



# Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2025





# **City of Winchester, Virginia**

## **Financial Report**

**June 30, 2025**

Prepared by:  
City of Winchester, Virginia  
Finance Department

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# City of Winchester, Virginia

## Contents

### Introductory Section

Officials.....	i
Organizational Chart.....	ii
Letter of Transmittal.....	iii-ix

### Financial Section

Independent Auditor’s Report.....	1-4
Management’s Discussion and Analysis.....	5a – 5n

### Basic Financial Statements

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

Exhibit 3: Balance Sheet – Governmental Funds .....	8
Exhibit 4: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	9
Exhibit 5: Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	10
Exhibit 6: Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund .....	11-12
Exhibit 7: Statement of Net Position – Proprietary Funds .....	13
Exhibit 8: Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	14
Exhibit 9: Statement of Cash Flows – Proprietary Funds .....	15-16
Exhibit 10: Statement of Fiduciary Net Position – Fiduciary Funds .....	17
Exhibit 11: Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	18

Notes to Financial Statements.....	19-81
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### Required Supplementary Information

#### Schedules of Changes in Net Pension Liability and Related Ratios

Exhibit 12A: Primary Government and Winchester Parking Authority.....	82
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Exhibit 12B: Schools – Nonprofessional Employees.....	83
Exhibit 13: Schedule of Employer’s Share of Net Pension Liability – VRS Teacher Retirement Plan .....	84
Exhibit 14: Schedule of Pension Employer Contributions .....	85
<b>Schedules of Changes in Net OPEB Liability and Related Ratios</b>	
Exhibit 15A: VRS Health Insurance Credit – Primary Government and Winchester Parking Authority .....	86
Exhibit 15B: VRS Health Insurance Credit – Schools Nonprofessional Employees .....	87
Exhibit 15C: Local Plan – Totals for all Employers .....	88
Exhibit 16 : Schedule of Employer’s Share of Net OPEB Liability .....	89
<b>Schedules of OPEB Contributions</b>	
Exhibit 17A: City.....	90
Exhibit 17B: Schools.....	91
Notes to Required Supplementary Information.....	92-93

**Other Supplementary Information  
Combining and Individual Fund Statements and Schedules**

Nonmajor Governmental Funds .....	94
Exhibit 18: Combining Balance Sheet – Nonmajor Special Revenue Funds.....	95
Exhibit 19: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	96
Exhibit 20: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds .....	97
Exhibit 21 – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvements Fund .....	98
Internal Service Funds .....	99
Exhibit 22: Combining Statement of Net Position.....	100
Exhibit 23: Combining Statement of Revenue, Expenses, and Changes in Fund Net Position .....	101
Exhibit 24: Combining Statement of Cash Flows.....	102
Fiduciary Funds .....	103
Exhibit 25: Combining Statement of Fiduciary Net Position – Custodial Funds .....	104
Exhibit 26: Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	105

Discretely Presented Component Unit – School Board .....	106-107
Exhibit 27: Balance Sheet – Governmental Funds .....	108
Exhibit 28: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	109
Exhibit 29: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – School Operating Fund .....	110
Exhibit 30: Combining Balance Sheet – Other Governmental Funds.....	111
Exhibit 31: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds.....	112
Exhibit 32: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Other Governmental Special Revenue Funds.....	113
Exhibit 33: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Funds.....	114
Exhibit 34: Statement of Net Position – Internal Service Fund.....	115
Exhibit 35: Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund .....	116
Exhibit 36: Statement of Cash Flows – Internal Service Fund.....	117
Exhibit 37: Combining Statement of Fiduciary Net Position .....	118
Exhibit 38: Combining Statement of Changes in Fiduciary Net Position .....	119
Discretely Presented Component Units .....	120
Exhibit 39: Statement of Net Position – Winchester Parking Authority .....	121
Exhibit 40: Statement of Revenues, Expenses, and Changes in Fund Net Position – Winchester Parking Authority .....	122
Exhibit 41: Statement of Cash Flows – Winchester Parking Authority .....	123
Exhibit 42: Statement of Net Position – Economic Development Authority .....	124
Exhibit 43: Statement of Revenues, Expenses, and Changes in Fund Net Position – Economic Development Authority .....	125
Exhibit 44: Statement of Cash Flows – Economic Development Authority .....	126

### **Statistical Section**

Narrative .....	127
Table 1: Net Position by Component .....	128
Table 2: Changes in Net Position .....	129-131
Table 3: Fund Balances of Governmental Funds.....	132
Table 4: Changes in Fund Balances of Governmental Funds .....	133-134

Table 5: Assessed Value and Actual Value of Taxable Property .....	135
Table 6: Direct Property Tax Rates .....	136
Table 7: Principal Property Taxpayers .....	137
Table 8: Property Tax Levies and Collections .....	138
Table 9: Ratios of Outstanding Debt by Type .....	139
Table 10: Ratios of Net General Bonded Debt Outstanding .....	140
Table 11: Direct and Overlapping Governmental Activities Debt .....	141
Table 12: Legal Debt Margin Information .....	142
Table 13: Pledged-Revenue Coverage .....	143
Table 14: Demographic and Economic Statistics .....	144
Table 15: Principal Employers .....	145
Table 16: Full-Time Equivalent City Government Employees by Function .....	146
Table 17: Operating Indicators by Function .....	147
Table 18: Capital Assets Statistics by Function.....	148

### **Compliance Section**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	149-150
Summary of Compliance Matters .....	151
Schedule of Findings and Responses .....	152



# Introductory Section



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## **CITY OF WINCHESTER, VIRGINIA**

### **THE COMMON COUNCIL**

Les C. Veach, Mayor  
Corey S. Sullivan, President  
Kathryn S. Tagnesi, Vice Mayor  
Emily R. Windle, Vice-President

Richard S. Bell  
John C. Fox  
Kim M. Herbstritt

Chip Newcome  
Terry L. Sloane

### **OFFICIALS**

Daniel C. Hoffman, City Manager  
Mary M. Blowe, Deputy City Manager/CFO  
John R. Piper, Deputy City Manager  
Brendan W. Harlan, 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  
Orlando Lopez  
Melisa G. Michelsen  
Christian W. Redmer  
Michael T. Ruddy  
Jeffrey B. Buettner  
Ethan M. Longenecker  
Celeste R. Broadstreet

Drew R. Savage  
David E. Stewart  
Ronnie E. Lewis, Jr.  
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 and Visitor's Bureau  
Voter Registrar  
Zoning Administrator





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15 North Cameron Street  
Winchester, VA 22601

Telephone: (540) 667-1815  
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Website: [www.winchesterva.gov](http://www.winchesterva.gov)

December 1, 2025

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, 2025, 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, 2025. The auditor's report on the basic financial statements is included in the Financial Section of this report.

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 29,294. 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
- ◆ Winchester Regional Airport Authority
- ◆ Northwestern Juvenile Detention Center Commission
- ◆ Northwestern Regional Jail Authority
- ◆ Handley Regional Library Board

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 function level. Only the Common Council can revise the appropriation for each function. The Manager is authorized to transfer appropriations within general government functions, 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. In 2025, Valley Health broke ground on a new rehabilitation facility on Linden Dr. next to the Winchester Medical Center Campus. This \$75 million facility is expected to open in late 2026 and will house physical, occupational, and speech therapy.

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 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,

## **Local Economy (Continued)**

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. Shenandoah University recently launched the Hub for Innovators, Veterans & Entrepreneurs at the Old Armory Building. This 27,000 sq ft facility will serve as an educational and workforce development hub for growing businesses in the City.

The Winchester Regional Airport is a 24-hour general aviation facility that accommodates many aeronautical activities that serve the public interest including flight instruction, corporate/business users, law enforcement, emergency response, air cargo, tourism, and agricultural support. The Winchester Regional Airport doubled its footprint in 2025 by opening a new 16,300 sq ft terminal building that will increase its passenger capacity and host local businesses. Additionally, it has a 5,500-foot lighted runway, hangars, weather system, navigation aids, and fuel storage facilities and is owned and operated by the Winchester Regional Airport Authority (the "Airport Authority"), an entity jointly sponsored by the City and the Counties of Frederick, Clarke, Warren and Shenandoah. It is the official airport of the Virginia Inland Port Authority, which is fifteen miles south of Winchester. The City participates with the other user localities 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 28.3% 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 in 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 FY25 authenticates the size, diversity and positive impact on Winchester's business and financial strength. In 2025 the Winchester Economic Development Authority issued \$30 million in public bonds toward improvements in the new Cedar Valley Neighborhood Design District (NDD). Neighborhood Design Districts seek to radically change the City's approach to redevelopment. Rather than looking narrowly at one site for redeveloping, Neighborhood Design Districts allow the City to "pre-plan" the site and adjacent parcels into a cohesive district. The Cedar Valley NDD is centered around the long-underutilized Ward Plaza site. The approximate private investment into the Ward Plaza Site is \$180 million. This project will result in a new Publix Grocery, more than 450 residential units, new opportunities for commercial space, and a parking deck. Further down in the Cedar Valley NDD is the Winchester Grove project. This rehabilitation of a former apple packing facility will result in an additional 440 residential units made possible through an \$11 million award from the Virginia Department of Housing and Community Development's Workforce Housing Investment Program (WHIP).

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.

## **Local Economy (Continued)**

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 activity. Local EZ incentive utilization has increased every year since Winchester re-designation. Recent EZ incentive activity has focused on improving commercial buildings in the primary and secondary districts surrounding the historic Old Town Walking Mall.

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 were fully transferred to the Friends of Old Town in 2025.

## **Long-term Financial Planning**

Unassigned fund balance in the general fund (24.5% 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 FY26, the City school district has commissioned a study of Garland Quarles Elementary School, which will likely lead to a significant capital investment in the FY27 - FY29 timeframe. This project 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, a roof replacement at Daniel Morgan Campus, and the installation of athletic practice fields behind the Shihadeh Innovation Center. It is anticipated that these larger projects will be funded with fundraising efforts or funds carried over from prior fiscal years. Winchester Public Schools has a current enrollment of approximately 4,300 students and that number is expected to remain constant 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 (updated May 2025), along with the fund balance policy (updated in August 2016 and May 2025), 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. Wards Plaza Redevelopment – Cedar Valley Neighborhood Design District**

All the old buildings on the Wards Plaza site have been demolished, and work has started on the new Cedar Valley Plaza development that will include a new Publix grocery store, other retail developments, and many new housing units. The City will be constructing significant roadway improvements along Valley Avenue and Weems Lane adjacent to the site that will begin in 2026, and the Parking Authority will be constructing a new parking garage on the site. There will also be a new public park that will be constructed on Middle Road, just west of Valley Avenue.

### **B. 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 2026.

### **C. 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. All work along N. Cameron Street and N. Kent Street will be completed by the end of 2025 and work along Wyck and Fairmont will be completed by the middle of 2026. The City 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 most of the project funding coming from the Stormwater Utility and state grants from VDOT.

### **D. Water and Sewer 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 progressing on lining numerous sanitary sewer mains throughout the City. The watermain replacement on Jefferson Street is expected to begin construction later in 2026.
2. Jefferson Street water pump station replacement. This pump station is responsible for providing adequate water pressure to the west side of the City, including the hospital. The existing station is over 60 years old and replacement will begin in 2026.
3. The City's in-house construction crew continues to work on water and sewer utility replacements in the area around the old hospital on W. Cork Street and this area will be completed in 2026.
4. Sewer pump station replacements. Construction on the replacement of two pump stations has started and work will be completed by the end of 2026.
5. 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 nearly completed, and construction will occur at the same time as a new bridge over Interstate-81 is constructed by VDOT. Construction on the new bridge is set to begin in 2026. Before VDOT begins their project, the City will be replacing the existing Abrams Creek box culverts under Millwood Avenue between Apple Blossom Drive and Mall Blvd.

## **Major Initiatives (Continued)**

### **E. New South End Fire Station**

Construction is progressing well on the new station and the Fire and Rescue Department should be moving into the new station by the end of 2026. 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. Construction on Middle Road is expected to begin by the end of 2026 and construction on Papermill Road is currently slated to begin in 2028.

## **Awards and Acknowledgment**

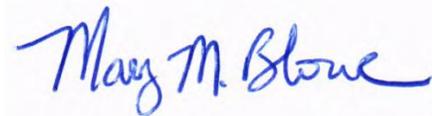
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winchester for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the thirty-second consecutive year that the City of Winchester has achieved this prestigious award. The City has submitted its Annual Comprehensive Financial Report for fiscal year ended June 30, 2024, and is waiting on the award notification. 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,



Mary M. Blowe  
Deputy City Manager/CFO



Celeste R. Broadstreet  
Finance Director

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# Financial Section



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## 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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.

#### *Change in Accounting Principle*

As described in Note 19 to the financial statements, in 2025, the City adopted a new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair



presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 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 prepared 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 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 1, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
December 1, 2025

**City of Winchester, Virginia  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2025**

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, 2025. 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 2025 by \$205.2 million (net position).
- The City's total net position increased approximately \$18.3 million over the course of this year's operations. Net position of governmental activities increased \$3.6 million, and net position of business-type activities increased \$14.7 million from the prior year.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$50.5 million, an increase of \$19.1 million over the prior year. Approximately 52.2% of this amount, \$26.4 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 \$27.0 million. This amount represents 24.5% of total general fund expenditures.
- The City's total debt increased by \$15.0 million, or 6.7%. The City's general obligation bond debt increased \$13.1 million, revenue bond debt increased \$4.3 million, financed equipment purchase, leases and subscriptions decreased \$0.7 million and obligations payable decreased \$1.8 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 19 - 81 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 82 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 \$205.2 million at the close of fiscal year 2025.

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 \$86.9 million at the end of FY 2024 to \$90.5 million (\$3.6 million increase) at the end of FY 2025. This increase is attributed to the increase in capital assets, including building additions, road improvements, and improvements to Jim Barnett Park, see Note 6 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 50. 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 61. 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 46. 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 48. In FY 2025, the City began complying with GASB Statement No. 101, *Compensated Absences*. This standard changed the way the City must estimate their compensated absences leave liability, see Notes 8 and 19, pages 37 and 80. The prior year comparative information included in this discussion and analysis have been restated to reflect the new standard being retroactively applied to FY 2024.

**Table 1**  
**City of Winchester's Net Position**  
**Fiscal Year ended June 30, 2025**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Assets</b>								
Current and other assets	\$ 67.7	\$ 52.9	\$ 36.8	\$ 32.8	\$ 104.5	\$ 85.7	\$ 58.7	\$ 28.7
Capital assets	146.7	144.4	241.8	230.6	388.5	375.0	150.2	150.3
<b>Total Assets</b>	<b>214.4</b>	<b>197.3</b>	<b>278.6</b>	<b>263.4</b>	<b>493.0</b>	<b>460.7</b>	<b>208.9</b>	<b>179.0</b>
<b>Deferred Outflows of Resources</b>								
Deferred charge on refunding	0.5	0.8	1.1	1.2	1.6	2.0	-	-
Pension related deferred outflows	7.4	3.9	1.1	0.5	8.5	4.4	13.8	12.2
Other postemployment benefit related deferred outflows	3.4	3.7	0.2	0.3	3.6	4.0	1.3	1.3
<b>Total Deferred outflows of resources</b>	<b>11.3</b>	<b>8.4</b>	<b>2.4</b>	<b>2.0</b>	<b>13.7</b>	<b>10.4</b>	<b>15.1</b>	<b>13.5</b>
<b>Liabilities</b>								
Current and other liabilities	8.8	8.9	5.1	6.2	13.9	15.1	10.5	9.5
Long-term liabilities	117.8	101.6	160.6	158.7	278.4	260.3	85.0	56.5
<b>Total Liabilities</b>	<b>126.6</b>	<b>110.5</b>	<b>165.7</b>	<b>164.9</b>	<b>292.3</b>	<b>275.4</b>	<b>95.5</b>	<b>66.0</b>
<b>Deferred Inflows of Resources</b>								
Leases	0.6	0.8	-	-	0.6	0.8	-	-
Deferred charges on refunding	-	-	-	-	-	-	0.1	0.1
Property taxes collected in advance	1.5	1.5	-	-	1.5	1.5	-	-
Pension related deferred inflows	3.0	2.5	0.4	0.3	3.4	2.8	6.0	4.5
Other postemployment benefit related deferred inflows	3.5	3.5	0.2	0.2	3.7	3.7	0.6	0.6
<b>Total Deferred inflows of resources</b>	<b>8.6</b>	<b>8.3</b>	<b>0.6</b>	<b>0.5</b>	<b>9.2</b>	<b>8.8</b>	<b>6.7</b>	<b>5.2</b>
<b>Net Position</b>								
Net investment in capital assets	99.2	102.1	93.0	80.9	192.2	183.0	143.8	143.9
Restricted	0.7	0.5	-	-	0.7	0.5	0.9	1.1
Unrestricted	(9.4)	(15.7)	21.7	19.1	12.3	3.4	(22.9)	(23.7)
<b>Total Net Position – beginning, as restated (Note 19)</b>	<b>\$ 90.5</b>	<b>\$ 86.9</b>	<b>\$ 114.7</b>	<b>\$ 100.0</b>	<b>\$ 205.2</b>	<b>\$ 186.9</b>	<b>\$ 121.8</b>	<b>\$ 121.3</b>

## 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 (\$34.5 million) were not presented in Table 1, the net position for the governmental activities would be \$125.0 million and the total net position for the primary government would be \$239.7 million.

**Table 2**  
**Changes in the City of Winchester's Net Position**  
**Fiscal Year ended June 30, 2025**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Revenues</b>								
Program Revenues								
Charges for services	\$ 8.8	\$ 8.1	\$ 45.9	\$ 44.4	\$ 54.7	\$ 52.5	\$ 4.2	\$ 3.9
Operating grants and contributions	20.4	24.1	0.1	0.1	20.5	24.2	48.7	52.0
Capital grants and contributions	1.8	5.2	7.1	4.3	8.9	9.5	1.4	2.6
General Revenues								
Property taxes	52.7	55.2	-	-	52.7	55.2	-	-
Sales taxes	13.5	12.9	-	-	13.5	12.9	-	-
Other taxes	30.3	28.5	-	-	30.3	28.5	-	-
Grants and contributions not restricted to specific programs	3.3	3.3	-	-	3.3	3.3	-	-
Unrestricted investment earnings	0.7	0.4	0.2	0.2	0.9	0.6	0.3	0.2
Other	0.3	-	0.3	0.1	0.6	0.1	38.0	35.0
<b>Total revenues</b>	<b>\$ 131.8</b>	<b>\$ 137.7</b>	<b>\$ 53.6</b>	<b>\$ 49.1</b>	<b>\$ 185.4</b>	<b>\$ 186.8</b>	<b>\$ 92.6</b>	<b>\$ 93.7</b>
<b>Expenses</b>								
General government	10.6	9.4	-	-	10.6	9.4	-	-
Judicial administration	5.9	5.4	-	-	5.9	5.4	-	-
Public safety	33.2	31.2	-	-	33.2	31.2	-	-
Public works	17.1	16.0	-	-	17.1	16.0	1.9	1.5
Health and welfare	13.6	13.1	-	-	13.6	13.1	-	-
Education	37.8	34.5	-	-	37.8	34.5	88.0	85.6
Parks, recreation and culture	5.6	5.2	-	-	5.6	5.2	-	-
Community development	3.2	3.8	-	-	3.2	3.8	2.2	0.6
Interest on long-term debt	2.6	2.1	-	-	2.6	2.1	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Water and sewer	-	-	34.9	33.9	34.9	33.9	-	-
Stormwater	-	-	2.6	1.3	2.6	1.3	-	-
<b>Total expenses</b>	<b>129.6</b>	<b>120.7</b>	<b>37.5</b>	<b>35.2</b>	<b>167.1</b>	<b>155.9</b>	<b>92.1</b>	<b>87.7</b>
<b>Increase (decrease) in net position</b>								
<b>before transfers</b>	<b>2.2</b>	<b>17.0</b>	<b>16.1</b>	<b>13.9</b>	<b>18.3</b>	<b>30.9</b>	<b>0.5</b>	<b>6.0</b>
Transfers	1.4	1.4	(1.4)	(1.4)	-	-	-	-
<b>Increase (decrease) in net position</b>	<b>3.6</b>	<b>18.4</b>	<b>14.7</b>	<b>12.5</b>	<b>18.3</b>	<b>30.9</b>	<b>0.5</b>	<b>6.0</b>
<b>Net position – beginning, as restated (Note 19)</b>	<b>86.9</b>	<b>68.5</b>	<b>100.0</b>	<b>87.5</b>	<b>186.9</b>	<b>156.0</b>	<b>121.3</b>	<b>115.3</b>
<b>Net position - ending</b>	<b>\$ 90.5</b>	<b>\$ 86.9</b>	<b>\$ 114.7</b>	<b>\$ 100.0</b>	<b>\$ 205.2</b>	<b>\$ 186.9</b>	<b>\$ 121.8</b>	<b>\$ 121.3</b>

## **Government-wide Financial Analysis (Continued)**

As shown in Table 2, the City's revenues from governmental activities totaled \$131.8 million for FY 2025, a decrease of \$5.9 million from FY 2024. The largest decrease was in operating grants and contributions totaling \$3.7 million mainly due to the City having spent all the Federal American Rescue Plan (ARPA) Act grant funds in FY 2024. Capital grants and contributions decreased by \$3.4 million from the prior year mainly due to the completion of the state revenue sharing portion of the North Cameron Drainage project. Charges for services increased by \$0.7 million mainly due to the Centers for Medicare and Medicaid Services (CM) fee schedule rate increase (which the City follows) as of January 1, 2025, for ambulance billing fees.

Winchester's general revenues (Table 2) increased by \$0.5 million from the prior year. Property taxes decreased by \$2.5 million due to the decrease in accrued property tax revenue from the prior year, property tax revenues remain strong with a 12.1% increase in real property taxable assessments effective January 1, 2025. Other taxes (business licenses, communications, transient lodging, and meals taxes) increased by \$1.8 million from the prior year, including \$1.3 million in meals taxes partly due to a meals tax rate increase July 1, 2024, from 6.0% to 6.5%. In addition, sales taxes increased by \$0.6 million from the prior year due to a strong local economy.

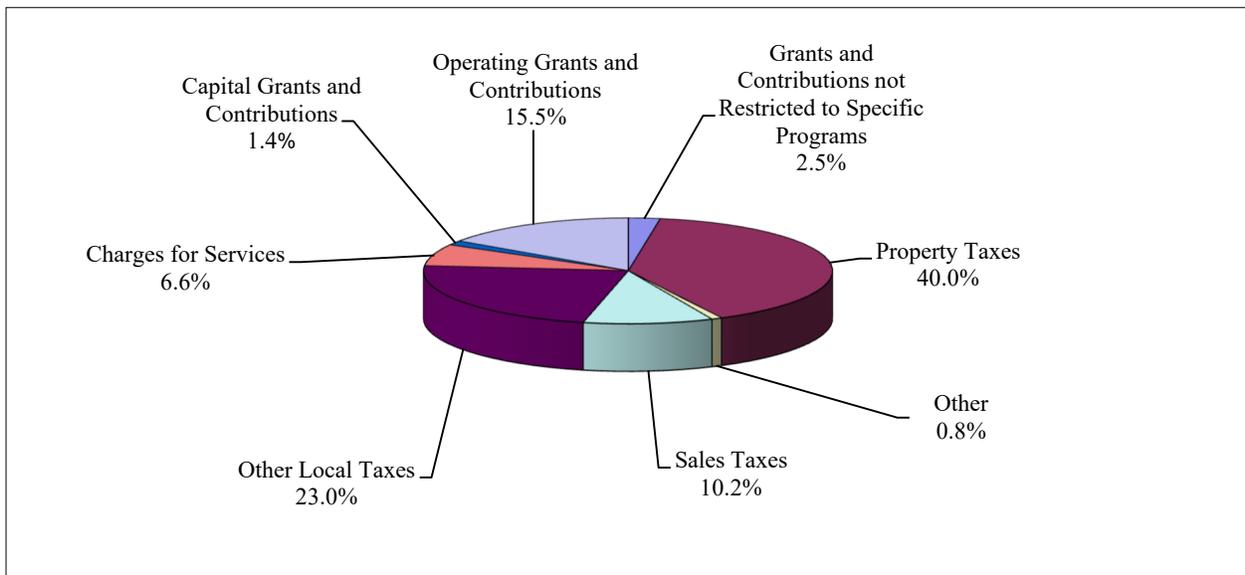
The City's expenses from governmental activities totaled \$129.6 million (Table 2) for the fiscal year ended June 30, 2025, an increase of \$8.9 million from the prior year. The largest increases were in education by \$3.3 million, public safety by \$2.0 million, general government by \$1.2 million, and public works increased by \$1.1 million. Judicial administration increased by \$0.5 million, health and welfare increased by \$0.5 million, parks, recreation and culture increased by \$0.4 million, and community development decreased by (\$0.6) 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 73.2% of its revenue from taxes. The major source of revenue for the City was property taxes (\$52.7 million or 40.0%), composed of real estate, personal property taxes, and machinery and tools taxes. The City's real property tax rate is \$0.795 per \$100 of assessed value (effective January 1, 2025). The 2025 reassessment of real property increased real estate values approximately 12.1% and lowered the real estate tax rate from \$0.83 per \$100 of assessed value. The City revalues real property every two years, the next reassessment will be effective January 1, 2027. Real Property values are expected to moderately increase. Other tax revenues (sales and other taxes) increased \$2.3 million from the prior year, due to strong economic conditions in the City.

