	10.649	DOE865560000			3,256
Child Nutrition Cluster - National School Lunch Program	10.555	APE411080000, APE402540000		1,986,519	
Child Nutrition Cluster - School Breakfast Program	10.553	APE402530000		695,419	
Department of Agriculture and Consumer Services:					
Child Nutrition Cluster - National School Lunch Program - Commodities	10.555	00-650		168,073	
Department of Corrections:					
Child Nutrition Cluster - National School Lunch Program	10.555	38171, 39191, 39267, 39990, 00040822		31,461	
Total Child Nutrition Cluster					<u>2,881,472</u>
Total U.S. Department of Agriculture					<u>3,969,551</u>
U.S. Department of Homeland Security					
Direct payments:					
Juvenile Justice and Delinquency Prevention Title II - Alternative Interventions for Status Offenders	16.540	N/A			270,840
Pass-through payments:					
Department of Emergency Management:					
Emergency Management Performance Grant	97.042	21390, 22638			17,810
State Homeland Security Grant Program	97.073	20121, 20120, 20389, 20551, 21419, 22048, 22292			<u>248,729</u>
Total U.S. Department of Homeland Security					<u>537,379</u>
U.S. Department of Housing and Urban Development					
Direct payments:					
HOME Investment Partnerships Program	14.239	N/A			189,190
Community Development Block Grants:					
Entitlement Grants Cluster	14.218	N/A			<u>298,682</u>
Total U.S. Department of Housing and Urban Development					<u>487,872</u>
U.S. Department of Justice					
Direct payments:					
High-Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A			97,930
Bulletproof Vest Partnership Program	16.607	N/A			14,351
Equitable Sharing Program	16.922	N/A			1,947
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A			8,568
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A			30,587
Pass-through payments:					
Department of Criminal Justice Services					
Juvenile Justice and Delinquency Prevention Title II - Alternative Interventions for Status Offenders	16.540	120551, 122647, 120551			61,591
Crime Victim Assistance	16.575	118457, 122648, 120577			<u>99,982</u>
Total U.S. Department of Justice					<u>314,956</u>
U.S. Department of Transportation					
Direct payments:					
Federal Transit Cluster - Capital Investment Grants	20.500	N/A		806,012	
Federal Transit Cluster - Formula Grants	20.507	N/A		868,962	
COVID-19 - Federal Transit Cluster - Formula Grants	20.507	N/A		<u>119,562</u>	
Total Federal Transit Cluster					1,794,536
Pass-through payments:					
Virginia Department of Motor Vehicles					
Highway Safety Cluster - Alcohol Traffic Safety and Drunk Driving Prevention	20.600	38032327, 38032879, 38033166, 38033450			32,498
Virginia Department of Transportation					
Highway Planning and Construction	20.205	01548514, 01548971, 01549813, 01606651, 01645745, 01645759, 01653511			<u>641,827</u>
Total U.S. Department of Transportation					<u>2,468,861</u>
National Endowment for the Arts					
Direct payments:					
Promotion of the Arts Partnership Agreement	45.025	N/A			<u>3,079</u>

CITY OF WINCHESTER, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Pass-through Entity Identifying Number	Amounts Passed Thru to Sub-recipients	Cluster Expenditures	Federal Expenditures
U.S. Department of Education					
Direct payments:					
McKinney-Vento Education for Homeless Children & Youth	84.387	N/A			37,285
Education Innovation and Research	84.411C	N/A			798,280
Teacher and School Leader Incentive Program	84.374A	N/A			2,634,136
Mental Health Service Professional Demonstration Grant Program	84.184X	N/A			424,217
Pass-through payments:					
Commonwealth of Virginia Department of Education:					
Title I Part A Cluster - Grants to Local Educational Agencies	84.010	APE42901			1,276,144
Special Education Cluster - Grants to States	84.027	APE43071, APE60033		1,262,306	
COVID-19 - Special Education Cluster - Grants to States	84.027X	APE40287		147,103	
Special Education - Preschool Grants	84.173	APE62521		31,257	
COVID-19 - Special Education Cluster - Preschool Grants	84.173X	APE 40286		<u>17,722</u>	
Total Special Education Cluster					1,458,388
English Language Acquisition Grants	84.365	APE60512, APE60509			133,792
Supporting Effective Instruction State Grants	84.367	APE61480			185,744
Vocational Education - Basic Grants to States	84.048	APE60031			89,346
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	APE60177		1,254,182	
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	APE60177		5,537,469	
COVID-19 - Unfinished Learning	84.425D	APE50185		<u>269,543</u>	
Total for Elementary and Secondary School Emergency Relief and Unfinished Learning					7,061,194
Department of Behavioral Health and Developmental Services:					
Early Intervention	84.181	APE60885			304,271
Safe and Drug-Fee Schools and Communities	84.184	N/A			<u>71,207</u>
Total U.S. Department of Education					14,474,004
Department of Health and Human Services:					
Pass-through Payments:					
Department of Social Services:					
Guardianship Assistance	93.090	1110123, 1110124			15,826
Title IV-E Prevention Program	93.472	1140123, 1140124			11,399
Promoting Safe and Stable Families	93.556	0950122, 0950123, 0960122			63,343
Temporary Assistance to Needy Families	93.558	0400123, 0400124			301,131
Refugee and Entrant Assistance	93.566	0500123, 0500124			91,192
Low-Income Home Energy Assistance	93.568	0600423, 0600424			60,383
CCDF Cluster - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123, 0760124			77,457
Chafee Education and Training Vouchers Program	93.599	9160122			4,000
Adoption and Legal Guardianship Incentive Payments	93.603	1130120, 1130122			4,611
Child Welfare Services	93.645	0900122, 0900123			514
Foster Care - Title IV-E	93.658	1100123, 1100124			390,054
Adoption Assistance	93.659	1120123, 1120124			785,598
Social Service Block Grant	93.667	1000123, 100124			395,251
Chafee Foster Care Independence Program	93.674	9150122, 9150123			13,399
State Children's Insurance Program	93.767	0540123, 0540124			9,612
Medicaid Cluster - Medical Assistance Program	93.778	1200123, 1200124			840,675
Low- Income Household Water Assistance Program	93.499	N/A			<u>5,596</u>
Total U.S. Department of Health and Human Services					<u>3,070,041</u>
Department of the Treasury:					
Direct Payments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	218,929		3,469,458
Pass-through Payments:					
Department of Criminal Justice Services:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	122373			<u>357,959</u>
Total Department of Treasury					<u>3,827,417</u>
Total Expenditures of Federal Awards					<u>\$ 29,153,160</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying Schedule of Federal Expenditures includes the activity of all federally assisted programs of the City of Winchester, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

Note 2: Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3: De Minimus Indirect Cost Rate

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

Note 4: Subrecipient Monitoring

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

Program Title	AL	Sub-recipient	Amount
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ChildSafe Center (CAC)	\$ 50,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Congregational Community Action Plan (CCAP)	2,847
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Blue Ridge Habitat for Humanity	8,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Winchester Rescue Mission	100,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Salvation Army Winchester Corps	12,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	United Way of Northern Shenandoah Valley	<u>46,082</u>
			<u>\$ 218,929</u>

Note 5: Outstanding Loan Balances

At June 30, 2024, the City had no outstanding loan balances requiring continuing disclosure.