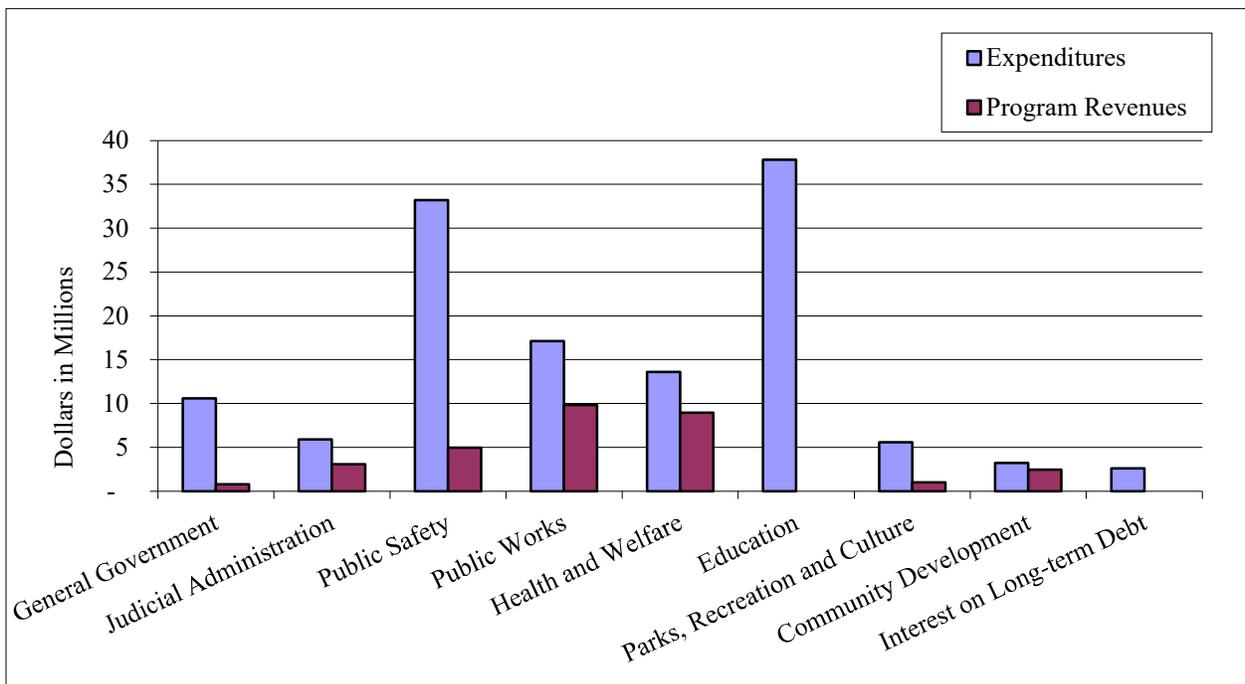
As shown in Figure B, education was the largest expense at \$37.8 million or 29.2% of total governmental expenses. Public safety was the second largest expense at \$33.2 million or 25.6% of total governmental expenses. Public works has the largest amount of program revenue at \$9.8 million or 31.7% of total program revenues. Health and welfare has the second highest program revenue at \$8.9 million or 28.9% of total program revenues.

**Government-wide Financial Analysis (Continued)**

**Figure A**  
**Revenues by Source – Governmental Activities**



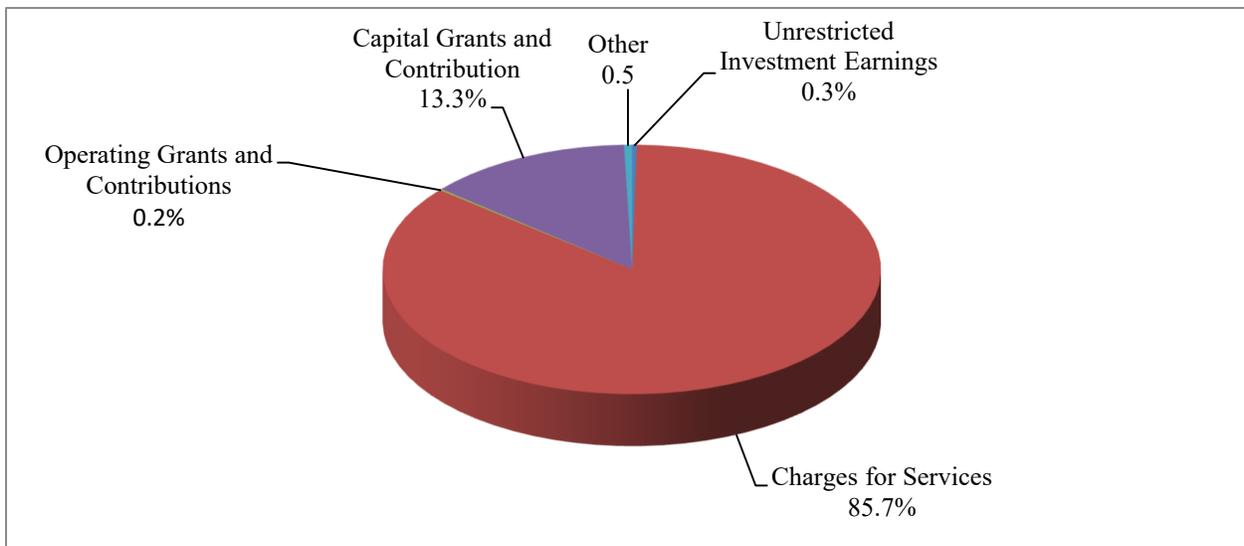
**Figure B**  
**Expenses and Program Revenues – Governmental Activities**



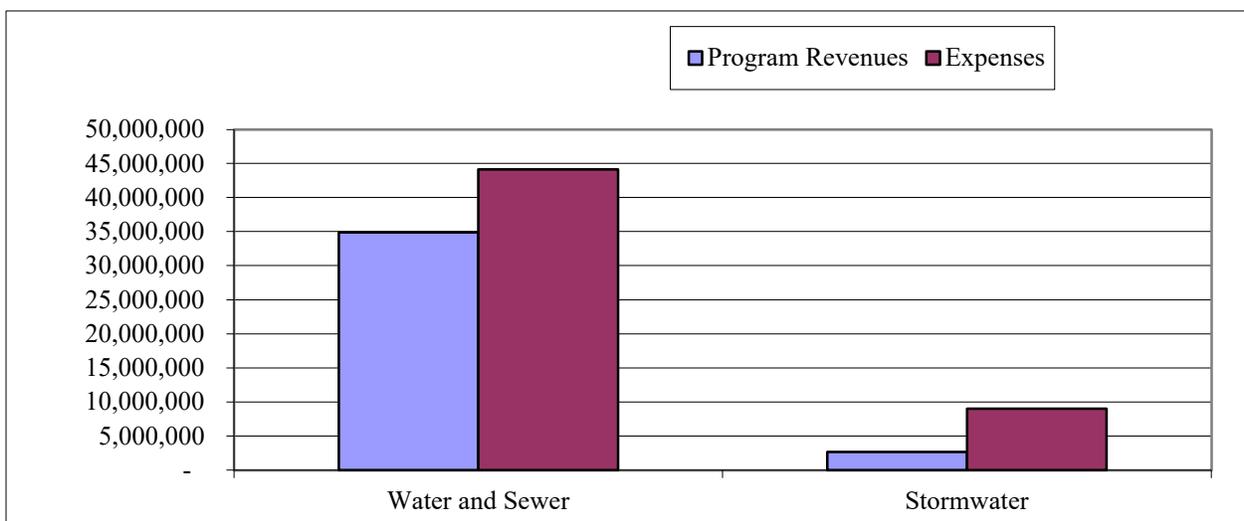
**Government-wide Financial Analysis (Continued)**

**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 \$114.7 million (Table 2), an increase of \$14.7 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 \$45.9 million or 85.7% of the total revenues for business-type activities, including water and sewer utility fees (\$41.8 million) and stormwater fees (\$4.01 million). Charges for services increased \$1.5 million from the prior year, due to the full year of stormwater fees. Expenses of the business-type activities totaled \$37.5 million (Table 2), an increase from the prior year of \$2.4 million. This increase in expenses is partly due to the full year of stormwater expenses (\$2.6 million) and the water and sewer 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 \$116.9 million. School Board revenues decreased by \$1.0 million (1.1%), mainly due a \$3.1 million (5.9%) decrease in operating grants and contributions and a \$3.3 million increase (9.5%) in the transfer from the General Fund. Overall, School Board expenses increased \$2.9 million (3.4%) 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, 2025, the City's governmental funds reported combined fund balances of \$50.5 million, an increase of \$19.1 million in comparison with the prior year. Approximately \$26.4 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, 2025, the unassigned fund balance of the general fund was \$27.0 million, while total fund balance reached \$34.2 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 24.5% (25.5% in the prior year) of total general fund expenditures, the decrease is due to the addition of a committed fund balance for the new revenue stabilization fund (\$2.2 million) established by City Council in FY 2025. Total fund balance represents 30.9% (33.3% in the prior year) of general fund expenditures.

## **Financial Analysis of the City's Funds (Continued)**

Total fund balance in the general fund decreased by \$0.6 million during the current fiscal year due to the planned use of fund balance for capital improvement projects. Total revenues increased \$4.2 million or 3.0% over the prior year. Real property taxes increased \$1.5 million (3.9%) over the prior year. Personal property taxes decreased \$0.3 million (1.8%), from the prior year due to the transition in billing cycles from monthly in arrears to biennial. Other local taxes increased by \$2.3 million (5.0%) from the prior year, including sales, business licenses, meals, and hotel taxes. Sales and use taxes increased \$0.6 million (4.4%), hotel taxes were comparable to the prior year, meals taxes increased \$1.3 million (11.1%) due in an increase in the meals tax rate from 6.0% to 6.5%, while business license taxes increased \$0.4 million (4.2%) compared to the prior year. In addition, permits, privilege fees increased \$0.4 million (37.0%) from the prior year primarily due to the new school zone speeding enforcement program. Federal revenue increased \$0.4 million (34.0%) due to increase in Community Development Block Grant and Homeland Security grant funds.

Total General Fund expenditures increased \$5.9 million or 5.0% compared to the prior year, mainly due to education expenses resulting from a change in the City's treatment of unexpended Winchester Public School's (WPS) annual City appropriation. Starting in FY 2025 WPS can retain any unexpended City appropriation funds at fiscal year-end instead of returning those unexpended funds to the City. General government expenditures increased by \$1.1 million or 13.0% compared to the prior year. Judicial administration expenditures increased by \$0.5 million or 9.0% compared to the prior year. Public safety expenditures increased by \$2.0 million or 7.0% compared to the prior year. Public works, health and welfare, and parks, recreation, and culture expenditures and community development remained comparable to the prior year. Education increased by \$3.3 million or 9.0% compared to the prior year. Capital outlay increased by \$0.8 million or 50.0% compared to the prior year for vehicle and equipment replacements. Debt service payments increased by \$0.2 million (1.0%) due to the scheduled debt repayment.

**Capital Improvements Fund.** The Capital Improvements Fund has a fund balance of \$14.8 million, of which the entire amount is either restricted or committed for various projects. Revenue totaled \$1.2 million including: \$0.5 million from interest earnings on the 2025 bond proceeds and \$0.4 million of intergovernmental revenue including state and federal funds for road improvement projects. Other financing sources included \$25.0 million in bond proceeds and \$2.6 million transfer from the general fund for road and park capital improvements. Expenditures totaled \$9.9 million, including: \$1.3 million for construction of the new South End Fire Station; \$0.4 million for public safety equipment; \$2.0 million for road improvement projects; \$4.5 million building acquisitions and improvements; and \$0.8 million for athletic field lighting at Jim Barnett Park and additions to the Green Circle Trail.

**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, 2025, amounted to \$19.8 million, an increase of \$1.4 million from the prior year, mainly due to the decrease 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, 2025, amounted to \$2.2 million, an increase of \$1.2 million due to this being the first full 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 \$5.5 million, including \$1.8 million of carry forward unspent FY 2024 education funds; \$0.8 million for public safety salaries and grant funding; \$0.5 million for public works; and \$0.9 million in debt service for lease and subscription obligations.

Actual revenues were more than the final budget amounts by \$2.6 million, and actual expenditures were \$2.9 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 \$0.1 million less than budget.
- Revenues from general property taxes were \$0.8 million more than budgeted amounts mainly due to the 12.1% increase in assessment values for real property taxes due the biennial reassessment of real property contributed to the strong local economy.
- Actual combined general government administration, judicial administration, public safety, public works, health and welfare, and parks and recreation, were \$1.3 million less than budgeted amounts resulting primarily from savings in personnel costs due to managed vacancies and attrition.
- Community development and debt expenditures were \$1.6 million less than budgeted amounts resulting from administrative delays in spending community development block grant funds and timing from debt service payments.

## **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, 2025, amounts to \$388.5 million net of depreciation and amortization, which represents an increase of \$13.4 million, or 3.6% 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 \$0.7 million.
- Two new building acquisitions totaled \$4.4 million.
- Sidewalks and curb additions totaled \$1.2 million.
- Replacement of public safety equipment totaled \$1.0 million
- Replacement of public works equipment totaled \$0.4 million.
- Water and sewer infrastructure improvements totaled \$4.0 million.

## Capital Assets and Debt Administration (Continued)

Table 3 summarizes the City's capital assets as of June 30, 2024, and 2025.

**Table 3**  
**City of Winchester's Capital Assets**  
**(net of depreciation and amortization)**  
**Fiscal Year ended June 30, 2025**

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 8,712,352	\$ 8,712,352	\$ 1,201,485	\$ 1,201,485	\$ 9,913,837	\$ 9,913,837
Construction in progress	8,408,086	6,648,315	25,573,498	11,332,843	33,981,548	17,981,158
Buildings	39,843,850	36,195,001	-	-	39,843,850	36,195,001
Buildings – Leases	187,584	255,797	-	-	187,584	255,797
Treatment plants	-	-	54,771,018	56,134,250	54,771,018	56,134,250
Improvements other than buildings	34,472,476	34,571,143	389,471	411,077	34,861,947	34,982,220
Infrastructure	40,504,562	42,410,497	120,134,677	118,638,007	160,639,239	161,048,504
Equipment	12,587,389	13,213,342	19,975,034	21,357,980	32,562,423	34,571,322
Equipment – leases	404,549	507,979	1,076	2,643	405,625	510,622
Right-to-use-subscription	1,541,674	1,934,946	4,691	12,119	1,546,365	1,947,065
FWSA purchased capacity	-	-	19,784,255	21,586,965	19,784,255	21,586,965
<b>Total Capital Assets</b>	<b>\$ 146,662,522</b>	<b>\$ 144,449,372</b>	<b>\$ 241,835,205</b>	<b>\$ 230,677,369</b>	<b>\$ 388,497,727</b>	<b>\$ 375,126,741</b>

**Long-term debt.** As shown in Table 4, the City of Winchester had total debt outstanding of \$239.4 million for the fiscal year ended June 30, 2025, an increase of \$15.0 million from the fiscal year ended June 30, 2024. This entire amount is backed by the full faith and credit of the City, with \$149.5 million of the total being repaid by the City's business-type activities.

For the fiscal year ended June 30, 2025, the City's outstanding general bond obligation increased by \$13.1 million, including new issuance of \$23.4 million and the retirement of \$10.3 million general bond obligations due to the scheduled retirement of principal and bond refunding. The business-type activities obligations payable decreased by \$1.8 million. The revenue bonds payable amount increased by \$4.3 million, including a new \$10.5 million issue for stormwater projects and the retirement of \$6.2 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, 2025**

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 88,638,100	\$ 74,668,543	\$ 1,801,900	\$ 1,956,457	\$ 89,720,000	\$ 76,625,000
Revenue Bonds	-	-	120,587,620	116,292,314	120,587,620	116,292,314
Revolving Loan	-	-	52,605	-	52,605	-
Financed equipment purchase	329,921	656,592	-	-	329,921	656,592
Lease liabilities	336,537	407,254	1,073	2,660	337,610	409,914
Subscription liabilities	1,350,203	1,622,183	-	-	1,350,203	1,622,183
Obligations payable	-	-	27,054,387	28,836,922	27,054,387	28,836,922
<b>Total Outstanding Debt</b>	<b>\$ 90,654,761</b>	<b>\$ 77,354,572</b>	<b>\$ 149,497,585</b>	<b>\$ 147,088,353</b>	<b>\$ 239,432,346</b>	<b>\$ 224,442,925</b>

## **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 \$497.6 million. As of June 30, 2025, the City of Winchester's total debt applicable to the limitation totaled \$90.0 million, leaving a legal debt margin of \$407.6 million.

## **Economic Factors and Next Year's Budgets and Rates**

- City staff will continue to monitor the financial and operating effects of the inflationary pressures on the local economy and if revenues are not meeting the FY 2026 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 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 2026 budget. The FY 2026 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.
- The approved \$120,560,000 FY 2026 General Fund budget is \$3.5 million more than the adopted FY 2025 budget. The FY 2026 budget projects an increase of \$5.2 million in local revenue including \$3.3 million in real and personal property taxes due to increasing property values and \$1.4 million in sales, meals, motel and business license taxes due to the strong local economy. Additionally, we are projecting an increase of \$0.2 million from state revenue sources, and a decrease in fund balance use of \$2.0 million for one-time expenditures. The City has a healthy unassigned fund balance well above the policy minimum of 20% of expenditures.
- The FY 2026 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; \$0.8 million increase for eight (8) new positions; \$1.0 million increase in equipment replacement; and \$1.2 million increase in the contribution to the Winchester Public Schools.

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

- The City is planning to issue \$24 million of new general obligation debt in FY 2026 to construct the first City owned fire station and to leverage \$8.0 million of state and federal revenue sharing funds to complete several road improvement projects.
- The City's OPEB funds are currently fully funded based on the market value of the trust funds and the City's funding policy. In FY 2026, the City expects to continue to see healthy returns on plan investments. If current trends hold, the City will be able to draw funds from the trust to pay for the current year retiree health insurance premiums, freeing up operating funds for other critical needs.
- Winchester City Council is implementing Neighborhood Design Districts and Tax Increment Financing (TIF). 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. TIF bonds 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.
- The City has completed some significant stormwater infrastructure improvements this past year as part of the N. Cameron drainage improvements project and the project will be completed in early 2026. There are several other stormwater improvement projects that will be constructed in the next few years that are being financed by the City's stormwater utility. Funds from stormwater fees are also used to ensure the City maintains compliance with its stormwater discharge permit.
- Replacing old water and sewer infrastructure continues to be a very high priority for the City. Water and sewer rates will be reviewed in 2026 to ensure that revenues are sufficient to cover operating costs and debt service for capital improvement projects to replace old infrastructure. The most recent water and sewer rate increase went into effect in 2023. The City is also pursuing the construction of a raw water reservoir that would store water for use during emergencies such as droughts.
- The City of Winchester reassesses real property every two years; the next reassessment is effective January 1, 2027. The 2025 reassessment resulted in a 12.1% increase in taxable real property values. Based on this increase, City Council lowered the real estate tax rate from \$0.83 per \$100 of assessed value to \$0.795 per \$100 of assessed value, effective for 2025 and 2026. Based on current trends, the 2027 overall assessment values are projected to show modest growth over 2025 values.
- For the month of June 2025, the City's unemployment rate was 3.5%, compared to the State's 3.5% 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.



# **Basic Financial Statements**



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# **Government-Wide Financial Statements**



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City of Winchester, Virginia

Exhibit 1

Statement of Net Position

June 30, 2025

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Winchester Parking Authority	Economic Development Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 33,448,761	\$ 17,374,875	\$ 50,823,636	\$ 15,953,311	\$ 1,330,293	\$ 2,165,879
Investments	791,673	406,863	1,198,536	355,365	31,151	-
Receivables, net:						
Taxes, including penalties	5,606,364	-	5,606,364	-	-	-
Accounts	3,524,187	5,774,677	9,298,864	836,634	30,897	1,491
Leases	623,795	-	623,795	-	-	-
Bond administration fees	-	-	-	-	-	427,244
Notes receivable	-	-	-	-	-	4,682,815
Lease receivable	-	-	-	-	-	19,419
Due from other governments	6,992,635	3,137,017	10,129,652	2,372,198	-	-
Internal balances	315,844	(315,844)	-	-	-	-
Prepays and other assets	549,835	-	549,835	-	-	13,984
Inventories	123,093	290,415	413,508	101,035	-	-
Cash and cash equivalents - restricted	712,282	-	712,282	-	-	-
Investments - restricted	15,010,804	10,092,973	25,103,777	-	-	29,464,711
Net pension asset	-	-	-	955,030	-	-
Capital assets:						
Nondepreciable	17,120,438	26,774,983	43,895,421	3,935,675	11,685	121,207
Depreciable, net	129,542,084	215,060,222	344,602,306	138,273,695	6,125,773	1,735,117
Total assets	<u>214,361,795</u>	<u>278,596,181</u>	<u>492,957,976</u>	<u>162,782,943</u>	<u>7,529,799</u>	<u>38,631,867</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	535,041	1,114,472	1,649,513	-	-	-
Pension-related deferred outflows	7,413,373	1,069,619	8,482,992	13,720,497	77,991	-
Other postemployment benefit-related deferred outflows	3,373,345	233,657	3,607,002	1,266,379	18,464	-
Total deferred outflows of resources	<u>11,321,759</u>	<u>2,417,748</u>	<u>13,739,507</u>	<u>14,986,876</u>	<u>96,455</u>	<u>-</u>
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	7,442,877	3,730,825	11,173,702	9,164,510	39,881	145,985
Accrued interest	1,320,072	1,354,020	2,674,092	-	49,083	180,228
Unearned revenue	-	-	-	946,486	-	-
Noncurrent liabilities:						
Net pension liability due in more than one year	6,790,517	979,751	7,770,268	34,341,162	71,438	-
Net other postemployment benefit liability due in more than one year	7,549,727	496,307	8,046,034	6,133,929	38,991	-
Due within one year	14,335,549	10,865,652	25,201,201	184,450	408,851	422,350
Due in more than one year	89,101,849	148,253,379	237,355,228	3,585,867	4,914,393	34,952,436
Total liabilities	<u>126,540,591</u>	<u>165,679,934</u>	<u>292,220,525</u>	<u>54,356,404</u>	<u>5,522,637</u>	<u>35,700,999</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases	573,385	-	573,385	-	-	19,421
Other deferred inflows	-	-	-	-	-	1,566
Deferred charges on refunding	-	-	-	-	62,636	-
Property taxes collected in advance	1,472,951	-	1,472,951	-	-	-
Pension-related deferred inflows	3,038,895	438,459	3,477,354	5,910,247	31,970	-
Other postemployment benefit-related deferred inflows	3,538,040	206,990	3,745,030	595,639	16,566	-
Total deferred inflows of resources	<u>8,623,271</u>	<u>645,449</u>	<u>9,268,720</u>	<u>6,505,886</u>	<u>111,172</u>	<u>20,987</u>
<b>NET POSITION</b>						
Net investment in capital assets	99,216,186	92,994,888	192,211,074	142,000,355	806,120	979,618
Restricted for:						
Net pension asset	-	-	-	955,030	-	-
Revenue for public safety programs	709,395	-	709,395	-	-	-
Unrestricted	(9,405,889)	21,693,658	12,287,769	(26,047,856)	1,186,325	1,930,263
Total net position	<u>\$ 90,519,692</u>	<u>\$ 114,688,546</u>	<u>\$ 205,208,238</u>	<u>\$ 116,907,529</u>	<u>\$ 1,992,445</u>	<u>\$ 2,909,881</u>

City of Winchester, Virginia

Statement of Activities  
For the Year Ended June 30, 2025

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
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 10,590,668	\$ 423,657	\$ 360,150	\$ -	\$ (9,806,861)		\$ (9,806,861)			
Judicial administration	5,875,840	760,212	2,212,437	70,627	(2,832,564)		(2,832,564)			
Public safety	33,212,422	2,350,221	2,583,653	-	(28,278,548)		(28,278,548)			
Public works	17,100,451	3,011,677	5,384,692	1,415,524	(7,288,558)		(7,288,558)			
Health and welfare	13,598,257	147,906	8,800,753	-	(4,649,598)		(4,649,598)			
Education	37,801,503	-	-	-	(37,801,503)		(37,801,503)			
Parks, recreation, and culture	5,569,208	919,911	70,489	-	(4,578,808)		(4,578,808)			
Community development	3,216,178	1,149,988	977,742	323,201	(765,247)		(765,247)			
Interest on long-term debt	2,601,934	-	-	-	(2,601,934)		(2,601,934)			
Total governmental activities	<u>129,566,461</u>	<u>8,763,572</u>	<u>20,389,916</u>	<u>1,809,352</u>	<u>(98,603,621)</u>		<u>(98,603,621)</u>			
Business-type activities:										
Water and sewer	34,871,248	41,834,753	85,372	2,193,500	-	\$ 9,242,377	9,242,377			
Stormwater	<u>2,659,731</u>	<u>4,044,798</u>	<u>-</u>	<u>4,953,694</u>	<u>-</u>	<u>6,338,761</u>	<u>6,338,761</u>			
Total business-type activities	<u>37,530,979</u>	<u>45,879,551</u>	<u>85,372</u>	<u>7,147,194</u>	<u>-</u>	<u>15,581,138</u>	<u>15,581,138</u>			
Total primary government	<u>\$ 167,097,440</u>	<u>\$ 54,643,123</u>	<u>\$ 20,475,288</u>	<u>\$ 8,956,546</u>	<u>(98,603,621)</u>	<u>15,581,138</u>	<u>(83,022,483)</u>			
<b>Component units:</b>										
School board	\$ 87,996,773	\$ 1,566,817	\$ 48,742,498	\$ 1,359,518			\$ (36,327,940)	\$ -	\$ -	
Parking authority	1,872,372	1,987,077	-	-			-	114,705	-	
Economic development authority	2,246,716	670,132	-	-			-	-	(1,576,584)	
Total component unit	<u>\$ 92,115,861</u>	<u>\$ 4,224,026</u>	<u>\$ 48,742,498</u>	<u>\$ 1,359,518</u>			<u>(36,327,940)</u>	<u>114,705</u>	<u>(1,576,584)</u>	
General revenues:										
Taxes:										
Property taxes					52,665,732	-	52,665,732	-	-	-
Sales taxes					13,482,006	-	13,482,006	-	-	-
Utility taxes					1,936,295	-	1,936,295	-	-	-
Business license taxes					9,773,061	-	9,773,061	-	-	-
Franchise taxes					557,139	-	557,139	-	-	-
Hotel and meals taxes					14,478,132	-	14,478,132	-	-	-
Communication taxes					1,386,510	-	1,386,510	-	-	-
Other local taxes					2,169,685	-	2,169,685	-	-	-
Gain on sale of property					-	-	-	14,945	-	-
Miscellaneous					241,961	281,306	523,267	129,849	9,943	44,543
Payments from City					-	-	-	37,742,475	-	100,370
Payments from Schools					100,000	-	100,000	-	-	-
Grants and contributions not restricted to specific programs					3,308,318	-	3,308,318	-	-	-
Unrestricted investment earnings					762,752	160,936	923,688	174,562	12,643	116,906
Transfers					<u>1,370,000</u>	<u>(1,370,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers					<u>102,231,591</u>	<u>(927,758)</u>	<u>101,303,833</u>	<u>38,061,831</u>	<u>22,586</u>	<u>261,819</u>
Change in net position					3,627,970	14,653,380	18,281,350	1,733,891	137,291	(1,314,765)
Net position - beginning, as restated (Note 19)					86,891,722	100,035,166	186,926,888	115,173,638	1,855,154	4,224,646
Net position - ending					<u>\$ 90,519,692</u>	<u>\$ 114,688,546</u>	<u>\$ 205,208,238</u>	<u>\$ 116,907,529</u>	<u>\$ 1,992,445</u>	<u>\$ 2,909,881</u>

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



# **Fund Financial Statements**



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City of Winchester, Virginia

Exhibit 3

Balance Sheet -  
Governmental Funds  
June 30, 2025

	General	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,572,097	\$ 109,483	\$ 1,977,939	\$ 31,659,519
Investments	700,894	2,564	46,317	749,775
Receivables, net:				
Taxes, including penalties	5,606,364	-	-	5,606,364
Accounts	3,106,157	-	412,245	3,518,402
Leases	2,576,136	-	-	2,576,136
Prepays	17,600	530,261	-	547,861
Inventories	17,126	-	-	17,126
Due from other funds	801,000	-	-	801,000
Due from other governments	4,950,654	70,843	1,971,138	6,992,635
Cash and cash equivalents - restricted	359,255	-	-	359,255
Investments - restricted	-	15,010,804	-	15,010,804
<b>Total assets</b>	<b>\$ 47,707,283</b>	<b>\$ 15,723,955</b>	<b>\$ 4,407,639</b>	<b>\$ 67,838,877</b>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 809,320	\$ 864,800	\$ 1,320,815	\$ 2,994,935
Deposits payable	39,336	-	-	39,336
Accrued payroll	1,720,085	-	473,719	2,193,804
Due to other funds	-	-	801,000	801,000
<b>Total liabilities</b>	<b>2,568,741</b>	<b>864,800</b>	<b>2,595,534</b>	<b>6,029,075</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	2,440,879	-	-	2,440,879
Property taxes collected in advance	1,472,951	-	-	1,472,951
Opioid legal settlement	1,495,633	-	-	1,495,633
Unavailable revenue	5,553,501	-	353,867	5,907,368
<b>Total deferred inflows of resources</b>	<b>10,962,964</b>	<b>-</b>	<b>353,867</b>	<b>11,316,831</b>
<b>FUND BALANCES</b>				
Nonspendable	34,726	530,261	-	564,987
Restricted	709,395	15,010,804	-	15,720,199
Committed	4,484,710	-	-	4,484,710
Assigned	1,901,678	-	1,458,238	3,359,916
Unassigned	27,045,069	(681,910)	-	26,363,159
<b>Total fund balances</b>	<b>34,175,578</b>	<b>14,859,155</b>	<b>1,458,238</b>	<b>50,492,971</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 47,707,283</b>	<b>\$ 15,723,955</b>	<b>\$ 4,407,639</b>	
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.				146,452,180
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				7,403,001
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.				277,068
Inter-fund lease activity is reported in the funds but eliminated from the Statement of Net Position				(84,847)
Deferred refunding costs are not financial resources and, therefore, are not reported in the funds.				535,041
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.				
Pension-related deferred outflows				7,172,790
Pension-related deferred inflows				(2,940,275)
Net pension liability				(6,570,147)
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				3,311,561
Other postemployment benefit-related deferred inflows				(3,482,094)
Net other postemployment benefit liability				(7,419,720)
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				(90,647,140)
Issuance premiums				(9,208,027)
Accrued interest				(1,320,072)
Compensated absences				(3,452,598)
<b>Net position of governmental activities</b>				<b>\$ 90,519,692</b>

**Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2025**

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 55,657,882	\$ -	\$ -	\$ 55,657,882
Other local taxes	43,782,827	-	-	43,782,827
Permits, privilege fees, and regulatory licenses	1,339,867	-	-	1,339,867
Fines and forfeitures	473,633	-	-	473,633
Revenues from use of money and property	740,736	531,184	15,162	1,287,082
Charges for services	2,163,574	-	1,683,267	3,846,841
Miscellaneous	1,314,647	-	177,602	1,492,249
Recovered costs	1,317,683	82,546	46,747	1,446,976
Intergovernmental:				
Local	-	100,000	-	100,000
Frederick County	-	26,089	545,009	571,098
Commonwealth	8,009,431	146,132	9,221,401	17,376,964
Federal	1,503,399	291,937	5,763,240	7,558,576
Total revenues	<u>116,303,679</u>	<u>1,177,888</u>	<u>17,452,428</u>	<u>134,933,995</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	8,740,774	-	123,826	8,864,600
Judicial administration	5,654,287	-	23,103	5,677,390
Public safety	29,659,643	-	1,552,584	31,212,227
Public works	5,739,166	-	7,089,160	12,828,326
Health and welfare	959,916	-	12,620,434	13,580,350
Education	37,801,503	-	-	37,801,503
Parks, recreation, and culture	4,586,541	-	-	4,586,541
Community development	2,339,809	-	918,577	3,258,386
Capital outlay	1,691,271	9,607,730	200,687	11,499,688
Debt service:				
Principal retirement	10,601,011	-	103,232	10,704,243
Interest and fiscal charges	2,734,575	-	43,415	2,777,990
Bond issuance costs	-	269,212	-	269,212
Total expenditures	<u>110,508,496</u>	<u>9,876,942</u>	<u>22,675,018</u>	<u>143,060,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,795,183</u>	<u>(8,699,054)</u>	<u>(5,222,590)</u>	<u>(8,126,461)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	241,961	-	-	241,961
Issuance of bonds	-	23,375,000	-	23,375,000
Issuance of leases	-	62,069	-	62,069
Issuance of subscriptions	-	479,968	-	479,968
Proceeds from premium on bond issuance	-	1,679,016	-	1,679,016
Transfers in	1,370,000	2,595,954	5,412,687	9,378,641
Transfers out	(8,008,641)	-	-	(8,008,641)
Total other financing sources (uses)	<u>(6,396,680)</u>	<u>28,192,007</u>	<u>5,412,687</u>	<u>27,208,014</u>
Net change in fund balances	(601,497)	19,492,953	190,097	19,081,553
Fund balance - beginning	<u>34,777,075</u>	<u>(4,633,798)</u>	<u>1,268,141</u>	<u>31,411,418</u>
Fund balance - ending	<u>\$ 34,175,578</u>	<u>\$ 14,859,155</u>	<u>\$ 1,458,238</u>	<u>\$ 50,492,971</u>

**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, 2025**

Net change in fund balances - total governmental funds (Exhibit 4)	\$	19,081,553
<p>Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:</p>		
<p>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, \$11,492,215, exceeded depreciation and amortization, \$8,853,232, in the current period.</p>		
		2,638,983
<p>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 cost of the property sold.</p>		
		(403,652)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(3,175,082)
<p>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.</p>		
Employer pension contributions	\$ 3,048,509	
Pension expense	<u>(1,930,016)</u>	1,118,493
<p>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.</p>		
Employer other postemployment benefit contributions	357,680	
Other postemployment benefit expense	<u>(858,041)</u>	(500,361)
<p>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.</p>		
Principal repayments		10,613,159
Issuance of long-term obligations		(23,917,037)
Proceeds from premium on bond issuance		(1,679,016)
Amortization of issuance premium		760,236
Amortization of deferred charge on refunding		(249,377)
<p>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.</p>		
Compensated absences		13,109
Accrued interest		(377,482)
<p>Inter-fund lease activity is eliminated from the Statement of Activities.</p>		
		(42,680)
<p>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.</p>		
Net revenue (expense) of internal service funds		(300,046)
Allocation of net revenue (expense) to business-type activities		<u>47,170</u>
Change in net position of governmental activities	\$	<u><u>3,627,970</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual -  
General Fund  
For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 54,807,000	\$ 54,807,000	\$ 55,657,882	\$ 850,882
Other local taxes	41,852,300	42,821,255	43,782,827	961,572
Permits, privilege fees, and regulatory licenses	887,300	887,300	1,339,867	452,567
Fines and forfeitures	455,000	455,000	473,633	18,633
Revenues from use of money and property	580,000	586,311	740,736	154,425
Charges for services	2,170,400	2,170,400	2,163,574	(6,826)
Miscellaneous	981,800	995,800	1,314,647	318,847
Recovered costs	1,313,100	1,378,100	1,317,683	(60,417)
Intergovernmental:				
Commonwealth	7,806,300	7,952,772	8,009,431	56,659
Federal	1,116,500	1,653,506	1,503,399	(150,107)
Total revenues	<u>111,969,700</u>	<u>113,707,444</u>	<u>116,303,679</u>	<u>2,596,235</u>
<b>EXPENDITURES</b>				
Current:				
General government administration:				
Legislative	248,400	264,652	255,141	9,511
General and financial administration	9,153,371	8,489,153	8,485,379	3,774
Board of elections	375,000	356,455	355,852	603
Total general government administration	<u>9,776,771</u>	<u>9,110,260</u>	<u>9,096,372</u>	<u>13,888</u>
Judicial administration:				
Courts	3,654,200	3,956,080	3,953,067	3,013
Commonwealth attorney	2,060,200	2,106,200	2,106,175	25
Total judicial administration	<u>5,714,400</u>	<u>6,062,280</u>	<u>6,059,242</u>	<u>3,038</u>
Public safety:				
Law enforcement and traffic control	10,676,600	10,905,940	10,758,283	147,657
Fire and rescue services	9,172,255	9,659,251	9,540,905	118,346
Correction and detention	6,137,150	6,137,150	6,110,741	26,409
Inspections	758,600	761,400	759,283	2,117
Other protection	2,908,400	3,040,325	2,978,476	61,849
Total public safety	<u>29,653,005</u>	<u>30,504,066</u>	<u>30,147,688</u>	<u>356,378</u>
Public Works:				
Maintenance of highways, streets, bridges, and sidewalks	230,400	442,328	382,477	59,851
Sanitation and waste removal	2,254,100	2,388,158	2,376,287	11,871
Maintenance of buildings and grounds	3,334,000	3,488,569	3,169,542	319,027
Total public works	<u>5,818,500</u>	<u>6,319,055</u>	<u>5,928,306</u>	<u>390,749</u>
Health and welfare:				
Health	350,908	356,274	356,274	-
Chapter X board	276,969	276,969	276,969	-
Welfare/Social Services	400,000	400,000	326,673	73,327
Total health and welfare	<u>1,027,877</u>	<u>1,033,243</u>	<u>959,916</u>	<u>73,327</u>
Education:				
Contributions to community college	59,028	59,028	59,028	-
Contributions to School Board	36,200,102	37,742,475	37,742,475	-
Total education	<u>36,259,130</u>	<u>37,801,503</u>	<u>37,801,503</u>	<u>-</u>
Parks, recreation, and cultural:				
Parks and recreation	4,514,200	4,723,322	4,218,602	504,720
Contribution to Regional Library	430,500	430,500	430,500	-
Total parks, recreation, and cultural	<u>4,944,700</u>	<u>5,153,822</u>	<u>4,649,102</u>	<u>504,720</u>

**City of Winchester, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual -**  
**General Fund**  
**For the Year Ended June 30, 2025**

Exhibit 6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current: (continued)				
Community development:				
Planning and community development	\$ 3,626,947	\$ 3,662,372	\$ 2,519,781	\$ 1,142,591
Environmental management	11,000	11,000	11,000	-
Total community development	<u>3,637,947</u>	<u>3,673,372</u>	<u>2,530,781</u>	<u>1,142,591</u>
Debt service:				
Principal retirement	10,252,567	11,079,954	10,601,011	478,943
Interest and fiscal charges	2,643,333	2,688,178	2,734,575	(46,397)
Total debt service	<u>12,895,900</u>	<u>13,768,132</u>	<u>13,335,586</u>	<u>432,546</u>
Total expenditures	<u>109,728,230</u>	<u>113,425,733</u>	<u>110,508,496</u>	<u>2,917,237</u>
Excess of revenues over expenditures	<u>2,241,470</u>	<u>281,711</u>	<u>5,795,183</u>	<u>5,513,472</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	185,000	241,961	56,961
Transfers in	1,370,000	1,370,000	1,370,000	-
Transfers out	(7,321,770)	(9,167,770)	(8,008,641)	1,159,129
Appropriation of fund balance	3,710,300	7,331,059	-	(7,331,059)
Total other financing uses	<u>(2,241,470)</u>	<u>(281,711)</u>	<u>(6,396,680)</u>	<u>(6,114,969)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (601,497)</u>	<u>\$ (601,497)</u>

Statement of Net Position -  
Proprietary Funds  
June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental
	Major			Activities
	Water and Sewer Fund	Stormwater Utility Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 17,372,996	\$ 1,879	\$ 17,374,875	\$ 1,789,242
Investments	406,819	44	406,863	41,898
Accounts receivable, net	5,220,686	553,991	5,774,677	5,785
Prepays	-	-	-	1,974
Due from other governments	-	3,137,017	3,137,017	-
Due from other funds	1,110,000	-	1,110,000	-
Inventories	290,415	-	290,415	105,967
Cash and cash equivalents - restricted	-	-	-	353,027
Investments - restricted	-	10,092,973	10,092,973	-
Total current assets	<u>24,400,916</u>	<u>13,785,904</u>	<u>38,186,820</u>	<u>2,297,893</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	2,295,178	24,479,805	26,774,983	-
Depreciable, net	213,765,368	1,294,854	215,060,222	210,342
Total capital assets, net	<u>216,060,546</u>	<u>25,774,659</u>	<u>241,835,205</u>	<u>210,342</u>
Total noncurrent assets	<u>216,060,546</u>	<u>25,774,659</u>	<u>241,835,205</u>	<u>210,342</u>
Total assets	<u>240,461,462</u>	<u>39,560,563</u>	<u>280,022,025</u>	<u>2,508,235</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,114,472	-	1,114,472	-
Pension-related deferred outflows	930,023	139,596	1,069,619	240,583
Other postemployment benefit-related deferred outflows	203,477	30,180	233,657	61,784
Total deferred outflows of resources	<u>2,247,972</u>	<u>169,776</u>	<u>2,417,748</u>	<u>302,367</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,647,945	1,086,347	2,734,292	1,317,012
Claims payable	-	-	-	808,043
Customer deposits	574,646	-	574,646	-
Accrued payroll	383,712	38,175	421,887	89,747
Accrued interest	1,133,772	220,248	1,354,020	-
Due to other funds	-	1,110,000	1,110,000	-
Compensated absences - current	417,639	43,310	460,949	111,813
Bonds payable and other obligations - current	9,853,768	550,935	10,404,703	3,769
Total current liabilities	<u>14,011,482</u>	<u>3,049,015</u>	<u>17,060,497</u>	<u>2,330,384</u>
Noncurrent liabilities:				
Compensated absences	38,094	3,950	42,044	10,199
Net pension liability	851,884	127,867	979,751	220,370
Net other postemployment benefit liability	432,151	64,156	496,307	130,007
Bonds payable and other obligations	122,805,790	25,405,545	148,211,335	3,852
Total noncurrent liabilities	<u>124,127,919</u>	<u>25,601,518</u>	<u>149,729,437</u>	<u>364,428</u>
Total liabilities	<u>138,139,401</u>	<u>28,650,533</u>	<u>166,789,934</u>	<u>2,694,812</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related deferred inflows	381,236	57,223	438,459	98,620
Other postemployment benefit-related deferred inflows	180,301	26,689	206,990	55,946
Total deferred inflows of resources	<u>561,537</u>	<u>83,912</u>	<u>645,449</u>	<u>154,566</u>
<b>NET POSITION</b>				
Net investment in capital assets	84,170,082	8,824,806	92,994,888	202,721
Unrestricted	19,838,414	2,171,088	22,009,502	(241,497)
Total net position	<u>\$ 104,008,496</u>	<u>\$ 10,995,894</u>	<u>115,004,390</u>	<u>\$ (38,776)</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.			(315,844)	
Net position of business-type activities			\$ 114,688,546	

**Statement of Revenues, Expenses, and Changes in Fund Net Position -  
Proprietary Funds  
For the Year Ended June 30, 2025**

	Business-type Activities - Enterprise Funds			Governmental
	Major			Activities
	Water and Sewer Fund	Stormwater Utility Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 34,169,346	\$ 4,044,798	\$ 38,214,144	\$ 10,668,224
Miscellaneous	21,123	260,183	281,306	-
Recovered costs	7,665,407	-	7,665,407	-
Total operating revenues	<u>41,855,876</u>	<u>4,304,981</u>	<u>46,160,857</u>	<u>10,668,224</u>
<b>OPERATING EXPENSES</b>				
Personnel services	8,184,657	885,088	9,069,745	1,938,916
Contractual services	7,681,818	477,027	8,158,845	820,845
Other supplies and expenses	7,627,978	343,835	7,971,813	1,890,095
Insurance claims and expenses	-	-	-	6,333,232
Depreciation and amortization	7,162,196	41,445	7,203,641	29,638
Total operating expenses	<u>30,656,649</u>	<u>1,747,395</u>	<u>32,404,044</u>	<u>11,012,726</u>
Operating income (loss)	<u>11,199,227</u>	<u>2,557,586</u>	<u>13,756,813</u>	<u>(344,502)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental:				
Commonwealth	-	226,297	226,297	-
Federal	85,372	-	85,372	-
Investment earnings	160,936	-	160,936	6,144
Interest and fiscal charges	(4,127,177)	(912,336)	(5,039,513)	-
Gain (loss) on disposal of capital assets	(40,252)	-	(40,252)	3,796
Total non-operating revenues (expenses)	<u>(3,921,121)</u>	<u>(686,039)</u>	<u>(4,607,160)</u>	<u>9,940</u>
Income (loss) before contributions and transfers	7,278,106	1,871,547	9,149,653	(334,562)
<b>CAPITAL CONTRIBUTIONS</b>	2,193,500	4,727,397	6,920,897	34,516
<b>TRANSFERS OUT</b>	<u>(1,370,000)</u>	<u>-</u>	<u>(1,370,000)</u>	<u>-</u>
Change in net position	8,101,606	6,598,944	14,700,550	(300,046)
Total net position - beginning, restated (Note 19)	<u>95,906,890</u>	<u>4,396,950</u>	<u>100,303,840</u>	<u>261,270</u>
Total net position - ending	<u>\$ 104,008,496</u>	<u>\$ 10,995,894</u>	<u>\$ 115,004,390</u>	<u>\$ (38,776)</u>
Change in net position			\$ 14,700,550	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(47,170)	
Change in net position of business-type activities			<u>\$ 14,653,380</u>	

**Statement of Cash Flows -  
Proprietary Funds  
For the Year Ended June 30, 2025**

	Business-type Activities - Enterprise Funds		Governmental
	Major		Activities
	Water and Sewer Fund	Stormwater Utility Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 33,942,400	\$ 4,051,622	\$ -
Cash received from internal services provided	-	-	10,669,802
Cash paid to suppliers	(14,609,521)	(720,498)	(2,290,797)
Cash paid for internal services	(1,564,822)	(257,443)	-
Cash paid to employees	(6,974,426)	(763,102)	(1,926,949)
Premiums paid	-	-	(5,524,932)
Recovered costs and other receipts	7,686,530	260,183	-
Net cash provided by operating activities	18,480,161	2,570,762	927,124
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Proceeds from state and federal grants	85,372	226,297	-
Transfer to other funds	(580,000)	(790,000)	-
Net cash used in noncapital financing activities	(494,628)	(563,703)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(2,171,830)	(15,612,138)	-
Capital contributions	-	4,136,758	-
Principal paid on long-term liabilities	(8,888,373)	-	(3,690)
Interest paid on capital debt	(4,792,902)	(843,759)	-
Proceeds from debt issuances	52,605	11,180,642	-
Proceeds from sale of capital assets	-	-	3,796
Net cash provided by (used in) capital and related financing activities	(15,800,500)	(1,138,497)	106
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds (purchases) of investments, net	283,400	(989,982)	(1,245)
Investment income	160,936	-	6,144
Net cash provided by (used in) investing activities	444,336	(989,982)	4,899
Net increase (decrease) in cash and cash equivalents	2,629,369	(121,420)	932,129
Cash and cash equivalents - beginning of year	14,743,627	123,299	1,210,140
Cash and cash equivalents - end of year	\$ 17,372,996	\$ 1,879	\$ 2,142,269
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR IS COMPRISED OF THE FOLLOWING:</b>			
Cash and cash equivalents	\$ 17,372,996	\$ 1,879	\$ 1,789,242
Restricted cash	-	-	353,027
Total	\$ 17,372,996	\$ 1,879	\$ 2,142,269

**City of Winchester, Virginia**  
**Statement of Cash Flows -**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental</u>
	<u>Major</u>		<u>Activities</u>
	<u>Water and</u>	<u>Stormwater</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Utility</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 11,199,227	\$ 2,557,586	\$ (344,502)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	7,162,196	41,445	29,638
Pension expense, net of employer contributions	(111,367)	(20,904)	(26,678)
Other postemployment benefit expense, net of employer contributions	19,416	14,947	14,860
(Increase) decrease in:			
Accounts receivable	(246,813)	6,824	1,578
Prepays	-	-	257
Inventories	7,341	-	4,083
Increase (decrease) in:			
Accounts payable	321,862	(41,024)	416,060
Claims payable	-	-	808,043
Customer deposits	19,867	-	-
Accrued payroll	67,658	9,693	15,401
Compensated absences	40,774	2,195	8,384
Total adjustments	<u>7,280,934</u>	<u>13,176</u>	<u>1,271,626</u>
Net cash provided by operating activities	<u>\$ 18,480,161</u>	<u>\$ 2,570,762</u>	<u>\$ 927,124</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Capital contributions of water and sewer lines from developers	\$ 2,193,500	\$ -	\$ -
Purchases of capital assets included in accounts payable at year-end	\$ 345,378	\$ 1,086,346	\$ -
Capital asset transferred from general government	\$ -	\$ -	\$ 34,516

Statement of Fiduciary Net Position -  
Fiduciary Funds  
June 30, 2025

	Other Postemployment Benefits Trust Fund	Total Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents - restricted	\$ -	\$ 1,791,706
Investments:		
Money markets	9,527	1,589,892
Domestic equity securities	2,540,761	-
Domestic fixed-income securities	2,889,845	-
International equity securities	1,367,680	-
Total investments	<u>6,807,813</u>	<u>1,589,892</u>
Accounts receivable	-	353,372
Total assets	<u>\$ 6,807,813</u>	<u>\$ 3,734,970</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 20,739
Accrued payroll	-	162,460
Total liabilities	<u>\$ -</u>	<u>\$ 183,199</u>
<b>NET POSITION</b>		
Restricted for postemployment benefits other than pensions	\$ 6,807,813	\$ -
Restricted for individuals, organizations, and other governments	-	3,551,771
Total net position	<u>\$ 6,807,813</u>	<u>\$ 3,551,771</u>

**Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds  
For the fiscal year ended June 30, 2025**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Member contributions	\$ -	\$ 17,293
Payments collected from other local governments	-	3,668,512
Payments collected from Federal government	-	539,191
Grant proceeds	-	1,000,342
Miscellaneous	-	62,504
Investment income (loss):		
Net increase in fair value of investments	579,253	-
Interest and dividends	174,556	123,260
Less: investment-related expenses	(19,782)	-
Net investment income	<u>734,027</u>	<u>123,260</u>
Total additions	<u>\$ 734,027</u>	<u>\$ 5,411,102</u>
<b>DEDUCTIONS</b>		
Payments made to welfare recipients	\$ -	\$ 19,246
Reimbursement to City for retiree health insurance premiums	310,515	-
Bond principal payments	-	930,000
Bond interest payments	-	303,300
Payroll	-	3,446,557
Capital outlays	-	132,000
Administrative	-	361,572
Total deductions	<u>\$ 310,515</u>	<u>\$ 5,192,675</u>
Increase in fiduciary net position	423,512	218,427
Total net position - beginning	<u>6,384,301</u>	<u>3,333,344</u>
Total net position - ending	<u>\$ 6,807,813</u>	<u>\$ 3,551,771</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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### Note 1 – Summary of Significant Accounting Policies

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#### *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, there are two support agreements which 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 2025, the City provided total support of \$44,410. Separate financial statements for this joint venture may be obtained at the entity’s administrative offices at 491 Airport Road, Winchester, Virginia 22602.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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 2025, the City provided total support of \$787,548. 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 2025, the City provided total support of \$5,197,190. 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 2025. 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.

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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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.

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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

- *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.

*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, stormwater 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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 5 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 5/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, 2025, consisted of the following:

General Fund (property taxes, penalties, and interest)	\$ 2,211,335
Emergency Medical Service Fund	334,463
Water and Sewer Fund	1,081,541
Stormwater Fund	91,672
	<u>\$ 3,719,011</u>

### 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.

### Capital Assets

Capital assets, which include property, plant, equipment, lease, subscription, 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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

\$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.

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 earned 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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 state and 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.

### 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

- 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.
- 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 and EDA 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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.

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## **Note 2 – Stewardship, Compliance, and Accountability**

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### *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.
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 and function level and places legal restrictions on expenditures at the function 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 funds or functions; however, the School Board is authorized to transfer budgeted amounts within the school system's departmental categories.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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 \$5,543,503.

### 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.

#### Investments

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

Type	Fair Value	S & P Credit Rating	Weighted-Average Maturity*
Investments – Level 1:			
U.S. Treasury notes	\$ 19,743,211	N/A	1.00
Mutual funds – equity	4,037,657	N/A	N/A
Mutual fund – fixed income	3,250,459	Unavailable	5.42
Investments – Level 2:			
Negotiable certificates of deposit	1,235,726	N/A	0.48
Money market	9,527	N/A	N/A
Investments reported at amortized cost:			
LGIP	443,656	AAAm	0.24
SNAP	36,257,354	AAAm	0.23
Total investments	<u>64,977,590</u>		
Cash and cash equivalents	72,944,047		
Nonnegotiable certificates of deposit	108,737		
Total deposits	<u>73,052,784</u>		
Total deposits and investments	<u><b>\$ 138,030,374</b></u>		

\* - Average Maturity in Years

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

	Component Units				
	Primary Government	School Board	Winchester Parking Authority	Economic Development Authority	Total
Statement of Net Position:					
Cash and cash equivalents	\$ 50,823,636	\$ 15,953,311	\$ 1,330,293	\$ 2,165,879	\$ 70,273,119
Investments	1,198,536	355,365	31,151	-	1,585,052
Cash and cash equivalents - restricted	712,282	-	-	-	712,282
Investments - restricted	25,103,777	-	-	29,464,711	54,568,488
Fiduciary:					
Cash and cash equivalents - restricted	1,791,706	166,940	-	-	1,958,646
Investments	6,807,813	-	-	-	6,807,813
Investments – restricted	1,589,892	535,082	-	-	2,124,974
<b>Total</b>	<b>\$ 88,027,642</b>	<b>\$ 17,010,698</b>	<b>\$ 1,361,444</b>	<b>\$ 31,630,590</b>	<b>\$ 138,030,374</b>

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 4.18% 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
FA Multi-Manager Domestic Equity	7.16%
FA Multi-Manager International	3.85%
FA Multi-Manager Fixed-Income Fund	8.14%
State Non-Arbitrage Program (SNAP)	70.71%

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

The following investments make up a significant portion of the EDA's total investments at June 30:

SNAP	37.85%
US Treasury bonds and notes	61.97%

*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.

### *Restricted cash and investments:*

Restricted cash and investments consist of the following:

Unspent bond proceeds restricted for stormwater projects	\$	10,092,973
Unspent bond proceeds restricted for capital improvement projects		15,010,804
Flexible spending accounts held for benefit of employees		353,027
Unspent Opioid settlement funds		359,255
Unspent funds held for benefit of outside parties		4,083,620
Unspent bond proceeds restricted for economic development		29,464,711

## 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	\$ -	\$ 1,016,017
Title VI – Special Education	-	310,172
Title I	-	384,756
School lunch and breakfast	-	293,840
Local sales tax	2,315,093	-
Transit grants	918,168	-
Highway construction funds	44,754	-
Stormwater construction funds	3,137,017	-
Welfare grants	1,035,429	-
Communication tax	221,259	-
Opioid settlement funds	542,110	-
Other federal and state funds	738,977	367,413
Total due from federal and state sources	<u>8,952,807</u>	<u>2,372,198</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Primary Government	Component Unit – School Board
Frederick County:		
Joint Judicial Center – debt service	945,700	-
Joint Judicial Center – operating expenses	126,222	-
Other receivables	104,923	-
	<b>\$ 10,129,652</b>	<b>\$ 2,372,198</b>

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	2025
Healens	2.50%	5/1/2017	5/1/2022*	\$ 3,800	\$ 294
Healens (revolving)	2.54%	7/1/2017	7/1/2022*	15,750	7,296
Front Royal Brewing Company	1.81%	7/30/2021	8/1/2026	250,000	149,979
Drum Orpheum Rehearsal Hall	7.00%	11/1/2022	11/1/2024**	6,400	2,508
Winchester Acquisition Partners	7.00%	5/31/2023	1/1/2030	4,000,000	3,854,325
Vanessa Styles, LLC	3.00%	11/1/2023	11/1/2028	15,000	10,490
Michelle’s Wigs & More	3.00%	11/1/2023	11/1/2028	15,000	10,491
Zeropack Development	3.00%	6/20/2024	TBD	500,000	500,000
Lovely Nails	3.00%	6/1/2024	6/1/2029	35,000	28,417
Christina’s LLC d/b/a Sexi-Mexi	7.50%	8/1/2025	7/1/2030	119,105	119,015
Total notes receivable					4,682,815
Less current portion					(322,211)
Notes receivable, long-term					<b>\$ 4,360,604</b>

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.

\*\*Authority does not have an extended agreement in writing; a verbal agreement was reached between the Authority and the loan recipient.

### Note 5 – Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, consisted of the following:

<b>Primary Government</b>	
Due to general fund from:	
Transit fund	<b>\$ 801,000</b>
Due to Water and Sewer fund from:	
Stormwater fund	<b>\$ 1,110,000</b>
<b>Component Unit – School Board</b>	
Due to school operating fund from:	
Federal grants fund	<b>\$ 732,806</b>

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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

### Primary Government

Transfers to general fund from:

Water and Sewer fund	<u>\$ 1,370,000</u>
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Transfers to capital improvements fund from:

General fund	<u>\$ 2,595,954</u>
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Transfers to non-major governmental funds from:

General fund	<u>\$ 5,412,687</u>
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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.

## 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	\$ 8,712,352	\$ -	\$ -	\$ 8,712,352
Construction in progress	6,648,315	2,173,381	(413,610)	8,408,086
Total capital assets not being depreciated	<u>15,360,667</u>	<u>2,173,381</u>	<u>(413,610)</u>	<u>17,120,438</u>
Capital assets, being depreciated/ amortized:				
Buildings	54,402,540	4,791,037	-	59,193,577
Buildings - leases	341,063	-	-	341,063
Improvements other than buildings	45,446,382	1,956,674	-	47,403,056
Infrastructure	86,805,433	-	-	86,805,433
Equipment - leases	676,954	63,194	(30,849)	709,299
Equipment	31,861,552	2,325,154	(2,665,754)	31,520,952
Right-to-use subscriptions	3,213,606	479,968	(371,964)	3,321,610
Total capital assets being depreciated/ amortized	<u>222,747,530</u>	<u>9,616,027</u>	<u>(3,068,567)</u>	<u>229,294,990</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Less: accumulated depreciation/ amortization:				
Buildings	(18,207,539)	(1,142,188)	-	(19,349,727)
Buildings – leases	(85,266)	(68,213)	-	(153,479)
Improvements other than buildings	(10,875,239)	(2,055,341)	-	(12,930,580)
Infrastructure	(44,394,936)	(1,905,935)	-	(46,300,871)
Equipment - leases	(168,975)	(166,624)	30,849	(304,750)
Equipment	(18,648,210)	(2,677,629)	2,392,276	(18,933,563)
Right-to-use subscriptions	(1,278,660)	(873,240)	371,964	(1,779,936)
Total accumulated depreciation/ amortization	<u>(93,658,825)</u>	<u>(8,889,170)</u>	<u>2,795,089</u>	<u>(99,752,906)</u>
Total capital assets being depreciated/ amortized, net	129,088,705	726,857	(273,478)	129,542,084
Governmental activities capital assets, net	<u><u>\$ 144,449,372</u></u>	<u><u>\$ 2,900,238</u></u>	<u><u>\$ (687,088)</u></u>	<u><u>\$ 146,662,522</u></u>

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

Governmental activities:		
General government		\$ 1,356,430
Judicial administration		307,559
Public safety		1,901,652
Public works		4,239,996
Health and welfare		80,218
Parks, recreation, and cultural		984,945
Community development		18,370
Total depreciation and amortization expense – governmental activities		<u><u>\$ 8,889,170</u></u>

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset, not being depreciated:				
Land	\$ 1,201,485	\$ -	\$ -	\$ 1,201,485
Construction in progress	11,332,843	14,267,186	(26,531)	25,573,498
Total capital assets not being depreciated	<u>12,534,328</u>	<u>14,267,186</u>	<u>(26,531)</u>	<u>26,774,983</u>
Capital assets, being depreciated/ amortized:				
Treatment plants	70,067,229	-	-	70,067,229
Improvements other than buildings	550,954	-	-	550,954
Infrastructure	162,785,739	4,042,534	(98,241)	166,730,032
Equipment	28,607,634	118,541	(30,819)	28,695,356
Equipment - leases	6,271	-	-	6,271
Right-to-use subscriptions	20,476	-	(6,892)	13,584
FWSA purchased capacity	52,496,047	-	-	52,496,047
Total capital assets being depreciated/ amortized	<u>314,534,350</u>	<u>4,161,075</u>	<u>(135,952)</u>	<u>318,559,473</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation/ amortization:				
Treatment plants	(13,932,979)	(1,363,232)	-	(15,296,211)
Improvements other than buildings	(139,877)	(21,606)	-	(161,483)
Infrastructure	(44,147,732)	(2,505,611)	57,988	(46,595,355)
Equipment	(7,249,654)	(1,501,487)	30,819	(8,720,322)
Equipment - leases	(3,628)	(1,567)	-	(5,195)
Right-to-use subscriptions	(8,357)	(7,428)	6,892	(8,893)
FWSA purchased capacity	(30,909,082)	(1,802,710)	-	(32,711,792)
Total accumulated depreciation/ amortization	(96,391,309)	(7,203,641)	95,699	(103,499,251)
Total capital assets being depreciated/ amortized, net	218,143,041	(3,042,566)	(40,253)	215,060,222
Business-type activities capital assets, net	<u>\$ 230,677,369</u>	<u>\$ 11,224,620</u>	<u>\$ (66,784)</u>	<u>\$ 241,835,205</u>

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

### 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:

	Total Contracts	Total Payments	Future Amounts to be Expended
<b>Primary Government</b>			
South End Fire Station	\$ 13,663,900	\$ 654,560	\$ 13,009,340
Restrooms/Pressbox at Park	844,100	-	844,100
Valley – Gerrard Traffic Signals	1,405,528	-	1,405,528
Total Primary Government	<u>\$ 15,913,528</u>	<u>\$ 654,560</u>	<u>\$ 15,258,968</u>
<b>Business-type activities</b>			
North Cameron Drainage Improvements	\$ 31,030,377	\$ 24,798,950	\$ 6,231,427
Miscellaneous Stormwater Improvements	151,342	-	151,342
Woodstock Lane Trunk Main Sewer	1,295,600	-	1,295,600
Capital and Superior Sewer Pump Stations	13,252,352	-	13,252,352
Sanitary Sewer Main Lining	5,496,874	290,482	5,206,392
Total Utilities	<u>\$ 51,226,545</u>	<u>\$ 25,089,432</u>	<u>\$ 26,137,113</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset, not being depreciated:				
Land	\$ 3,733,028	\$ -	\$ -	\$ 3,733,028
Construction in progress	6,586,740	3,891,425	(10,275,518)	202,647
Total capital assets not being depreciated	<u>10,319,768</u>	<u>3,891,425</u>	<u>(10,275,518)</u>	<u>3,935,675</u>
Capital assets, being depreciated/ amortized:				
Buildings	180,170,784	9,776	-	180,180,560
Improvements other than buildings	8,098,014	7,357,950	-	15,455,964
Equipment	12,749,232	2,596,583	(546,893)	14,798,922
Equipment – leases	751,955	33,344	(242,877)	542,422
Right-to-use subscriptions	554,033	60,848	(390,481)	224,400
Total capital assets being depreciated/ amortization	<u>202,324,018</u>	<u>10,058,501</u>	<u>(1,180,251)</u>	<u>211,202,268</u>
Less accumulated depreciation/ amortization:				
Buildings	(55,653,805)	(3,485,984)	-	(59,139,789)
Improvements other than buildings	(3,999,429)	(631,451)	-	(4,630,880)
Equipment	(8,323,301)	(841,082)	546,893	(8,617,490)
Equipment – leases	(454,307)	(179,188)	242,877	(390,618)
Right-to-use subscriptions	(334,924)	(205,353)	390,481	(149,796)
Total accumulated depreciation/ amortization	<u>(68,765,766)</u>	<u>(5,343,058)</u>	<u>1,180,251</u>	<u>(72,928,573)</u>
Total capital assets being depreciated/ amortized, net	<u>133,558,252</u>	<u>4,715,443</u>	<u>-</u>	<u>138,273,695</u>
School board capital assets, net	<u><b>\$ 143,878,020</b></u>	<u><b>\$ 8,606,868</b></u>	<u><b>\$ (10,275,518)</b></u>	<u><b>\$ 142,209,370</b></u>

### Component Unit – Parking Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset, 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/ amortization	<u>10,592,457</u>	<u>-</u>	<u>-</u>	<u>10,592,457</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation/ amortization:				
Buildings	(3,813,994)	(194,850)	-	(4,008,844)
Improvements other than buildings	(56,179)	-	-	(56,179)
Equipment	(326,471)	(66,754)	-	(393,225)
Equipment – leases	(1,687)	(6,749)	-	(8,436)
Total accumulated depreciation/ amortization	<u>(4,198,331)</u>	<u>(268,353)</u>	<u>-</u>	<u>(4,466,684)</u>
Total capital assets being depreciated/ amortized, net	6,394,126	(268,353)	-	6,125,773
Parking Authority capital assets, net	<u>\$ 6,405,811</u>	<u>\$ (268,353)</u>	<u>\$ -</u>	<u>\$ 6,137,458</u>

### Component Unit – Economic Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset, not being depreciated:				
Construction in progress	\$ -	\$ 121,207	\$ -	\$ 121,207
Total capital assets not being depreciated	<u>-</u>	<u>121,207</u>	<u>-</u>	<u>121,207</u>
Capital assets, being depreciated/ amortized:				
Office space lease	61,901	-	-	61,901
Buildings	-	1,714,644	-	1,714,644
Total capital assets being depreciated/ amortization	<u>61,901</u>	<u>1,714,644</u>	<u>-</u>	<u>1,776,545</u>
Less accumulated depreciation/ amortization:				
Office space lease	(20,634)	(16,507)	-	(37,141)
Buildings	-	(4,287)	-	(4,287)
Total accumulated depreciation/ amortization	<u>(20,634)</u>	<u>(20,794)</u>	<u>-</u>	<u>(41,428)</u>
Total capital assets being depreciated/ amortized, net	41,267	1,693,850	-	1,735,117
Parking Authority capital assets, net	<u>\$ 41,267</u>	<u>\$ 1,815,057</u>	<u>\$ -</u>	<u>\$ 1,856,324</u>

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	<u>\$ 5,343,058</u>
Business-type activities:	
Parking Authority	<u>\$ 268,353</u>
Economic Development Authority	<u>\$ 20,794</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Note 7 – Unavailable Revenue

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

	General Fund	Nonmajor Governmental Funds
Property taxes not collected within 45 days after year-end	\$ 4,607,801	\$ -
Uncollected joint judicial commission debt service billings	945,700	-
EMS billings not collected within 45 days after year-end	-	353,867
Total general fund unavailable revenue	<b>\$ 5,553,501</b>	<b>\$ 353,867</b>

### 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:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 74,668,543	\$ 23,375,000	\$ (9,405,443)	\$ 88,638,100	\$ 9,047,975
Financed equipment purchase	656,592	-	(326,671)	329,921	329,921
Lease liabilities	407,254	62,069	(132,786)	336,537	125,579
Subscription liabilities	1,622,183	479,968	(751,948)	1,350,203	796,021
Unamortized bond premium	8,289,247	1,679,016	(760,236)	9,208,027	760,236
Compensated absences*	3,579,335	-	(4,725)**	3,574,610	3,275,817
Governmental activities long-term liabilities	<b>\$ 89,223,154</b>	<b>\$ 25,596,053</b>	<b>\$ (11,381,809)</b>	<b>\$ 103,437,398</b>	<b>\$ 14,335,549</b>

\*Balances have been restated as a result of GASB 101, *Compensated Absences*.

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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
<b>Business-type Activities:</b>					
General obligation bonds	\$ 1,956,457	\$ -	(874,557)	\$ 1,081,900	\$ 772,025
Revenue bonds	116,292,314	10,525,000	(6,229,694)	120,587,620	6,936,059
Revolving loan	-	52,605	-	52,605	-
Obligations payable FWSA	28,836,922	-	(1,782,535)	27,054,387	1,850,500
Lease liabilities	2,660	-	(1,587)	1,073	1,073
Unamortized bond premium	9,941,949	655,642	(759,138)	9,838,453	845,046
Compensated absences*	460,023	42,970**	-	502,993	460,949
Business-type activities	<b>\$ 157,490,325</b>	<b>\$ 11,276,217</b>	<b>\$ (9,647,511)</b>	<b>\$ 159,119,031</b>	<b>\$ 10,865,652</b>
long-term liabilities					

\*Balances have been restated as a result of GASB 101, *Compensated Absences*.

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

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, \$122,012 of internal service funds compensated absences and \$7,621 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.

	Governmental Activities	Business-type Activities
<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.	\$ 1,510,000	\$ -
\$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.	14,185,000	-
\$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.	12,400,000	-
\$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.	8,275,000	-

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Governmental Activities	Business-type Activities
<p>\$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.</p>	12,625,000	-
<p>\$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.</p>	5,648,100	1,081,900
<p>\$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.</p>	6,145,000	-
<p>\$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.</p>	4,475,000	-
<p>\$23,375,000 General Obligation Bonds, Series 2024, issued November 7, 2024, maturing annually beginning August 1, 2025 through August 1, 2044, interest is payable semi-annually at rate of 4.00-5.00%. Purpose: General Capital Projects.</p>	23,375,000	-
<p style="padding-left: 40px;">Total General Obligation Bonds</p>	<b>\$ 88,638,100</b>	<b>\$ 1,081,900</b>
Revenue Bonds:		
<p>\$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.</p>	\$ -	\$ 4,145,000
<p>\$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.</p>	-	1,042,620
<p>\$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.</p>	-	7,450,000

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Governmental Activities	Business-type Activities
<p>\$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.</p>	-	10,045,000
<p>\$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.</p>	-	31,280,000
<p>\$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.</p>	-	4,310,000
<p>\$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.</p>	-	31,945,000
<p>\$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.</p>	-	6,555,000
<p>\$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.</p>	-	13,290,000
<p>\$10,525,000 Virginia Resources Authority Revenue Bond, Series 2025A, issued January 2025, maturing annually beginning October 1, 2026 through October 1, 2045, interest payable semi-annually at rates of 4.125%-5.125%. Purpose: Stormwater capital projects.</p>	-	10,525,000
<p style="text-align: center;">Total Revenue Bonds</p>	\$ -	\$ 120,587,620
<p>Obligations Payable, Revolving Loan, and Financed Purchases:</p> <p>\$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**</p>	\$ -	\$ 7,214,387

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

	Governmental Activities	Business-type Activities
\$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**	-	19,840,000
\$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.	329,921	-
\$14,000,000 Virginia Resources Authority Revolving Loan, Series 2025, issued January 2025, maturing annually beginning June 1, 2028 through December 1, 2047, interest payable semi-annually at rates of 2.25%. Purpose: Utilities capital projects.	-	52,605
Total Obligations Payable, Revolving Loan, and Financed Purchases	<u>\$ 329,921</u>	<u>\$ 27,106,992</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:

	Governmental Activities					
	General Obligation Bonds		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 9,047,975	\$ 3,293,178	\$ 125,579	\$ 7,274	\$ 796,021	\$ 31,718
2027	6,345,125	3,045,930	123,640	4,018	351,590	14,014
2028	5,220,000	2,802,536	77,776	1,103	153,900	3,677
2029	4,900,000	2,565,986	7,740	123	25,317	148
2030	5,110,000	2,340,096	1,802	14	23,375	51
2031-2035	27,210,000	8,101,691	-	-	-	-
2036-2040	20,245,000	3,755,088	-	-	-	-
2041-2045	10,560,000	883,659	-	-	-	-
	<u>\$ 88,638,100</u>	<u>\$ 26,788,164</u>	<u>\$ 336,537</u>	<u>\$ 12,532</u>	<u>\$ 1,350,203</u>	<u>\$ 49,608</u>

Governmental Activities		
Financed Equipment Purchase		
Principal	Interest	
2026	\$ 329,921	\$ 3,283
	<u>\$ 329,921</u>	<u>\$ 3,283</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Business-type Activities

	General Obligation Bonds		Revenue Bonds		Obligations Payable FWSA	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 772,025	\$ 6,379	\$ 6,936,059	\$ 4,734,856	\$ 1,850,500	\$ 740,351
2027	309,875	1,549	7,592,451	4,386,170	1,910,396	681,760
2028	-	-	7,958,885	4,102,846	1,956,114	638,701
2029	-	-	8,325,363	3,653,793	2,000,157	589,736
2030	-	-	7,746,885	3,272,351	2,057,942	534,702
2031-2035	-	-	27,533,918	12,276,117	9,261,832	1,858,552
2036-2040	-	-	27,554,499	7,011,981	8,017,446	502,730
2041-2045	-	-	16,789,560	2,713,567	-	-
2046-2050	-	-	8,505,000	636,066	-	-
2051-2055	-	-	1,645,000	18,097	-	-
	<b>\$ 1,081,900</b>	<b>\$ 7,928</b>	<b>\$ 120,587,620</b>	<b>\$ 42,805,844</b>	<b>\$ 27,054,387</b>	<b>\$ 5,546,532</b>

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

	Business-type Activities			
	Lease Liabilities		Revolving Loan	
	Principal	Interest	Principal	Interest
2026	\$ 1,073	\$ 7	\$ -	\$ -
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	52,605	-
2030	-	-	-	-
	<b>\$ 1,073</b>	<b>\$ 7</b>	<b>\$ 52,605</b>	<b>\$ -</b>

### *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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

At June 30, 2025, the following bonds are considered defeased:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General obligation bonds				
PIB Series 2007	\$ 1,965,000	\$ -	\$ (460,000)	\$ 1,505,000
PIB Series 2013	16,650,000	-	-	16,650,000
Series 2012	6,535,000	-	(4,890,000)	1,645,000
Revenue bonds				
VRA VPFP 2008B	3,525,000	-	(815,000)	2,710,000
VRA VPFP 2011B	11,100,000	-	(1,000,000)	10,100,000
VRA VPFP 2010 C	4,880,000	-	(735,000)	4,145,000
	<u>\$ 44,655,000</u>	<u>\$ -</u>	<u>\$ (7,900,000)</u>	<u>\$ 36,755,000</u>

### Rate Covenant

The Virginia Resources Authority Revenue Bond, Series 2025A prescribes that the City shall fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the water and sewer system so that the net revenues available for debt service in any fiscal year is equal to or greater than 115% of annual service required to be paid for bonds in that fiscal year. The following calculation shows the City's compliance with this rate covenant:

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Adjusted Expenses</u>	<u>Net Revenues and Cash Available for Debt Service</u>	<u>Fiscal Year Debt Service for Water and Sewer Bonds</u>	<u>Percentage Available for Debt Service</u>
2025	\$ 41,855,876	\$ 23,494,453	\$ 18,361,423	\$ 13,627,469	134.74%

### School Board

The following is a summary of long-term debt transactions for the School Board 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>
<b>Governmental Activities – School Board</b>					
Compensated absences*	\$ 3,546,932	\$ 14,370**	\$ -	\$ 3,561,302	\$ 71,226
Lease liabilities	300,123	33,344	(177,828)	155,639	87,616
Subscription liabilities	124,063	60,848	(131,535)	53,376	25,608
School board long-term liabilities	<u>\$ 3,971,118</u>	<u>\$ 108,562</u>	<u>\$ (309,363)</u>	<u>\$ 3,770,317</u>	<u>\$ 184,450</u>

\*Balances have been restated as a result of GASB 101, *Compensated Absences*.

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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

	School Board			
	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 87,616	\$ 3,138	\$ 25,608	\$ 1,031
2027	53,617	955	23,508	532
2028	9,246	319	2,107	93
2029	5,160	61	2,153	47
2030	-	-	-	-
	<b>\$ 155,639</b>	<b>\$ 4,473</b>	<b>\$ 53,376</b>	<b>\$ 1,703</b>

### 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
<b>Business-type Activities – Parking Authority</b>					
Revenue bond	\$ 5,611,348	\$ -	\$ (346,793)	\$ 5,264,555	\$ 354,721
Compensated absences*	55,263	-	(721)**	54,542	49,983
Lease liabilities	8,311	-	(4,164)	4,147	4,147
Parking authority long-term liabilities	<b>\$ 5,674,922</b>	<b>\$ -</b>	<b>\$ (351,678)</b>	<b>\$ 5,323,244</b>	<b>\$ 408,851</b>

\*Balances have been restated as a result of GASB 101, *Compensated Absences*.

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

#### 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

**\$ 5,264,555**

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

	Parking Authority			
	Revenue Bonds		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 354,721	\$ 114,462	\$ 4,147	\$ 103
2027	362,001	106,399	-	-
2028	368,733	98,178	-	-
2029	379,814	89,757	-	-
2030	385,175	81,151	-	-
2031-2035	2,064,912	269,988	-	-
2036-2038	1,349,199	45,931	-	-
	<b>\$ 5,264,555</b>	<b>\$ 805,866</b>	<b>\$ 4,147</b>	<b>\$ 103</b>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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, 2025, the following bonds are considered defeased:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Revenue Bond Series 2018	\$ 5,639,900	\$ -	\$ (317,100)	\$ 5,322,800

### 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>
<b>Business-type Activities – EDA</b>					
Revenue bond	\$ 4,000,000	\$ -	\$ (280,527)	\$ 3,719,473	\$ 294,750
Commercial loan	-	700,000	(2,812)	697,188	21,204
Annual appropriation bonds	-	29,920,000	-	29,920,000	-
Unamortized bond premiums	-	1,022,169	(9,789)	1,012,380	89,332
Leases	42,193	-	(16,448)	25,745	17,064
EDA long-term liabilities	<u>\$ 4,042,193</u>	<u>\$ 31,642,169</u>	<u>\$ (309,576)</u>	<u>\$ 35,374,786</u>	<u>\$ 422,350</u>

#### Details of Long-Term Indebtedness

##### Revenue Bonds:

\$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

\$ 3,719,743

##### Commercial Loan:

\$700,000 loan, issued May 28, 2025, maturing on May 28, 2045, interest payable monthly at a rate of 5.375%.

\$ 697,188

##### Annual Appropriation Bonds:

\$10,630,000 Annual Appropriation Economic Development Bonds, Series 2025A (Tax-Exempt), issued May 22, 2025, with interest payable annually at a rate of 4.52%. Principal payments begin in 2042 and continue through maturity in June 2046.

\$ 10,630,000

\$19,290,000 Annual Appropriation Economic Development Bonds, Series 2025B (Federally Taxable), issued May 22, 2025, with interest payable annually at a rate of 5.20%. Principal payments begin in 2031 and continue through maturity in June 2042.

19,290,000

Total Annual Appropriation Bonds

\$ 29,920,000

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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		Commercial Loan		Annual Appropriation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 294,750	\$ 188,577	\$ 21,204	\$ 37,500	\$ -	\$ 1,052,336
2027	309,694	173,633	20,051	36,379	-	1,521,450
2028	325,396	157,932	22,275	35,292	-	1,521,450
2029	341,893	141,434	23,617	33,951	-	1,521,450
2030	359,227	124,100	24,937	32,631	-	1,521,450
2031-2035	2,088,513	328,125	147,111	140,725	6,915,000	6,678,200
2036-2040	-	-	193,049	94,788	8,915,000	4,681,375
2041-2045	-	-	244,944	34,387	11,440,000	2,150,000
2046-2050	-	-	-	-	2,650,000	66,250
	<b><u>\$ 3,719,473</u></b>	<b><u>\$ 1,113,801</u></b>	<b><u>\$ 697,188</u></b>	<b><u>\$ 445,653</u></b>	<b><u>\$ 29,920,000</u></b>	<b><u>\$ 20,713,961</u></b>

	Lease Liabilities	
	Principal	Interest
2026	\$ 17,064	\$ 415
2027	8,681	59
	<b><u>\$ 25,745</u></b>	<b><u>\$ 474</u></b>

The EDA also had a Line of Credit with Bank of Clarke in the amount of \$500,000. As of June 30, 2025, the EDA's outstanding balance on the line of credit was \$-0-. As of July 1, 2025 the line of credit was closed.

### 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, 2025, the value of the lease receivable is \$1,952,341. The lessee is required to make monthly fixed payments of \$11,147 and the lease has an interest rate of 2.132%. The value of the deferred inflow of resources as of June 30, 2025, was \$1,867,494 and the City recognized lease revenue of \$106,714 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, 2025, the value of the lease receivable is \$345,646. 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, 2025, was \$330,167, and the City recognized

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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, 2025, the value of these lease receivables is \$278,149 and the value of the deferred inflows of resources related to these leases as of June 30, 2025, was \$243,218.

The lease receivables are due as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 351,045	\$ 52,472
2027	311,507	44,449
2028	146,323	39,351
2029	104,501	36,713
2030	106,750	34,464
Thereafter	1,556,010	220,337
	<u>\$ 2,576,136</u>	<u>\$ 427,786</u>

Total lease and interest revenue in the general fund was \$357,506 and \$60,186, respectively, for 2025.

### *EDA as Lessor*

In June 2025, the EDA entered into a lease as lessor with Damron Engineering for the use of office space in the Kurtz Building. The lease expires in June 2027. The lease has two extension periods, each for 24 months. However, the tenant is not reasonably certain they will exercise these options and, therefore, not included in the lease calculation. The value of the lease receivable was \$19,419 as of June 30, 2025. The lessee is required to make monthly payments of \$1,297 which increases to \$1,323 in 2026. The lease agreement does not have an explicitly stated rate. Therefore, in accordance with GASB 87, *Leases*, the EDA calculated an imputed interest rate of 2.627%. The value of the deferred inflow of resources was \$19,421 as of June 30, 2025, and the EDA recognized lease revenue of \$1,295 as of June 30, 2025.

### *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 2025 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 August 2025 through April 2029.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### *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 annual 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.

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## **Note 10 – Subscription Liabilities**

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### *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 July 2024, the City entered into an IT contract with Thundercat Technology LLC for the use of procurement software expiring in July 2027. The City is required to make annual payments of \$93,786 in 2025, with the payments increasing to \$167,511 in 2026 and \$175,886 in 2027.

In addition to the significant SBITAs noted above, the City has several other SBITAs for various software platforms for periods expiring between July 2025 through September 2035.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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 which expired in June 2025. The Schools were 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 July 2025 through March 2029.

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.

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### **Note 11 – Contingent Liabilities, Commitments, and Economic Incentive Agreements**

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

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.

In May 2025, the EDA and the City entered into a second support agreement where the City will provide financial assistance related to the EDA's bond issuances, as follows: Series 2025A for \$10,630,000 and Series 2025B for \$19,290,000. The EDA will use the bond proceeds to fund economic development projects in and around Ward Plaza and for the creation of the Cedar Valley Design District. The support agreement states that the City will provide payments that will cover the principal and interest payments with the City receiving funding from incremental tax revenues from the Cedar Valley Design District.

The City, EDA, and Trex Company Incorporated (the "Company") entered into an Economic Development Agreement in June 2021. The agreement required the Company to build an office building in order to invest in the economic welfare of the City while also creating and maintaining jobs. For a period of seven years, the City will provide tax incentives where

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

the City passes the funds to the Authority and the Authority distributes the funds to the Company. Tax incentives of \$74,761 were paid to the Company in 2025.

The City, EDA, and Winchester Acquisition Partners, LLC (the “Company”) entered into a Performance Agreement in June 2025. The agreement requires improvements of approximately \$26,770,029. The Authority issued Series 2025 revenue bonds to finance the improvements and make incentive grant payments to the Company. During 2025, the Authority disbursed \$500,000, which is recorded as an incentive grant expense.

In May 2022, the City, EDA, and TFC Poultry, LLC (the “Company”) entered into a Performance Agreement which included local level incentives. This agreement required the Company to make a specific dollar investment within the City and to create at least 111 new jobs by the specified performance date of June 30, 2026. The agreement requires the EDA to provide a combined local level incentive grant for up to \$735,000. Of the total local level incentives, the full \$735,000 is considered unearned. The EDA will be expected to disburse this balance, if the Company meets its objectives, as follows: \$700,000 for real estate tax and machinery and tools tax rebates; \$10,000 for exterior improvements; and \$25,000 for job creation.

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### Note 12 – Defined Benefit Pension Plan

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#### *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/retirement-plans/defined-benefit/plan1/>
- <https://www.varetire.org/retirement-plans/defined-benefit/plan2/>
- <https://www.varetire.org/retirement-plans/hybrid/>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	City	WPA	School Non-Professional
Inactive members or their beneficiaries currently receiving benefits	351	3	58
Inactive members:			
Vested inactive members	117	1	22
Non-vested inactive members	265	2	34
Inactive members active elsewhere in VRS	217	2	10
Total inactive members	599	5	66
Active members	543	5	87
Total covered employees	<b>1,493</b>	<b>13</b>	<b>211</b>

### 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, 2025, was 10.16% of covered employee compensation. The School Board Non-Professional Employee Plan's contractually required contribution rate for the year ended June 30, 2025, was 4.93% of covered employee compensation. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2023.

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 \$3,605,357 and \$3,223,397 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the pension plan from the WPA were \$33,147 and \$25,006 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the pension plan from School Board Non-Professional Employee Plan were \$199,197 and \$132,358 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$143,284 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$167,050 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$14,332,638 for the year ended June 30, 2025.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### *Net Pension Liability*

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

### *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, 2023, using the Entry-Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Public Safety Employees – 45% to 70% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
			<b>7.07%</b>

\*Expected arithmetic nominal return

\* The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$ 125,719,111	\$ 120,116,063	\$ 5,603,048
Changes for the year:			
Service cost	3,578,345	-	3,578,345
Interest	8,680,931	-	8,680,931
Differences between expected and actual experience	6,523,688	-	6,523,688
Contributions – employer	-	3,226,518	(3,226,518)
Contributions – employee	-	1,606,248	(1,606,248)
Net investment income	-	11,863,400	(11,863,400)
Benefit payments, including refunds of employee contributions	(6,545,886)	(6,545,886)	-
Administrative expenses	-	(77,504)	77,504
Other changes	-	(2,918)	2,918
Net changes	12,237,078	10,069,858	2,167,220
Balances at June 30, 2024	<u>\$ 137,956,189</u>	<u>\$ 130,185,921</u>	<u>\$ 7,770,268</u>

### 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, 2023	\$ 1,239,405	\$ 1,195,938	\$ 43,467
Changes for the year:			
Service cost	32,898	-	32,898
Interest	79,810	-	79,810
Differences between expected and actual experience	59,977	-	59,977
Contributions – employer	-	29,664	(29,664)
Contributions – employee	-	14,767	(14,767)
Net investment income	-	109,069	(109,069)
Benefit payments, including refunds of employee contributions	(60,181)	(60,181)	-
Administrative expenses	-	(713)	713
Other changes	-	(8,073)	8,073
Net changes	112,504	84,533	27,971
Balances at June 30, 2024	<u>\$ 1,351,909</u>	<u>\$ 1,280,471</u>	<u>\$ 71,438</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Changes in Net Pension Asset – 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, 2023	\$ 9,804,731	\$ 10,927,847	\$ (1,123,116)
Changes for the year:			
Service cost	342,761	-	342,761
Interest	666,880	-	666,880
Differences between expected and actual experience	486,613	-	486,613
Contributions – employer	-	131,573	(131,573)
Contributions – employee	-	148,711	(148,711)
Net investment income	-	1,054,736	(1,054,736)
Benefit payments, including refunds of employee contributions	(535,578)	(535,578)	-
Administrative expenses	-	(7,067)	7,067
Other changes	-	215	(215)
Net changes	960,676	792,590	168,086
Balances at June 30, 2024	<u>\$ 10,765,407</u>	<u>\$ 11,720,437</u>	<u>\$ (955,030)</u>

### 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)	\$ 26,692,757	\$ 7,770,268	\$ (7,525,529)
WPA's net pension liability (asset)	245,405	71,438	(69,187)
School Board Non-Professional Employee Plan's net pension liability (asset)	198,572	(955,030)	(1,935,112)

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

For the year ended June 30, 2025, the City recognized pension expense of \$2,324,003. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,877,635	\$ 87,304
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,390,050
Employer contributions subsequent to the measurement date	3,605,357	-
Total	<b><u>\$ 8,482,992</u></b>	<b><u>\$ 3,477,354</u></b>

The \$3,605,357 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Effect on Pension Expense</b>
2026	\$ (439,513)
2027	3,106,581
2028	(538,387)
2029	(728,400)
2030	-
Thereafter	-

For the year ended June 30, 2025, the WPA recognized pension expense of \$21,366. At June 30, 2025, the WPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 44,844	\$ 803
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	31,167
Employer contributions subsequent to the measurement date	33,147	-
Total	<b><u>\$ 77,991</u></b>	<b><u>\$ 31,970</u></b>

The \$33,147 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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Effect on Pension Expense
2026	\$ (4,041)
2027	28,561
2028	(4,950)
2029	(6,696)
2030	-
Thereafter	-

For the year ended June 30, 2025, the School Board Non-Professional Employee Plan recognized pension expense of \$55,980. At June 30, 2025, the School Board Non-Professional Employee Plan 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	\$ 302,832	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	304,578
Employer contributions subsequent to the measurement date	199,197	-
Total	<u>\$ 502,029</u>	<u>\$ 304,578</u>

The \$199,197 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, 2026. 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
2026	\$ (59,967)
2027	183,861
2028	(60,451)
2029	(65,189)
2030	-
Thereafter	-

### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/media/shared/pdf/publications/2024-annual-report.pdf](http://varetire.org/media/shared/pdf/publications/2024-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### *Payables to the Pension Plan*

At June 30, 2025, \$485,623 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

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## **Note 13 – Defined Benefit Pension Plan – Teacher Cost-Sharing Plan**

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### *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 and long-term expected rate of return, are substantially the same as those described in Note 12.

### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required contribution rate for the year ended June 30, 2025, was 14.21% of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$5,646,607 and \$6,185,527 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$193,306 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$198,578 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$19,300,662 for the year ended June 30, 2025.

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

At June 30, 2025, the School Division reported a liability of \$34,341,162 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

measurement date of June 30, 2024. The School Division’s proportion of the Net Pension Liability was based on the School Division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Division’s proportion was 0.366% as compared to 0.362% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$3,594,987. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,957,707	\$ 707,108
Changes of assumptions	623,338	-
Net difference between projected and actual earnings on pension plan investments	-	4,727,082
Changes in proportion and differences between employer contributions and proportionate share of contributions	990,816	171,479
Employer contributions subsequent to the measurement date	5,646,607	-
Total	<b>\$ 13,218,468</b>	<b>\$ 5,605,669</b>

The \$5,646,607 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Effect on Pension Expense</b>
2026	\$ (1,857,708)
2027	3,307,019
2028	893,319
2029	(376,438)
2030	-
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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total pension liability	\$ 60,622,260
Plan fiduciary net position	51,235,326
Employers' net pension liability	<b>\$ 9,386,934</b>

Plan fiduciary net position as a percentage of the total pension liability	84.52%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

### *Discount Rate*

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

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

The following presents the School Division's proportionate share of the net pension liability of the School Division using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School Division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<b>\$ 63,799,147</b>	<b>\$ 34,341,162</b>	<b>\$ 10,216,009</b>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### *Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/media/shared/pdf/publications/2024-annual-report.pdf](http://varetire.org/media/shared/pdf/publications/2024-annual-report.pdf), or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### *Payables to the Pension Plan*

At June 30, 2025, \$840,422 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll for the Teacher Cost-Sharing Plan and School Board Non-Professional Employee Plan combined.

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## **Note 14 – Other Postemployment Benefits Liability – Local Plan**

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### *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	213
Total	<u>251</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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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, 2025.

### Net OPEB Liability

At June 30, 2025, the City and WPA reported liabilities of \$2,546,380 and \$24,777, respectively, for their proportionate shares of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2025, 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, 2025, 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	\$ 8,974,586	\$ 566,756	\$ 9,541,342
Plan fiduciary net position	6,403,429	404,384	6,807,813
Employers' net OPEB liability	<u>\$ 2,571,157</u>	<u>\$ 162,372</u>	<u>\$ 2,733,529</u>
Plan fiduciary net position as a percentage of total OPEB liability	71.35%	71.35%	71.35%

### Changes in Net OPEB Liability – Entire Plan

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) – (b)</u>
Balances at June 30, 2024	\$ 9,292,989	\$ 6,384,301	\$ 2,908,688
Changes for the year:			
Service cost	138,039	-	138,039
Interest	597,194	-	597,194
Experience losses (gains)	-	-	-
Contributions – employer	-	176,365	(176,365)
Net investment income	-	747,141	(747,141)
Changes in assumptions	-	-	-
Benefit payments	(486,880)	(486,880)	-
Administrative Expense	-	(13,114)	13,114
Net changes	<u>248,353</u>	<u>423,512</u>	<u>(175,159)</u>
Balances at June 30, 2025	<u>\$ 9,541,342</u>	<u>\$ 6,807,813</u>	<u>\$ 2,733,529</u>

### 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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.

*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	19.00%
• 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%	7.22%	4.72%
International Developed Equity	15.75	6.92	4.42
International Emerging Markets Equity	5.25	7.45	4.95
Core Fixed	40.00	4.98	2.48
Total	100.00%		
Inflation			2.50%

### *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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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:

	<b>1.00% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1.00% Increase (7.50%)</b>
Net OPEB liability – City	\$ 3,347,560	\$ 2,546,380	\$ 1,827,285
Net OPEB liability – WPA	32,573	24,777	17,780
Net OPEB liability – Other Employers	213,459	162,372	116,518
Total	<u><u>\$ 3,593,592</u></u>	<u><u>\$ 2,733,529</u></u>	<u><u>\$ 1,961,583</u></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:

	<b>1.00% Decrease (3.04%)</b>	<b>Current Healthcare Cost Trend Rates (4.04%)</b>	<b>1.00% Increase (5.04%)</b>
Net OPEB liability – City	\$ 1,633,873	\$ 2,546,380	\$ 3,597,845
Net OPEB liability – WPA	15,898	24,777	35,008
Net OPEB liability – Other Employers	104,185	162,372	229,419
Total	<u><u>\$ 1,753,956</u></u>	<u><u>\$ 2,733,529</u></u>	<u><u>\$ 3,862,272</u></u>

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

For the year ended June 30, 2025, the City, WPA, and other participating employers recognized OPEB expenses of \$482,044, \$4,690, and \$30,738, respectively. At June 30, 2025, 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	\$ 624,865	\$ 304,682	\$ 6,080	\$ 2,965
Net difference between projected and actual earnings on OPEB plan investments	-	57,254	-	557
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	12,948	-	126
Changes of assumptions	671,062	962,243	6,530	9,363
Total	<u><u>\$ 1,295,927</u></u>	<u><u>\$ 1,337,127</u></u>	<u><u>\$ 12,610</u></u>	<u><u>\$ 13,011</u></u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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
2026	\$ 254,579	\$ 2,477
2027	(171,852)	(1,672)
2028	(158,435)	(1,542)
2029	34,508	336
2030	-	-
Thereafter	-	-

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

##### Teacher Employee Health Insurance Credit Program

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

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

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

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit Program

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

As of the June 30, 2024, 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	106	1	22
Inactive members:			
Vested inactive members	14	-	5
Active elsewhere in VRS	91	1	10
Total inactive members	105	1	15
Active members	417	5	87
Total covered employees	<b>628</b>	<b>7</b>	<b>124</b>

### 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/>

### *Contributions*

Contributions to the VRS OPEB programs, except LODA, were based on actuarially determined rates from actuarial valuations as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability, with the exception of GLI, which was also combined with employee contributions. Contributions to the VRS LODA OPEB program were based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate for LODA

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

was expected to finance the costs and related expenses of benefits payable during the year. Specific details related to the contributions for the VRS OPEB programs are as follows:

### Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.

	<u>City</u>	<u>WPA</u>	<u>Schools</u>
June 30, 2025, Contribution	\$ 167,024	\$ 1,533	\$ 203,596
June 30, 2024, Contribution	181,602	1,584	232,195

### Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2025, Contribution	\$480,793
June 30, 2024, Contribution	\$479,703

### General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.08% of covered employee compensation.

	<u>City</u>	<u>WPA</u>	<u>Schools</u>
June 30, 2025, Contribution	\$ 21,690	\$ 261	\$ 4,624
June 30, 2024, Contribution	18,029	205	8,620

### Line of Duty Act Program

Governed by:	<i>Code of Virginia</i> 9-1-400.1 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	\$1,015.00 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2025, Contribution	\$199,194
June 30, 2024, Contribution	\$152,281

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

The net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2024, relative to the total

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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.

### Group Life Insurance Program

	City	WPA	Schools
June 30, 2025, proportionate share of liability	\$ 1,465,467	\$ 13,454	\$ 1,864,371
June 30, 2024, proportion	0.12%	0.001%	0.17%
June 30, 2023, proportion	0.14%	0.001%	0.17%
June 30, 2025, expense	\$ 62,914	\$ 578	\$ 41,333

### Teacher Health Insurance Credit Program

June 30, 2025, proportionate share of liability	\$ 4,265,843
June 30, 2024, proportion	0.37%
June 30, 2023, proportion	0.37%
June 30, 2025, expense	\$ 315,886

### Line of Duty Act Program

June 30, 2025, proportionate share of liability	\$ 3,971,007
June 30, 2024, proportion	1.01%
June 30, 2023, proportion	0.88%
June 30, 2025, expense	\$ 532,042

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

### General Employee Health Insurance Credit Program

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, 2023	\$ 646,461	\$ 495,274	\$ 151,187
Changes for the year:			
Service cost	12,609	-	12,609
Interest	44,689	-	44,689
Differences between expected and actual experience	(80,722)	-	(80,722)
Contributions – employer	-	18,081	(18,081)
Net investment income	-	47,595	(47,595)
Benefit payments	(31,811)	(31,811)	-
Administrative expenses	-	(651)	651
Other changes	-	(442)	442
Net changes	(55,235)	32,772	(88,007)
Balances at June 30, 2024	<u>\$ 591,226</u>	<u>\$ 528,046</u>	<u>\$ 63,180</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

In addition, for the year ended June 30, 2025, the City recognized OPEB expense of \$6,587 related to the General Employee HIC Program.

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, 2023	\$ 7,910	\$ 6,188	\$ 1,722
Changes for the year:			
Service cost	152	-	152
Interest	538	-	538
Differences between expected and actual experience	(971)	-	(971)
Contributions – employer	-	218	(218)
Net investment income	-	573	(573)
Benefit payments	(383)	(383)	-
Administrative expenses	-	(8)	8
Other changes	-	(102)	102
Net changes	(664)	298	(962)
Balances at June 30, 2024	<u>\$ 7,246</u>	<u>\$ 6,486</u>	<u>\$ 760</u>

In addition, for the year ended June 30, 2025, the WPA recognized OPEB expense of \$79 related to the General Employee HIC Program.

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, 2023	\$ 131,248	\$ 124,066	\$ 7,182
Changes for the year:			
Service cost	2,595	-	2,595
Interest	8,806	-	8,806
Differences between expected and actual experience	5,451	-	5,451
Contributions – employer	-	8,620	(8,620)
Net investment income	-	11,863	(11,863)
Benefit payments	(6,754)	(6,754)	-
Administrative expenses	-	(164)	164
Other changes	-	-	-
Net changes	10,098	13,565	(3,467)
Balances at June 30, 2024	<u>\$ 141,346</u>	<u>\$ 137,631</u>	<u>\$ 3,715</u>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

In addition, for the year ended June 30, 2025, the Schools recognized OPEB income of \$(1,057) related to the General Employee Health Insurance Credit Program.

At June 30, 2025, 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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 231,136	\$ 35,796
Changes of assumptions	8,353	72,626
Net difference between projected and actual earnings on OPEB plan investments	-	123,524
Changes in proportion	89,423	11,939
Employer contributions subsequent to the measurement date	167,024	-
Total	<b>\$ 495,936</b>	<b>\$ 243,885</b>

### Group Life Insurance Program – WPA

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,122	\$ 329
Changes of assumptions	77	667
Net difference between projected and actual earnings on OPEB plan investments	-	1,134
Changes in proportion	821	110
Employer contributions subsequent to the measurement date	1,533	-
Total	<b>\$ 4,553</b>	<b>\$ 2,240</b>

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 294,054	\$ 45,541
Changes of assumptions	10,627	92,394
Net difference between projected and actual earnings on OPEB plan investments	-	157,147
Changes in proportion	42,030	22,441
Employer contributions subsequent to the measurement date	203,596	-
Total	<b>\$ 550,307</b>	<b>\$ 317,523</b>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Teacher Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 202,105
Changes of assumptions	73,488	-
Net difference between projected and actual earnings on OPEB plan investments	-	15,174
Changes in proportion	149,995	50,132
Employer contributions subsequent to the measurement date	480,793	-
<b>Total</b>	<b>\$ 704,276</b>	<b>\$ 267,411</b>

### General Employee Health Insurance Credit Program – City

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,070	\$ 98,228
Changes of assumptions	83,355	-
Net difference between projected and actual earnings on OPEB plan investments	-	11,039
Employer contributions subsequent to the measurement date	21,690	-
<b>Total</b>	<b>\$ 108,115</b>	<b>\$ 109,267</b>

### General Employee Health Insurance Credit Program – WPA

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 37	\$ 1,182
Changes of assumptions	1,003	-
Net difference between projected and actual earnings on OPEB plan investments	-	133
Employer contributions subsequent to the measurement date	261	-
<b>Total</b>	<b>\$ 1,301</b>	<b>\$ 1,315</b>

### General Employee Health Insurance Credit Program – Schools

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,226	\$ 8,047
Changes of assumptions	2,946	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,658
Employer contributions subsequent to the measurement date	4,624	-
<b>Total</b>	<b>\$ 11,796</b>	<b>\$ 10,705</b>

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Line of Duty Act Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 138,166	\$ 969,997
Changes of assumptions	732,017	799,780
Net difference between projected and actual earnings on OPEB plan investments	-	13,127
Changes in proportion	637,647	271,847
Employer contributions subsequent to the measurement date	199,194	-
Total	<u><u>\$ 1,707,024</u></u>	<u><u>\$ 2,054,751</u></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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

### Group Life Insurance Program - City

<b>Year Ending June 30,</b>	<b>Effect on OPEB Expense</b>
2026	\$ (44,292)
2027	44,666
2028	25,840
2029	33,526
2030	25,287
Thereafter	-

### Group Life Insurance Program – WPA

<b>Year Ending June 30,</b>	<b>Effect on OPEB Expense</b>
2026	\$ (407)
2027	410
2028	237
2029	308
2030	232
Thereafter	-

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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

<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2026	\$ (76,666)
2027	42,695
2028	13,702
2029	23,259
2030	26,198
Thereafter	-

### Teacher Health Insurance Credit Program

<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2026	\$ (30,099)
2027	(2,092)
2028	(7,787)
2029	(5,969)
2030	3,603
Thereafter	(1,584)

### General Employee Health Insurance Credit Program – City

<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2026	\$ (18,614)
2027	1,154
2028	(1,725)
2029	151
2030	(3,808)
Thereafter	-

### General Employee Health Insurance Credit Program - WPA

<u>Year Ending June 30,</u>	<u>Effect on OPEB Expense</u>
2026	\$ (224)
2027	14
2028	(21)
2029	2
2030	(46)
Thereafter	-

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit Program - Schools

Year Ending June 30,	Effect on OPEB Expense
2026	\$ (3,820)
2027	296
2028	496
2029	(505)
2030	-
Thereafter	-

### Line of Duty Act Program

Year Ending June 30,	Effect on OPEB Expense
2026	\$ (35,327)
2027	(26,681)
2028	(37,529)
2029	(69,326)
2030	(121,827)
Thereafter	(256,231)

### *Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%; LODA 3.97%

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% 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.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### 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, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>	<b>Line of Duty Act Program</b>
Total OPEB liability	\$ 4,196,055	\$ 1,478,105	\$ 398,395
Plan fiduciary net position	3,080,133	322,457	4,841
Employers' net OPEB liability	1,115,922	1,155,648	393,554
Plan fiduciary net position as a percentage of total OPEB liability	73.41%	21.82%	1.22%

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.

### 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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long- Term Expected Rate of Return</u>	<u>Weighted Average Long- Term Expected Rate of Return</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00%		<u><u>7.07%</u></u>
Expected arithmetic nominal return*		<u><u>7.07%</u></u>	

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

- \* The above allocation provides for a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45<sup>th</sup> 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%.

### Line of Duty Act Program

The long-term expected rate of return on the LODA Program's investments was set at 3.97% 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 3.97% 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, 2024.

### *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 3.97%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### *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/2.97% LODA) or one-percentage-point higher (7.75% HIC; GLI/4.97% LODA) than the current discount rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability – City	\$ 2,278,989	\$ 1,465,467	\$ 808,245
GLI Net OPEB liability – WPA	20,922	13,454	7,420
GLI Net OPEB liability – Schools	2,899,339	1,864,371	1,028,253
Teacher HIC Net OPEB liability	4,851,328	4,265,843	3,769,592
General Employee HIC Net OPEB liability – City	137,123	63,180	1,471
General Employee HIC Net OPEB liability – WPA	1,650	760	18
General Employee HIC Net OPEB liability – Schools	17,204	3,715	(7,902)
	<b>(2.97%)</b>	<b>(3.97%)</b>	<b>(4.97%)</b>
LODA Net OPEB liability	\$ 4,402,170	\$ 3,971,007	\$ 3,600,255

### *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 net LODA OPEB liability of the City using health care trend rate of 7.25% decreasing to 4.25%, as well as what the City's net LODA OPEB liability would be if it was calculated using healthcare cost trend rates that are one-percentage-point lower (6.25% decreasing to 3.25%) or one-percentage-point higher (8.25% decreasing to 5.25%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (6.25% decreasing to 3.25%)</b>	<b>Current Healthcare Cost Trend Rates (7.25% decreasing to 4.25%)</b>	<b>1.00% Increase (8.25% decreasing to 5.25%)</b>
LODA Net OPEB liability	\$ <u>3,382,770</u>	\$ <u>3,971,007</u>	\$ <u>4,692,781</u>

### *OPEB Plan Fiduciary Net Position*

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

### Note 16 – Summary of Other Postemployment Benefits

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense (Benefit)
City – Local Plan	\$ 1,295,927	\$ 2,546,380	\$ 1,337,127	\$ 482,044
City – GLI	495,936	1,465,467	243,885	62,914
City – HIC	108,115	63,180	109,267	6,587
City – LODA	1,707,024	3,971,007	2,054,751	532,042
	<b><u>\$ 3,607,002</u></b>	<b><u>\$ 8,046,034</u></b>	<b><u>\$ 3,745,030</u></b>	<b><u>\$ 1,083,587</u></b>
WPA – Local Plan	\$ 12,610	\$ 24,777	\$ 13,011	\$ 4,690
WPA – GLI	4,553	13,454	2,240	578
WPA – HIC	1,301	760	1,315	79
	<b><u>\$ 18,464</u></b>	<b><u>\$ 38,991</u></b>	<b><u>\$ 16,566</u></b>	<b><u>\$ 5,347</u></b>
Schools Non Professional – HIC	\$ 11,796	\$ 3,715	\$ 10,705	\$ (1,057)
Teachers – HIC	704,276	4,265,843	267,411	315,886
Schools Non Professional – GLI	57,174	144,177	34,746	5,902
Teachers – GLI	493,133	1,720,194	282,777	35,431
	<b><u>\$ 1,266,379</u></b>	<b><u>\$ 6,133,929</u></b>	<b><u>\$ 595,639</u></b>	<b><u>\$ 356,162</u></b>

### 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.

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-

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

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.

In January 2025, the City became self-insured for health insurance purposes and has retained Anthem Blue Cross and Blue Shield to administer the program. The City reports these activities in the Employee Benefits fund, an internal service fund, and serves the City only. Claims are paid as they become due. The City has a specific stop-loss limit of \$150,000 and an aggregate stop-loss maximum payout of \$1,000,000.

The City records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims, related claim adjustment expenses and an estimate for claims incurred but not reported (IBNR) based on historical experience. The following represents the change in approximate aggregate liabilities for the fund:

	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2025	\$ -	\$ 4,947,626	\$ 4,139,583	\$ 808,043

### 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 Governmental Funds</u>
Nonspendable:			
Inventories	\$ 17,126	\$ -	\$ -
Prepays	17,600	530,261	-
Total nonspendable	<u>34,726</u>	<u>530,261</u>	<u>-</u>
Restricted for:			
Revenue for public safety programs	709,395	-	-
Public works	-	15,010,804	-
Total restricted	<u>709,395</u>	<u>15,010,804</u>	<u>-</u>
Committed to:			
Public safety	72,235	-	-
Parks, recreation, and cultural	152,305	-	-
Community Development	50,000	-	-
Economic stabilization	2,210,170	-	-
Other capital projects	2,000,000	-	-
Total committed	<u>4,484,710</u>	<u>-</u>	<u>-</u>
Assigned to:			
Judicial administration	43,618	-	34,197
Public safety	42,660	-	449,997
Public works	-	-	286,648

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

Health and welfare	-	-	22,518
Parks, recreation, and cultural	-	-	664,878
Subsequent year appropriation	1,815,400	-	-
Total assigned	1,901,678	-	1,458,238
Unassigned	27,045,069	(681,910)	-
Total fund balance	\$ 34,175,578	\$ 14,859,155	\$ 1,458,238

### Note 19 – Prior Period Restatement

During 2025, the City, Schools, and Parking Authority restated beginning fund balance and net position to account for **GASB Statement No. 101, *Compensated Absences***.

Additionally, during 2025, the Schools restated beginning fund balance and net position for federal grant revenue that should have been recognized in previous year.

The following is a summary of the restatement to beginning net position related to GASB 101 implementation, as noted in Exhibits 8 and 23:

	Water and Sewer Fund (Ex. 8)	Stormwater Fund (Ex. 8)	Internal Service Fund (Ex. 8 & 23)
Net position, June 30, 2024, as previously reported	\$ 96,005,930	\$ 4,413,967	\$ 291,266
Prior period restatement	(99,040)	(17,017)	(29,996)
Net position, June 30, 2024, as restated	\$ 95,906,890	\$ 4,396,950	\$ 261,270

The following is a summary of the restatement to beginning net position related to GASB 101 implementation, as noted in Exhibits 2 and 40:

	Parking Authority
Net position, June 30, 2024, as previously reported	\$ 1,859,997
Prior period restatement	(4,843)
Net position, June 30, 2024, as restated	\$ 1,855,154

The following is a summary of the restatement to beginning fund balance related to the Schools federal grants fund restatement, as noted in Exhibits 28 and 31:

	Other Governmental Funds (Ex. 28)	School Federal Frants Fund (Ex. 31)
Fund Balance, June 30, 2024, as previously reported	\$ 2,044,728	\$ (216,549)
Prior period restatement – Federal Grants	216,549	216,549
Fund Balance, June 30, 2024, as restated	\$ 2,261,277	\$ -

# City of Winchester, Virginia

## Notes to Financial Statements

June 30, 2025

The following is a summary of the restatements to beginning net position, as noted in Exhibit 2:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>School Board</u>
Net position, June 30, 2024, as previously reported	\$ 87,589,220	\$ 100,151,223	\$ 115,508,971
Prior period restatement – GASB 101	(697,498)	(116,057)	(551,882)
Prior period restatement – schools federal grant fund	-	-	216,549
Net position, June 30, 2024, as restated	<u>\$ 86,891,722</u>	<u>\$ 100,035,166</u>	<u>\$ 115,173,638</u>

### Note 20 – Subsequent Events

Management has evaluated subsequent events through December 1, 2025, the date the financial statements were available to be issued.

Subsequent to year-end, the City approved a cash defeasance of the outstanding amounts related to the Series 2014 General Obligation Bond. As part of the structure of the defeasance, the City made a cash payment of \$1,035,149 which was placed in an irrevocable escrow fund to satisfy the outstanding debt requirements for the Defeased 2014 Bond.

Subsequent to year-end, the City approved the issuance of a \$22,850,000 general obligation public improvement bond with interest rates from 4.00% to 5.00% and maturity in August 2045. The bond proceeds will be used to finance the costs of various capital improvement projects.

In August 2025, the EDA purchased land for \$1,852,610. This land will be developed into parks for the new Cedar Vallet Design District and will be maintained by the City's Parks and Recreation Department.

### Note 21 – New Accounting Standards

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

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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



# **Required Supplementary Information**

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City of Winchester, Virginia

Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
June 30, 2025

Primary Government and  
Winchester Parking Authority  
Plan Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 3,611,243	\$ 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
Interest on total pension liability	8,760,741	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
Benefit payments, including refunds of employee contributions	(6,606,067)	(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)
Difference between actual and expected experience	6,583,665	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	12,349,582	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
<b>Total pension liability - beginning</b>	<b>126,958,516</b>	<b>119,992,387</b>	<b>117,073,310</b>	<b>110,527,167</b>	<b>103,391,875</b>	<b>94,634,190</b>	<b>90,562,987</b>	<b>87,042,208</b>	<b>82,847,706</b>	<b>80,914,207</b>
<b>Total pension liability - ending</b>	<b>\$ 139,308,098</b>	<b>\$ 126,958,516</b>	<b>\$ 119,992,387</b>	<b>\$ 117,073,310</b>	<b>\$ 110,527,167</b>	<b>\$ 103,391,875</b>	<b>\$ 94,634,190</b>	<b>\$ 90,562,987</b>	<b>\$ 87,042,208</b>	<b>\$ 82,847,706</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 3,256,182	\$ 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
Contributions - employee	1,621,015	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
Net investment income (loss)	11,972,469	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
Benefit payments, including refunds of employee contributions	(6,606,067)	(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)
Administrative expenses	(78,217)	(75,268)	(73,906)	(63,756)	(60,203)	(58,925)	(52,294)	(51,704)	(44,712)	(43,206)
Other changes	(10,991)	(15,536)	2,713	(203,436)	198,071	(169,802)	(10,114)	(22,965)	63,874	(47,957)
Net change in plan fiduciary net position	10,154,391	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
<b>Plan fiduciary net position - beginning</b>	<b>121,312,001</b>	<b>115,332,492</b>	<b>117,042,763</b>	<b>92,860,989</b>	<b>92,217,705</b>	<b>87,558,439</b>	<b>82,410,691</b>	<b>74,043,683</b>	<b>72,796,693</b>	<b>69,583,867</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 131,466,392</b>	<b>\$ 121,312,001</b>	<b>\$ 115,332,492</b>	<b>\$ 117,042,763</b>	<b>\$ 92,860,989</b>	<b>\$ 92,217,705</b>	<b>\$ 87,558,439</b>	<b>\$ 82,410,691</b>	<b>\$ 74,043,683</b>	<b>\$ 72,796,693</b>
<b>Net pension liability - ending</b>	<b>\$ 7,841,706</b>	<b>\$ 5,646,515</b>	<b>\$ 4,659,895</b>	<b>\$ 30,547</b>	<b>\$ 17,666,178</b>	<b>\$ 11,174,170</b>	<b>\$ 7,075,751</b>	<b>\$ 8,152,296</b>	<b>\$ 12,998,525</b>	<b>\$ 10,051,013</b>
Plan fiduciary net position as a percentage of total pension liability	94%	96%	96%	100%	84%	89%	93%	91%	85%	88%
Covered payroll	\$ 33,862,704	\$ 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
Net pension liability as a percentage of covered payroll	23.16%	18.38%	17.42%	0.12%	69%	47%	32%	37%	59%	47%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - e.g., Plan year 2015 information was presented in the entity's fiscal year 2016 financial report.

City of Winchester, Virginia

Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 June 30, 2025

	Schools - Nonprofessional Employees Plan Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 342,761	\$ 334,903	\$ 262,310	\$ 273,865	\$ 260,986	\$ 242,727	\$ 239,752	\$ 229,749	\$ 239,831	\$ 232,607
Interest on total pension liability	666,880	631,237	621,593	577,687	557,813	527,051	508,391	503,177	487,897	460,720
Benefit payments, including refunds of employee contributions	(535,578)	(425,342)	(408,967)	(426,816)	(407,534)	(423,662)	(378,664)	(336,811)	(317,220)	(291,762)
Difference between actual and expected experience	486,613	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	960,676	575,303	78,462	379,227	304,069	726,544	289,066	95,406	228,093	400,968
<b>Total pension liability - beginning</b>	<b>9,804,731</b>	<b>9,229,428</b>	<b>9,150,966</b>	<b>8,771,739</b>	<b>8,467,670</b>	<b>7,741,126</b>	<b>7,452,060</b>	<b>7,356,654</b>	<b>7,128,561</b>	<b>6,727,593</b>
<b>Total pension liability - ending</b>	<b>\$ 10,765,407</b>	<b>\$ 9,804,731</b>	<b>\$ 9,229,428</b>	<b>\$ 9,150,966</b>	<b>\$ 8,771,739</b>	<b>\$ 8,467,670</b>	<b>\$ 7,741,126</b>	<b>\$ 7,452,060</b>	<b>\$ 7,356,654</b>	<b>\$ 7,128,561</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 131,573	\$ 135,028	\$ 161,593	\$ 144,042	\$ 133,747	\$ 127,371	\$ 140,978	\$ 142,642	\$ 182,973	\$ 182,430
Contributions - employee	148,711	149,738	129,832	116,047	118,764	111,012	108,249	109,305	104,368	104,329
Net investment income (loss)	1,054,736	673,429	(12,390)	2,291,593	158,448	534,183	562,499	839,313	118,191	298,135
Benefit payments, including refunds of employee contributions	(535,578)	(425,342)	(408,967)	(426,816)	(407,534)	(423,662)	(378,664)	(336,811)	(317,220)	(291,762)
Administrative expenses	(7,067)	(6,662)	(6,514)	(5,701)	(5,476)	(5,338)	(4,863)	(4,829)	(4,204)	(4,031)
Other changes	215	271	244	216	(190)	(336)	(501)	(748)	(51)	(62)
Net change in plan fiduciary net position	792,590	526,462	(136,202)	2,119,381	(2,241)	343,230	427,698	748,872	84,057	289,039
<b>Plan fiduciary net position - beginning</b>	<b>10,927,847</b>	<b>10,401,385</b>	<b>10,537,587</b>	<b>8,418,206</b>	<b>8,420,447</b>	<b>8,077,217</b>	<b>7,649,519</b>	<b>6,900,647</b>	<b>6,816,590</b>	<b>6,527,551</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 11,720,437</b>	<b>\$ 10,927,847</b>	<b>\$ 10,401,385</b>	<b>\$ 10,537,587</b>	<b>\$ 8,418,206</b>	<b>\$ 8,420,447</b>	<b>\$ 8,077,217</b>	<b>\$ 7,649,519</b>	<b>\$ 6,900,647</b>	<b>\$ 6,816,590</b>
<b>Net pension liability (asset) - ending</b>	<b>\$ (955,030)</b>	<b>\$ (1,123,116)</b>	<b>\$ (1,171,957)</b>	<b>\$ (1,386,621)</b>	<b>\$ 353,533</b>	<b>\$ 47,223</b>	<b>\$ (336,091)</b>	<b>\$ (197,459)</b>	<b>\$ 456,007</b>	<b>\$ 311,971</b>
Plan fiduciary net position as a percentage of total pension liability (asset)	109%	111%	113%	115%	96%	99%	104%	103%	94%	96%
Covered payroll	\$ 3,327,856	\$ 3,289,520	\$ 2,842,683	\$ 2,467,380	\$ 2,509,199	\$ 2,342,029	\$ 2,278,347	\$ 2,245,349	\$ 2,127,334	\$ 2,109,954
Net pension liability (asset) as a percentage of covered payroll	-29%	-34%	-41%	-56%	14%	2%	-15%	-9%	21%	15%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - e.g., Plan year 2015 information was presented in the entity's fiscal year 2016 financial report.

Required Supplementary Information  
 Schedule of Employer's Share of Net Pension Liability  
 VRS Teacher Retirement Plan  
 June 30, 2025

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
2025	0.366%	\$ 34,341,162	\$ 40,010,377	85.83%	84.52%
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%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - e.g., Plan year 2015 information was presented in the entity's fiscal year 2016 financial report.

**City of Winchester, Virginia**  
**Required Supplementary Information**  
**Schedule of Pension Employer Contributions**  
June 30, 2025

Exhibit 14

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
<b>Primary Government and Winchester Parking Authority</b>					
2025	\$ 3,638,504	\$ 3,638,504	-	\$ 35,872,008	10.14%
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%
<b>Schools - Nonprofessional Employees</b>					
2025	\$ 199,197	\$ 199,197	\$ -	\$ 3,599,885	5.53%
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%
<b>Schools - VRS Teacher Retirement Plan</b>					
2025	\$ 5,646,607	\$ 5,646,607	\$ -	\$ 41,146,060	13.72%
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%

City of Winchester, Virginia

Required Supplementary Information  
 Schedule of Changes in Net OPEB Liability and Related Ratios  
 June 30, 2025

VRS Health Insurance Credit  
 Primary Government and Winchester Parking Authority  
 Plan Year Ended June 30,

VRS Health Insurance Credit - City and WPA	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 12,761	\$ 11,686	\$ 13,649	\$ 13,801	\$ 14,218	\$ 14,221	\$ 13,397	\$ 14,030
Interest on total OPEB liability	45,227	43,962	34,744	32,041	32,014	34,748	33,879	32,993
Difference between expected and actual experience	(81,693)	(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	(32,194)	(31,201)	(34,904)	(33,115)	(32,656)	(22,827)	(25,595)	(11,878)
Net change in total OPEB liability	(55,899)	15,776	133,531	24,819	(3,723)	(7,048)	(3,408)	17,148
<b>Total OPEB liability - beginning</b>	<b>654,371</b>	<b>638,595</b>	<b>505,064</b>	<b>480,245</b>	<b>483,968</b>	<b>491,016</b>	<b>494,424</b>	<b>477,276</b>
<b>Total OPEB liability - ending</b>	<b>598,472</b>	<b>654,371</b>	<b>638,595</b>	<b>505,064</b>	<b>480,245</b>	<b>483,968</b>	<b>491,016</b>	<b>494,424</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	18,299	16,515	20,022	19,164	23,214	22,855	21,761	22,286
Net investment income	48,168	29,502	933	106,192	8,184	25,415	25,719	36,848
Benefit payments	(32,194)	(31,201)	(34,904)	(33,115)	(32,656)	(22,827)	(25,595)	(11,878)
Administrative expenses	(659)	(704)	(867)	(1,224)	(777)	(557)	(606)	(615)
Other	(544)	(98)	11,554	(712)	1,687	(3,306)	(2,466)	1,819
Net change in plan fiduciary net position	33,070	14,014	(3,262)	90,305	(348)	21,580	18,813	48,460
<b>Plan fiduciary net position - beginning</b>	<b>501,462</b>	<b>487,448</b>	<b>490,710</b>	<b>400,405</b>	<b>400,753</b>	<b>379,173</b>	<b>360,360</b>	<b>311,900</b>
<b>Plan fiduciary net position - ending</b>	<b>534,532</b>	<b>501,462</b>	<b>487,448</b>	<b>490,710</b>	<b>400,405</b>	<b>400,753</b>	<b>379,173</b>	<b>360,360</b>
<b>Net OPEB liability - ending</b>	<b>\$ 63,940</b>	<b>\$ 152,909</b>	<b>\$ 151,147</b>	<b>\$ 14,354</b>	<b>\$ 79,840</b>	<b>\$ 83,215</b>	<b>\$ 111,843</b>	<b>\$ 134,064</b>
Plan fiduciary net position as a percentage of total OPEB liability	89%	77%	76%	97%	83%	83%	77%	73%
Covered payroll	\$ 26,069,901	\$ 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	0.25%	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, 2025

VRS Health Insurance Credit - Schools Nonprofessional Employees	VRS Health Insurance Credit Schools Nonprofessional Employees Plan Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 2,595	\$ 2,567	\$ 4,864	\$ 4,582	\$ 4,460	\$ 3,547	\$ 3,227	\$ 3,096
Interest on total OPEB liability	8,806	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	5,451	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	(6,754)	(6,618)	(7,567)	(7,738)	(7,090)	(6,477)	(7,819)	(2,701)
Net change in total OPEB liability	10,098	4,617	(2,855)	(29)	2,802	17,556	(824)	3,485
<b>Total OPEB liability - beginning</b>	<b>131,248</b>	<b>126,631</b>	<b>129,486</b>	<b>129,515</b>	<b>126,713</b>	<b>109,157</b>	<b>109,981</b>	<b>106,496</b>
<b>Total OPEB liability - ending</b>	<b>141,346</b>	<b>131,248</b>	<b>126,631</b>	<b>129,486</b>	<b>129,515</b>	<b>126,713</b>	<b>109,157</b>	<b>109,981</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	8,620	8,553	8,659	7,621	6,016	5,607	5,669	5,614
Net investment income	11,863	6,998	87	23,063	1,739	5,329	8,875	8,159
Benefit payments	(6,754)	(6,618)	(7,567)	(7,738)	(7,090)	(6,477)	(7,819)	(2,701)
Administrative expenses	(164)	(167)	(198)	(275)	(167)	(116)	132	(135)
Other	-	184	3,444	-	(1)	(6)	(914)	401
Net change in Plan fiduciary net position	13,565	8,950	4,425	22,671	497	4,337	2,943	11,338
<b>Plan fiduciary net position - beginning</b>	<b>124,066</b>	<b>115,116</b>	<b>110,691</b>	<b>88,020</b>	<b>87,523</b>	<b>83,186</b>	<b>80,243</b>	<b>68,905</b>
<b>Plan fiduciary net position - ending</b>	<b>137,631</b>	<b>124,066</b>	<b>115,116</b>	<b>110,691</b>	<b>88,020</b>	<b>87,523</b>	<b>83,186</b>	<b>80,243</b>
<b>Net OPEB liability - ending</b>	<b>\$ 3,715</b>	<b>\$ 7,182</b>	<b>\$ 11,515</b>	<b>\$ 18,795</b>	<b>\$ 41,495</b>	<b>\$ 39,190</b>	<b>\$ 25,971</b>	<b>\$ 29,738</b>
Plan fiduciary net position as a percentage of total OPEB liability	97%	95%	91%	85%	68%	69%	76%	73%
Covered payroll	\$ 3,327,856	\$ 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%	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, 2025

Local Plan - Totals for all employers	Local Plan Total for all Employers Plan Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 138,039	\$ 184,226	\$ 177,243	\$ 253,318	\$ 243,481	\$ 235,248	\$ 222,257	\$ 214,120
Interest on total OPEB liability	597,194	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	(486,880)	(520,435)	(581,639)	(466,582)	(381,094)	(360,870)	(294,359)	(253,650)
Net change in total OPEB liability	248,353	792,314	176,487	(1,009,551)	421,420	1,735,055	957,643	331,481
<b>Total OPEB liability - beginning</b>	<b>9,292,989</b>	<b>8,500,675</b>	<b>8,324,188</b>	<b>9,333,739</b>	<b>8,912,319</b>	<b>7,177,264</b>	<b>6,219,621</b>	<b>5,888,140</b>
<b>Total OPEB liability - ending</b>	<b>9,541,342</b>	<b>9,292,989</b>	<b>8,500,675</b>	<b>8,324,188</b>	<b>9,333,739</b>	<b>8,912,319</b>	<b>7,177,264</b>	<b>6,219,621</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	176,365	520,435	581,639	466,582	799,094	677,870	688,359	3,763,727
Net investment income (loss)	747,141	419,145	426,503	(873,807)	1,294,260	218,216	253,647	7,260
Benefit payments	(486,880)	(520,435)	(581,639)	(466,582)	(381,094)	(360,870)	(294,359)	(253,650)
Administrative expenses	(13,114)	-	-	-	-	-	-	-
Net change in Plan fiduciary net position	423,512	419,145	426,503	(873,807)	1,712,260	535,216	647,647	3,517,337
<b>Plan fiduciary net position - beginning</b>	<b>6,384,301</b>	<b>5,965,156</b>	<b>5,538,653</b>	<b>6,412,460</b>	<b>4,700,200</b>	<b>4,164,984</b>	<b>3,517,337</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>6,807,813</b>	<b>6,384,301</b>	<b>5,965,156</b>	<b>5,538,653</b>	<b>6,412,460</b>	<b>4,700,200</b>	<b>4,164,984</b>	<b>3,517,337</b>
<b>Net OPEB liability - ending</b>	<b>\$ 2,733,529</b>	<b>\$ 2,908,688</b>	<b>\$ 2,535,519</b>	<b>\$ 2,785,535</b>	<b>\$ 2,921,279</b>	<b>\$ 4,212,119</b>	<b>\$ 3,012,280</b>	<b>\$ 2,702,284</b>
Plan fiduciary net position as a percentage of total OPEB liability	71%	69%	70%	67%	69%	53%	58%	57%
Covered payroll	\$ 37,397,581	\$ 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	7%	8%	8%	10%	11%	16%	12%	11%
<b>Schedule of Investment Returns</b>								
Annual money-weighted rate of return, net of investment expense	11.72%	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, 2025

Exhibit 16

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
<b>Local Plan - City and WPA</b>					
2025	94.06%	\$ 2,571,157	\$ 37,397,581	6.88%	71.35%
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%
<b>Virginia Retirement System - Group Life Insurance - City and WPA</b>					
2024	0.12%	\$ 1,478,921	\$ 33,948,178	4.36%	73.41%
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%
<b>Virginia Retirement System - Line of Duty Act - City</b>					
2024	1.01%	\$ 3,971,007	\$ 11,756,869	33.78%	1.22%
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%
<b>Virginia Retirement System - Group Life Insurance - Schools (Teacher and Non-professional)</b>					
2024	0.17%	\$ 1,864,371	\$ 43,280,132	4.31%	73.41%
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%
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2024	0.37%	\$ 4,265,843	\$ 39,913,233	10.69%	21.82%
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

Exhibit 17A

Required Supplementary Information  
Schedule of OPEB Contributions - City  
June 30, 2025

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>VRS Health Insurance Credit - City and WPA</b>					
2025	\$ 21,951	\$ 21,951	-	\$ 27,498,198	0.08%
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%
<b>Virginia Retirement System - Group Life Insurance - City and WPA</b>					
2025	\$ 168,557	\$ 168,557	-	\$ 35,919,908	0.47%
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%
<b>Virginia Retirement System - Line of Duty Act - City</b>					
2025	\$ 199,194	\$ 199,194	-	\$ 13,204,415	1.51%
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%
<b>Local Plan - City and WPA</b>					
2025	\$ 184,358	\$ -	184,358	\$ 37,397,581	0.00%
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.

Required Supplementary Information  
 Schedule of OPEB Contributions - Schools  
 June 30, 2025

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>VRS Health Insurance Credit - Schools Nonprofessional Employees</b>					
2025	\$ 4,624	\$ 4,624	-	\$ 3,599,885	0.13%
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%
<b>Virginia Retirement System - Group Life Insurance - Schools (Teacher and Non-professional)</b>					
2025	\$ 203,596	\$ 203,596	-	\$ 44,763,929	0.45%
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%
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2025	\$ 480,793	\$ 480,793	-	\$ 41,146,060	1.17%
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, 2025

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**Note 1 – Changes of Benefit Terms**

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*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.

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**Note 2 – Changes of Assumptions**

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better-fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better-fit experience at each age and service through 9 years of service.

# City of Winchester, Virginia

## Notes to Required Supplementary Information

June 30, 2025

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

### Teacher cost-sharing pool

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



# **Other Supplementary Information**

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# **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, 2025

Exhibit 18

	Special Revenue Funds							Total
	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	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 182,273	\$ 525,336	\$ 555,777	\$ 698,257	\$ 15,868	\$ 428	\$ -	\$ 1,977,939
Investments	4,268	12,302	13,014	16,351	372	10	-	46,317
Accounts receivable, net	116	11,905	388,678	-	1,659	9,887	-	412,245
Due from other governments	1,035,429	-	-	-	17,541	918,168	-	1,971,138
Total assets	<u>\$ 1,222,086</u>	<u>\$ 549,543</u>	<u>\$ 957,469</u>	<u>\$ 714,608</u>	<u>\$ 35,440</u>	<u>\$ 928,493</u>	<u>\$ -</u>	<u>\$ 4,407,639</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 941,925	\$ 212,579	114,632	\$ 34,353	\$ 1,243	\$ 16,083	-	\$ 1,320,815
Accrued payroll	257,643	73,017	38,973	15,377	-	88,709	-	473,719
Due to other funds	-	-	-	-	-	801,000	-	801,000
Total liabilities	<u>1,199,568</u>	<u>285,596</u>	<u>153,605</u>	<u>49,730</u>	<u>1,243</u>	<u>905,792</u>	<u>-</u>	<u>2,595,534</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	353,867	-	-	-	-	353,867
Fund balances:								
Assigned	22,518	263,947	449,997	664,878	34,197	22,701	-	1,458,238
Total fund balances	<u>22,518</u>	<u>263,947</u>	<u>449,997</u>	<u>664,878</u>	<u>34,197</u>	<u>22,701</u>	<u>-</u>	<u>1,458,238</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,222,086</u>	<u>\$ 549,543</u>	<u>\$ 957,469</u>	<u>\$ 714,608</u>	<u>\$ 35,440</u>	<u>\$ 928,493</u>	<u>\$ -</u>	<u>\$ 4,407,639</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, 2025

Exhibit 19

	Special Revenue Funds							Total
	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	
<b>REVENUES</b>								
Revenues from use of money and property	\$ -	\$ 597	\$ 5,999	\$ 7,533	\$ 216	\$ 817	\$ -	\$ 15,162
Charges for services	-	-	1,508,004	-	35,597	139,666	-	1,683,267
Miscellaneous	376	35,846	-	120,559	-	20,821	-	177,602
Recovered costs	-	46,747	-	-	-	-	-	46,747
Intergovernmental:								
Frederick County	-	-	-	545,009	-	-	-	545,009
Commonwealth	4,235,174	4,464,002	-	-	-	522,225	-	9,221,401
Federal	4,359,452	146,133	-	713	-	918,168	338,774	5,763,240
Total revenues	8,595,002	4,693,325	1,514,003	673,814	35,813	1,601,697	338,774	17,452,428
<b>EXPENDITURES</b>								
Current:								
General administration	-	-	-	-	-	-	123,826	123,826
Judicial administration	-	-	-	-	23,103	-	-	23,103
Public safety	-	-	1,514,003	-	-	-	38,581	1,552,584
Public works	-	4,569,932	-	-	-	2,519,228	-	7,089,160
Health and welfare	12,620,434	-	-	-	-	-	-	12,620,434
Community development	-	-	-	918,577	-	-	-	918,577
Capital outlay	24,320	-	-	-	-	-	176,367	200,687
Debt service:								
Principal	101,549	1,355	-	-	328	-	-	103,232
Interest and fiscal charges	43,355	10	-	-	50	-	-	43,415
Total expenditures	12,789,658	4,571,297	1,514,003	918,577	23,481	2,519,228	338,774	22,675,018
Excess (deficiency) of revenues over (under) expenditures	(4,194,656)	122,028	-	(244,763)	12,332	(917,531)	-	(5,222,590)
<b>OTHER FINANCING SOURCES</b>								
Transfers in	4,194,656	-	-	317,500	-	900,531	-	5,412,687
Total other financing sources	4,194,656	-	-	317,500	-	900,531	-	5,412,687
Net change in fund balances	-	122,028	-	72,737	12,332	(17,000)	-	190,097
Fund balance - beginning	22,518	141,919	449,997	592,141	21,865	39,701	-	1,268,141
Fund balance - ending	\$ 22,518	\$ 263,947	\$ 449,997	\$ 664,878	\$ 34,197	\$ 22,701	\$ -	\$ 1,458,238



**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Improvements Fund**  
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ 560,000	\$ 531,184	\$ (28,816)
Recovered costs	-	-	82,546	82,546
Intergovernmental:				
Local	-	100,000	100,000	-
Frederick County	-	-	26,089	26,089
Commonwealth	7,355,000	7,151,500	146,132	(7,005,368)
Federal	11,367,000	9,165,475	291,937	(8,873,538)
Total revenues	<u>18,722,000</u>	<u>16,976,975</u>	<u>1,177,888</u>	<u>(15,799,087)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	-	537,000	479,968	57,032
Public safety	12,800,000	13,406,000	1,746,313	11,659,687
Public works	31,972,000	26,638,000	6,546,836	20,091,164
Parks, recreation, and culture	1,030,000	5,575,000	834,613	4,740,387
Debt service:				
Bond issuance costs	-	300,000	269,212	30,788
Total expenditures	<u>45,802,000</u>	<u>46,456,000</u>	<u>9,876,942</u>	<u>36,579,058</u>
Excess (deficiency) of revenues under expenditures	<u>(27,080,000)</u>	<u>(29,479,025)</u>	<u>(8,699,054)</u>	<u>20,779,971</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	24,775,000	23,375,000	23,375,000	-
Issuance of leases	-	-	62,069	62,069
Issuance of subscriptions	-	-	479,968	479,968
Proceeds from premium on bond issuance	-	1,679,025	1,679,016	(9)
Transfers in	2,305,000	4,151,000	2,595,954	(1,555,046)
Appropriation of fund balance	-	274,000	-	(274,000)
Total other financing sources (uses)	<u>27,080,000</u>	<u>29,479,025</u>	<u>28,192,007</u>	<u>(1,287,018)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,492,953</u>	<u>\$ 19,492,953</u>



# Internal Service Funds

**Employee Benefits Fund** – to account for the receipt and payment of funds for City employee fringe benefits, including 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. Additionally, this fund serves to account for the health insurance premium collections and claims payments related to the operation of the City’s self-insured health insurance program. Financing is provided by premiums paid by employees who participate in the insurance plan.

**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, 2025**

Exhibit 22

	Employee Benefits Fund	Maintenance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,719,375	\$ 69,867	\$ 1,789,242
Investments	40,262	1,636	41,898
Accounts receivable, net	1,894	3,891	5,785
Prepays	1,974	-	1,974
Inventories	-	105,967	105,967
Cash and cash equivalents - restricted	353,027	-	353,027
Total current assets	<u>2,116,532</u>	<u>181,361</u>	<u>2,297,893</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	210,342	210,342
Total assets	<u>2,116,532</u>	<u>391,703</u>	<u>2,508,235</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related deferred outflows	-	240,583	240,583
Other postemployment benefit-related deferred outflows	-	61,784	61,784
Total deferred outflows of resources	<u>-</u>	<u>302,367</u>	<u>302,367</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,221,660	95,352	1,317,012
Accrued payroll	-	89,747	89,747
Claims payable	808,043	-	808,043
Compensated absences - current	-	111,813	111,813
Subscription liability - current	-	3,769	3,769
Total current liabilities	<u>2,029,703</u>	<u>300,681</u>	<u>2,330,384</u>
Noncurrent liabilities:			
Compensated absences	-	10,199	10,199
Subscription liability	-	3,852	3,852
Net pension liability	-	220,370	220,370
Net other postemployment benefit liability	-	130,007	130,007
Total noncurrent liabilities	<u>-</u>	<u>364,428</u>	<u>364,428</u>
Total liabilities	<u>2,029,703</u>	<u>665,109</u>	<u>2,694,812</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related deferred inflows	-	98,620	98,620
Other postemployment benefit-related deferred inflows	-	55,946	55,946
Total deferred inflows of resources	<u>-</u>	<u>154,566</u>	<u>154,566</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	202,721	202,721
Unrestricted	86,829	(328,326)	(241,497)
Total net position	<u>\$ 86,829</u>	<u>\$ (125,605)</u>	<u>\$ (38,776)</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
 For the Year Ended June 30, 2025

	<b>Employee Benefits Fund</b>	<b>Maintenance Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,011,718	\$ 4,656,506	\$ 10,668,224
Total operating revenues	<u>6,011,718</u>	<u>4,656,506</u>	<u>10,668,224</u>
<b>OPERATING EXPENSES</b>			
Personnel services	-	1,938,916	1,938,916
Contractual services	-	820,845	820,845
Other supplies and expenses	-	1,890,095	1,890,095
Insurance claims and expenses	6,333,232	-	6,333,232
Depreciation and amortization	-	29,638	29,638
Total operating expenses	<u>6,333,232</u>	<u>4,679,494</u>	<u>11,012,726</u>
Operating loss	<u>(321,514)</u>	<u>(22,988)</u>	<u>(344,502)</u>
<b>NON-OPERATING REVENUES</b>			
Investment earnings	6,144	-	6,144
Gain on disposal of capital assets	-	3,796	3,796
Loss before capital contributions	<u>(315,370)</u>	<u>(19,192)</u>	<u>(334,562)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
	-	34,516	34,516
Change in net position	(315,370)	15,324	(300,046)
Total net position - beginning, restated (Note 19)	<u>402,199</u>	<u>(140,929)</u>	<u>261,270</u>
Total net position - ending	<u>\$ 86,829</u>	<u>\$ (125,605)</u>	<u>\$ (38,776)</u>

**City of Winchester, Virginia**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2025**

Exhibit 24

	Employee Benefits Fund	Maintenance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from internal services provided	\$ 6,016,831	\$ 4,652,971	\$ 10,669,802
Cash paid to suppliers	373,008	(2,663,805)	(2,290,797)
Cash paid to employees	-	(1,926,949)	(1,926,949)
Premiums paid	(5,524,932)	-	(5,524,932)
Net cash provided by operating activities	864,907	62,217	927,124
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on long-term liabilities	-	(3,690)	(3,690)
Proceeds from sale of capital assets	-	3,796	3,796
Net cash provided by capital and related financing activities	-	106	106
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments, net	(20)	(1,225)	(1,245)
Investment income	6,144	-	6,144
Net cash provided by (used in) investing activities	6,124	(1,225)	4,899
Net increase in cash and cash equivalents	871,031	61,098	932,129
Cash and cash equivalents - beginning of year	1,201,371	8,769	1,210,140
Cash and cash equivalents - end of year	\$ 2,072,402	\$ 69,867	\$ 2,142,269
Cash and cash equivalents at end of year is comprised of the following:			
Cash and cash equivalents	\$ 1,719,375	\$ 69,867	\$ 1,789,242
Cash and cash equivalents - restricted	353,027	-	353,027
Total	\$ 2,072,402	\$ 69,867	\$ 2,142,269
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Operating loss	\$ (321,514)	\$ (22,988)	\$ (344,502)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	-	29,638	29,638
Pension expense, net of employer contributions	-	(26,678)	(26,678)
Other postemployment benefit expense, net of employer contributions	-	14,860	14,860
(Increase) decrease in:			
Accounts receivable	5,113	(3,535)	1,578
Prepays	257	-	257
Inventories	-	4,083	4,083
Increase (decrease) in:			
Accounts payable	373,008	43,052	416,060
Accrued payroll	-	15,401	15,401
Claims payable	808,043	-	808,043
Compensated absences	-	8,384	8,384
Total adjustments	1,186,421	85,205	1,271,626
Net cash provided by operating activities	\$ 864,907	\$ 62,217	\$ 927,124
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Capital asset transferred from general government	\$ -	\$ 34,516	\$ 34,516



# 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.

**Combining Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2025**

	Special Welfare Fund	Northwestern Regional Jail Authority Construction Fund	Northwestern Regional Juvenile Detention Center Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents - restricted	\$ 1,654	\$ -	\$ 1,790,052	\$ 1,791,706
Investments - restricted	-	1,547,975	41,917	1,589,892
Accounts receivable	-	-	353,372	353,372
Total assets	<u>1,654</u>	<u>1,547,975</u>	<u>2,185,341</u>	<u>3,734,970</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	20,739	20,739
Accrued payroll	-	-	162,460	162,460
Total liabilities	<u>-</u>	<u>-</u>	<u>183,199</u>	<u>183,199</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 1,654</u>	<u>\$ 1,547,975</u>	<u>\$ 2,002,142</u>	<u>\$ 3,551,771</u>

**Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds  
For the Year Ended June 30, 2025**

	Special Welfare Fund	Northwestern Regional Jail Authority Construction Fund	Northwestern Regional Juvenile Detention Center Fund	Total
<b>ADDITIONS</b>				
Member contributions	\$ 17,293	\$ -	\$ -	\$ 17,293
Payments collected from other local governments	-	1,233,300	2,435,212	3,668,512
Payments collected from Federal government	-	-	539,191	539,191
Grant proceeds	-	-	1,000,342	1,000,342
Miscellaneous	-	-	62,504	62,504
<b>INVESTMENT INCOME:</b>				
Interest and dividends	-	106,626	16,634	123,260
Net investment income	-	106,626	16,634	123,260
Total additions	<u>17,293</u>	<u>1,339,926</u>	<u>4,053,883</u>	<u>5,411,102</u>
<b>DEDUCTIONS</b>				
Payments made to welfare recipients	19,246	-	-	19,246
Bond principal payments	-	930,000	-	930,000
Bond interest payments	-	303,300	-	303,300
Payroll	-	-	3,446,557	3,446,557
Capital outlay	-	-	132,000	132,000
Administrative	-	-	361,572	361,572
Total deductions	<u>19,246</u>	<u>1,233,300</u>	<u>3,940,129</u>	<u>5,192,675</u>
Change in fiduciary net position	(1,953)	106,626	113,754	218,427
Total net position - beginning	<u>3,607</u>	<u>1,441,349</u>	<u>1,888,388</u>	<u>3,333,344</u>
Total net position - ending	<u>\$ 1,654</u>	<u>\$ 1,547,975</u>	<u>\$ 2,002,142</u>	<u>\$ 3,551,771</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.

**Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**Governmental Funds**  
 June 30, 2025

	School Operating Fund	School Fundraising Fund	School Capital Improvement Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,993,180	\$ 713,086	\$ 3,531,811	\$ 240,748	\$ 2,013,306	\$ 15,492,131
Investments	210,591	16,698	82,703	5,638	28,936	344,566
Receivables, net:						
Accounts	808,634	28,000	-	-	-	836,634
Promises to give	-	-	-	-	-	-
Due from other funds	732,806	-	-	-	-	732,806
Due from other governments	1,026,963	-	-	-	1,345,235	2,372,198
Inventories	-	-	-	-	101,035	101,035
<b>Total assets</b>	<b>\$ 11,772,174</b>	<b>\$ 757,784</b>	<b>\$ 3,614,514</b>	<b>\$ 246,386</b>	<b>\$ 3,488,512</b>	<b>19,879,370</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,150,010	\$ 1,319	\$ 221,432	\$ -	\$ 23,565	1,396,326
Accrued payroll	7,275,806	-	-	-	492,378	7,768,184
Due to other funds	-	-	-	-	732,806	732,806
Unearned revenue	946,486	-	-	-	-	946,486
<b>Total liabilities</b>	<b>9,372,302</b>	<b>1,319</b>	<b>221,432</b>	<b>-</b>	<b>1,248,749</b>	<b>10,843,802</b>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	101,035	101,035
Restricted	596,979	-	-	-	-	596,979
Assigned	1,802,893	756,465	3,393,082	246,386	2,138,728	8,337,554
<b>Total fund balances</b>	<b>2,399,872</b>	<b>756,465</b>	<b>3,393,082</b>	<b>246,386</b>	<b>2,239,763</b>	<b>9,035,568</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,772,174</b>	<b>\$ 757,784</b>	<b>\$ 3,614,514</b>	<b>\$ 246,386</b>	<b>\$ 3,488,512</b>	

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.	142,209,370
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.	471,979
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	(155,639)
Compensated absences	(3,561,302)
Subscription liabilities	(53,376)
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Pension-related deferred outflows	13,720,497
Pension-related deferred inflows	(5,910,247)
Net pension asset	955,030
Net pension liability	(34,341,162)
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	1,266,379
Other postemployment benefit-related deferred inflows	(595,639)
Net other postemployment benefit liability	<u>(6,133,929)</u>
<b>Net position of governmental activities</b>	<b>\$ 116,907,529</b>

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, 2025

	School Operating Fund	School Fundraising Fund	School Capital Improvement Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Revenues from use of money and property	\$ 126,545	\$ 8,002	\$ 28,906	\$ -	\$ 10,545	\$ 173,998
Charges for services	645,399	-	-	-	921,418	1,566,817
Miscellaneous	1,204,726	33,526	81,600	-	39,666	1,359,518
Recovered costs	-	-	129,849	-	-	129,849
Intergovernmental revenues:						
Local	36,200,102	-	1,242,373	-	300,000	37,742,475
Commonwealth	41,194,918	-	-	-	77,670	41,272,588
Federal	-	-	-	-	9,028,443	9,028,443
Total revenues	<u>79,371,690</u>	<u>41,528</u>	<u>1,482,728</u>	<u>-</u>	<u>10,377,742</u>	<u>91,273,688</u>
<b>EXPENDITURES</b>						
Current:						
Education	75,302,819	20,534	188,384	-	9,547,590	85,059,327
Capital outlay	1,896,935	-	974,271	-	851,666	3,722,872
Debt service:						
Principal retirement	-	-	309,363	-	-	309,363
Interest and other fiscal charges	-	-	7,076	-	-	7,076
Total expenditures	<u>77,199,754</u>	<u>20,534</u>	<u>1,479,094</u>	<u>-</u>	<u>10,399,256</u>	<u>89,098,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,171,936</u>	<u>20,994</u>	<u>3,634</u>	<u>-</u>	<u>(21,514)</u>	<u>2,175,050</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of subscriptions	-	-	60,848	-	-	60,848
Issuance of leases	-	-	33,344	-	-	33,344
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>94,192</u>	<u>-</u>	<u>-</u>	<u>94,192</u>
Net change in fund balances	2,171,936	20,994	97,826	-	(21,514)	2,269,242
Fund balances - beginning, restated (Note 19)	<u>227,936</u>	<u>735,471</u>	<u>3,295,256</u>	<u>246,386</u>	<u>2,261,277</u>	
Fund balances - ending	<u>\$ 2,399,872</u>	<u>\$ 756,465</u>	<u>\$ 3,393,082</u>	<u>\$ 246,386</u>	<u>\$ 2,239,763</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, \$3,674,408, exceeded depreciation and amortization, \$5,343,058, in the current period. (1,668,650)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,558,533)

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. (18,850)

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 (14,370)

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 309,363  
Issuance of leases (33,344)  
Issuance of subscriptions (60,848)

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 5,845,804  
Pension expense (3,667,042) 2,178,762

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 689,013  
OPEB expense (357,894) 331,119

Change in net position of governmental activities \$ 1,733,891

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**School Operating Fund**  
 For the Year Ended June 30, 2025

	School Operating Fund			Variance with Final Budget - Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 105,000	\$ 105,000	\$ 126,545	\$ 21,545
Charges for services	265,000	265,000	645,399	380,399
Miscellaneous	326,000	1,258,858	1,204,726	(54,132)
Intergovernmental:				
Local	36,876,308	36,200,102	36,200,102	-
Commonwealth	<u>36,621,215</u>	<u>41,539,607</u>	<u>41,194,918</u>	<u>(344,689)</u>
Total revenues	<u>74,193,523</u>	<u>79,368,567</u>	<u>79,371,690</u>	<u>3,123</u>
<b>EXPENDITURES</b>				
Current:				
Education	74,045,423	77,183,508	75,302,819	1,880,689
Capital outlay	<u>148,100</u>	<u>1,999,843</u>	<u>1,896,935</u>	<u>102,908</u>
Total expenditures	<u>74,193,523</u>	<u>79,183,351</u>	<u>77,199,754</u>	<u>1,983,597</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	-	(185,216)	-	185,216
Total other financing sources (uses)	<u>-</u>	<u>(185,216)</u>	<u>-</u>	<u>185,216</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,171,936</u>	<u>\$ 2,171,936</u>

**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**Other Governmental Funds**  
 June 30, 2025

	Special Revenue				Total Other Governmental Funds
	School Cafeteria Fund	School Federal Grants Fund	School Textbook Fund	School Activity Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 694,363	\$ -	\$ 542,200	\$ 776,743	\$ 2,013,306
Investments	16,239	-	12,697	-	28,936
Due from other governments	293,840	1,051,395	-	-	1,345,235
Inventories	101,035	-	-	-	101,035
<b>Total assets</b>	<u>\$ 1,105,477</u>	<u>\$ 1,051,395</u>	<u>\$ 554,897</u>	<u>\$ 776,743</u>	<u>\$ 3,488,512</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,254	\$ 20,311	\$ -	\$ -	\$ 23,565
Accrued payroll	194,100	298,278	-	-	492,378
Due to other funds	-	732,806	-	-	732,806
<b>Total liabilities</b>	<u>197,354</u>	<u>1,051,395</u>	<u>-</u>	<u>-</u>	<u>1,248,749</u>
Fund balances:					
Nonspendable	101,035	-	-	-	101,035
Assigned	807,088	-	554,897	776,743	2,138,728
<b>Total fund balances</b>	<u>908,123</u>	<u>-</u>	<u>554,897</u>	<u>776,743</u>	<u>2,239,763</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,105,477</u>	<u>\$ 1,051,395</u>	<u>\$ 554,897</u>	<u>\$ 776,743</u>	<u>\$ 3,488,512</u>

**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, 2025**

	Special Revenue				Total Other Governmental Funds
	School Cafeteria Fund	School Federal Grants Fund	School Textbook Fund	School Activity Funds	
<b>REVENUES</b>					
Revenues from use of money and property	\$ 9,084	\$ -	\$ 1,106	\$ 355	\$ 10,545
Charges for services	171,280	-	-	750,138	921,418
Miscellaneous	39,666	-	-	-	39,666
Intergovernmental revenues:					
Local	-	-	300,000	-	300,000
Commonwealth	77,670	-	-	-	77,670
Federal	2,763,404	6,265,039	-	-	9,028,443
Total revenues	<u>3,061,104</u>	<u>6,265,039</u>	<u>301,106</u>	<u>750,493</u>	<u>10,377,742</u>
<b>EXPENDITURES</b>					
Current:					
Education	3,426,680	5,413,373	-	707,537	9,547,590
Capital outlay	-	851,666	-	-	851,666
Total expenditures	<u>3,426,680</u>	<u>6,265,039</u>	<u>-</u>	<u>707,537</u>	<u>10,399,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(365,576)</u>	<u>-</u>	<u>301,106</u>	<u>42,956</u>	<u>(21,514)</u>
Net change in fund balances	(365,576)	-	301,106	42,956	(21,514)
Fund balance - beginning, restated (Note 19)	<u>1,273,699</u>	<u>-</u>	<u>253,791</u>	<u>733,787</u>	<u>2,261,277</u>
Fund balance - ending	<u>\$ 908,123</u>	<u>\$ -</u>	<u>\$ 554,897</u>	<u>\$ 776,743</u>	<u>\$ 2,239,763</u>

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, 2025

	School Cafeteria Fund				School Federal Grants Fund				School Textbook Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual		Original	Final	Actual		Original	Final	Actual	
<b>REVENUES</b>												
Revenues from use of money and property	\$ 4,500	\$ 6,000	\$ 9,084	\$ 3,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,106	\$ 1,106
Charges for services	191,700	180,900	171,280	(9,620)	-	-	-	-	-	-	-	-
Miscellaneous	20,000	29,300	39,666	10,366	-	-	-	-	-	-	-	-
Intergovernmental:												
Local	-	-	-	-	-	-	-	-	-	300,000	300,000	-
Commonwealth	50,120	50,120	77,670	27,550	-	-	-	-	-	-	-	-
Federal	3,027,990	3,027,990	2,763,404	(264,586)	8,607,832	9,122,295	6,265,039	(2,857,256)	-	-	-	-
Total revenues	<u>3,294,310</u>	<u>3,294,310</u>	<u>3,061,104</u>	<u>(233,206)</u>	<u>8,607,832</u>	<u>9,122,295</u>	<u>6,265,039</u>	<u>(2,857,256)</u>	<u>-</u>	<u>300,000</u>	<u>301,106</u>	<u>1,106</u>
<b>EXPENDITURES</b>												
Current:												
Education	3,294,310	3,554,310	3,426,680	127,630	8,017,979	8,270,629	5,413,373	2,857,256	200,000	500,000	-	500,000
Capital outlay	-	-	-	-	589,853	851,666	851,666	-	-	-	-	-
Total expenditures	<u>3,294,310</u>	<u>3,554,310</u>	<u>3,426,680</u>	<u>127,630</u>	<u>8,607,832</u>	<u>9,122,295</u>	<u>6,265,039</u>	<u>2,857,256</u>	<u>200,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	(260,000)	(365,576)	(105,576)	-	-	-	-	(200,000)	(200,000)	301,106	501,106
<b>OTHER FINANCING SOURCES (USES)</b>												
Appropriation of fund balance	-	260,000	-	(260,000)	-	-	-	-	200,000	200,000	-	(200,000)
Total other financing sources (uses)	<u>-</u>	<u>260,000</u>	<u>-</u>	<u>(260,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (365,576)</u>	<u>\$ (365,576)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,106</u>	<u>\$ 301,106</u>

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, 2025

	School Fundraising Fund				School Capital Improvement Fund				School Construction Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual		Original	Final	Actual		Original	Final	Actual	
<b>REVENUES</b>												
Revenues from use of money and property	\$ -	\$ -	\$ 8,002	\$ 8,002	\$ 40,000	\$ 40,000	\$ 28,906	\$ (11,094)	\$ -	\$ -	\$ -	\$ -
Miscellaneous	150,000	5,525	33,526	28,001	300,000	450,000	81,600	(368,400)	-	-	-	-
Recovered costs	-	-	-	-	120,000	120,000	129,849	9,849	-	-	-	-
Intergovernmental:												
Local	-	-	-	-	-	1,242,373	1,242,373	-	-	-	-	-
Total revenues	150,000	5,525	41,528	36,003	460,000	1,852,373	1,482,728	(369,645)	-	-	-	-
<b>EXPENDITURES</b>												
Education	250,000	105,525	20,534	84,991	300,000	711,034	188,384	522,650	-	-	-	-
Capital outlay	-	-	-	-	1,000,000	1,981,339	974,271	1,007,068	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	309,363	(309,363)	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	7,076	(7,076)	-	-	-	-
Total expenditures	250,000	105,525	20,534	84,991	1,300,000	2,692,373	1,479,094	1,213,279	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	20,994	120,994	(840,000)	(840,000)	3,634	843,634	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>												
Issuance of subscriptions	-	-	-	-	-	-	60,848	60,848	-	-	-	-
Issuance of leases	-	-	-	-	-	-	33,344	33,344	-	-	-	-
Appropriation of fund balance	100,000	100,000	-	(100,000)	840,000	840,000	-	(840,000)	-	-	-	-
Total other financing sources (uses)	100,000	100,000	-	(100,000)	840,000	840,000	94,192	(745,808)	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 20,994	\$ 20,994	\$ -	\$ -	\$ 97,826	\$ 97,826	\$ -	\$ -	\$ -	\$ -

City of Winchester, Virginia

Statement of Net Position  
Discretely Presented Component Unit - School Board  
Internal Service Fund  
June 30, 2025

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	<b>School Insurance Fund</b>
<hr/>	
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 461,180
Investments	<u>10,799</u>
Total current assets	<u>471,979</u>
 <b>NET POSITION</b>	
Unrestricted	<u>\$ 471,979</u>

**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, 2025**

	<b>School Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 6,873,406
Total operating revenues	<u>6,873,406</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	<u>6,892,820</u>
Total operating expenses	<u>6,892,820</u>
Operating loss	<u>(19,414)</u>
<b>NON-OPERATING REVENUES</b>	
Investment earnings	<u>564</u>
Total non-operating revenues	<u>564</u>
Change in net position	(18,850)
Total net position - beginning	<u>490,829</u>
Total net position - ending	<u>\$ 471,979</u>

**Statement of Cash Flows**  
**Discretely Presented Component Unit - School Board**  
**Internal Service Fund**  
**For the Year Ended June 30, 2025**

	<b>School Insurance Fund</b>
<hr/>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from internal services provided	\$ 6,873,406
Premiums paid	<u>(6,892,820)</u>
Net cash used in operating activities	<u>(19,414)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale of investments, net	11,151
Interest and dividends received	<u>564</u>
Net cash provided by investing activities	<u>11,715</u>
Net decrease in cash and cash equivalents	(7,699)
Cash and cash equivalents - beginning of year	<u>468,879</u>
Cash and cash equivalents - end of year	<u>\$ 461,180</u>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (19,414)
Net cash used in operating activities	<u>\$ (19,414)</u>

**Combining Statement of Fiduciary Net Position  
Discretely Presented Component Unit - School Board  
June 30, 2025**

	Private-Purpose Trust Funds			Total
	School Scholarship Fund	Newton B. Shingleton Scholarship Fund	M. Louise Cooper Scholarship Fund	
<b>ASSETS</b>				
Cash and cash equivalents - restricted	\$ 58,333	\$ 4,177	\$ 104,430	\$ 166,940
Investments - restricted	480,302	19,222	35,558	535,082
Total assets	<u>\$ 538,635</u>	<u>\$ 23,399</u>	<u>\$ 139,988</u>	<u>\$ 702,022</u>
<b>NET POSITION</b>				
Restricted for scholarships	\$ 538,635	\$ 23,399	\$ 139,988	\$ 702,022
Total net position	<u>\$ 538,635</u>	<u>\$ 23,399</u>	<u>\$ 139,988</u>	<u>\$ 702,022</u>

**Combining Statement of Changes in Fiduciary Net Position  
Discretely Presented Component Unit - School Board  
Private-Purpose Trust Funds  
For the Year Ended June 30, 2025**

	School Scholarship Fund	Newton B. Shingleton Scholarship Fund	M. Louise Cooper Scholarship Fund	Total
<b>ADDITIONS</b>				
Gifts and contributions	\$ 998	\$ -	\$ 33,196	\$ 34,194
Investment earnings:				
Interest	458	-	13	471
Dividends	15,442	2,580	-	18,022
Realized and unrealized gains on investments	23,699	3,480	-	27,179
Total additions	<u>40,597</u>	<u>6,060</u>	<u>33,209</u>	<u>79,866</u>
<b>DEDUCTIONS</b>				
Administrative expenses	3,944	-	-	3,944
Scholarships awarded	19,859	2,060	19,667	41,586
Realized and unrealized losses on investments	6,752	11,391	-	18,143
Total deductions	<u>30,555</u>	<u>13,451</u>	<u>19,667</u>	<u>63,673</u>
Change in net position	10,042	(7,391)	13,542	16,193
Net position - beginning	<u>528,593</u>	<u>30,790</u>	<u>126,446</u>	<u>685,829</u>
Net position - ending	<u>\$ 538,635</u>	<u>\$ 23,399</u>	<u>\$ 139,988</u>	<u>\$ 702,022</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.

**Statement of Net Position**  
**Discretely Presented Component Unit - Winchester Parking Authority**  
**Enterprise Fund**  
**June 30, 2025**

	<b>Parking Authority Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,330,293
Investments	31,151
Accounts receivable, net	30,897
Total current assets	<u>1,392,341</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	11,685
Depreciable, net	6,125,773
Total capital assets, net	<u>6,137,458</u>
Total noncurrent assets	<u>6,137,458</u>
Total assets	<u>7,529,799</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension-related deferred outflows	77,991
Other postemployment benefit-related deferred outflows	18,464
Total deferred outflows of resources	<u>96,455</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	14,742
Accrued payroll	25,139
Accrued interest payable	49,083
Compensated absences - current	49,983
Lease liability - current	4,147
Revenue bonds payable - current	354,721
Total current liabilities	<u>497,815</u>
Noncurrent liabilities:	
Net pension liability	71,438
Net other postemployment benefit liability	38,991
Compensated absences	4,559
Revenue bonds payable	4,909,834
Total noncurrent liabilities	<u>5,024,822</u>
Total liabilities	<u>5,522,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred charges on refunding	62,636
Pension-related deferred inflows	31,970
Other postemployment benefit-related deferred inflows	16,566
Total deferred inflows of resources	<u>111,172</u>
<b>NET POSITION</b>	
Net investment in capital assets	806,120
Unrestricted	1,186,325
Total net position	<u>\$ 1,992,445</u>

**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, 2025**

	<b>Parking Authority Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,987,077
Recovered costs	2,855
Miscellaneous	7,088
Total operating revenues	<u>1,997,020</u>
<b>OPERATING EXPENSES</b>	
Personnel services	555,448
Contractual services	797,495
Other supplies and expenses	136,688
Depreciation and amortization	268,353
Total operating expenses	<u>1,757,984</u>
Operating income	<u>239,036</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment earnings	12,643
Interest and fiscal charges	<u>(114,388)</u>
Total non-operating revenues (expenses)	<u>(101,745)</u>
Change in net position	137,291
Total net position - beginning, restated (Note 19)	<u>1,855,154</u>
Total net position - ending	<u>\$ 1,992,445</u>

**Statement of Cash Flows**  
**Discretely Presented Component Unit - Winchester Parking Authority**  
**Enterprise Fund**  
**For the Year Ended June 30, 2025**

	<b>Parking Authority Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 1,983,506
Cash paid to suppliers	(988,012)
Cash paid to employees	(553,986)
Recovered costs and other receipts	<u>2,855</u>
Net cash provided by operating activities	<u>444,363</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on long-term debt	(350,957)
Interest paid on long-term debt	<u>(122,440)</u>
Net cash used in capital and related financing activities	<u>(473,397)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from the sale of investments	30,467
Investment income	<u>12,643</u>
Net cash provided by investing activities	<u>43,110</u>
Net increase in cash and cash equivalents	14,076
Cash and cash equivalents - beginning of year	<u>1,316,217</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,330,293</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 239,036
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	268,353
Pension expense, net of employer contributions	(5,941)
Other postemployment benefit expense, net of employer contributions	2,347
(Increase) decrease in:	
Accounts receivable	(10,659)
Increase (decrease) in:	
Accounts payable	(53,829)
Accrued payroll	5,777
Compensated absences	<u>(721)</u>
Total adjustments	<u>205,327</u>
Net cash provided by operating activities	<u><u>\$ 444,363</u></u>

**Statement of Net Position**  
**Discretely Presented Component Unit - Economic Development Authority**  
**Enterprise Fund**  
**June 30, 2025**

	<b>Economic Development Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,165,879
Investments, restricted	29,464,711
Other receivables	1,491
Bond administration fees receivable	427,244
Notes receivable, current portion	322,211
Lease receivable, current portion	15,469
Prepaid expenses	12,408
Other assets	1,576
Total current assets	<u>32,410,989</u>
Noncurrent assets:	
Notes receivable	4,360,604
Lease receivable	3,950
Capital assets:	
Nondepreciable	121,207
Depreciable, net	<u>1,735,117</u>
Total capital assets, net	<u>1,856,324</u>
Total noncurrent assets	<u>6,220,878</u>
Total assets	<u>38,631,867</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	141,794
Accrued interest payable	180,228
Current portion of long-term liabilities	422,350
Other liabilities	4,191
Total current liabilities	<u>748,563</u>
Noncurrent liabilities:	
Long-term liabilities	<u>34,952,436</u>
Total liabilities	<u>35,700,999</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Leases	19,421
Other deferred inflows	<u>1,566</u>
Total deferred inflows of resources	<u>20,987</u>
<b>NET POSITION</b>	
Net investment in capital assets	979,618
Unrestricted	<u>1,930,263</u>
Total net position	<u>\$ 2,909,881</u>

**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, 2025**

	<b>Economic Development Authority</b>
<hr/>	
<b>OPERATING REVENUES</b>	
Bond administration fees	\$ 382,044
Contributions from City of Winchester	100,370
Rental income	3,188
Miscellaneous	44,543
Total operating revenues	<u>530,145</u>
<b>OPERATING EXPENSES</b>	
Business development grants and contributions	798,690
Professional fees	116,890
Office	17,321
Insurance	6,148
Management fees	7,083
Utilities	680
Administrative fees	52,192
Repairs, maintenance, and rental	5,834
Depreciation and amortization	20,794
Miscellaneous	35,134
Total operating expenses	<u>1,060,766</u>
Operating loss	<u>(530,621)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income on notes receivable	284,900
Investment income	116,906
Interest expense	(359,220)
Bond issuance costs	(826,730)
Total non-operating revenues (expenses)	<u>(784,144)</u>
Change in net position	(1,314,765)
Total net position - beginning	<u>4,224,646</u>
Total net position - ending	<u>\$ 2,909,881</u>

**Statement of Cash Flows**  
**Discretely Presented Component Unit - Economic Development Authority**  
**Enterprise Fund**  
**For the Year Ended June 30, 2025**

	<u>Economic Development Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for fees	\$ 246,308
Cash payments to suppliers for goods and services	(182,979)
Business redevelopment grants	(798,690)
Contributions and reimbursements from City of Winchester	100,370
Miscellaneous receipts	<u>54,623</u>
Net cash used in operating activities	<u>(580,368)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(1,806,097)
Proceeds from bond and loan issuances	31,642,169
Principal payments on long-term liabilities	(299,787)
Interest payments on long-term liabilities	(205,588)
Bond issue costs	<u>(826,730)</u>
Net cash provided by capital and related financing activities	<u>28,503,967</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	284,900
Investment income	116,906
Loans made to others	(119,015)
Loan repayments received	184,722
Purchases of investments, net	<u>(29,414,767)</u>
Net cash used in investing activities	<u>(28,947,254)</u>
Net decrease in cash and cash equivalents	(1,023,655)
Cash and cash equivalents - beginning of year	<u>3,189,534</u>
Cash and cash equivalents - end of year	<u>\$ 2,165,879</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (530,621)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	20,794
(Increase) decrease in:	
Bond administration fees receivable	(135,736)
Other receivables	6,900
Lease receivable	(19,419)
Prepaid expenses	(2,729)
Other assets	(1,576)
Increase (decrease) in:	
Accounts payable	58,148
Due to grantees	-
Lease related to deferred inflows	19,421
Other liabilities	<u>4,450</u>
Total adjustments	<u>(49,747)</u>
Net cash used in operating activities	<u>\$ (580,368)</u>
<b>NONCASH AND CAPITAL RELATED FINANCING</b>	
Capital assets obtained through accounts payable	<u>\$ 29,754</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

	<b>Pages</b>
<b>Financial Trends – Tables 1 – 4</b> .....	<b>128-134</b>
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
<b>Revenue Capacity – Tables 5 – 8</b> .....	<b>135-138</b>
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
<b>Debt Capacity – Tables 9 – 13</b> .....	<b>139-143</b>
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.	
<b>Demographic and Economic Information – Tables 14 – 15</b> .....	<b>144-145</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
<b>Operating Information – Tables 16 – 18</b> .....	<b>146-148</b>
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.	

*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

Table 1

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2016	2017	2018 (2)	2019	2020	2021 (3)	2022 (4)	2023 (5)	2024 (6)	2025 (6)
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 99,216,186
Restricted	-	364,378	180,235	161,576	150,594	335,969	213,733	426,011	532,982	709,395
Unrestricted	(47,098,924)	(44,101,379)	(43,546,593)	(37,104,769)	(42,760,281)	(52,768,802)	(37,014,473)	(23,927,353)	(15,730,392)	(9,405,889)
Total governmental activities net position	\$ 19,867,274	\$ 26,192,755	\$ 27,092,990	\$ 35,960,924	\$ 32,098,787	\$ 27,141,439	\$ 50,522,784	\$ 68,489,791	\$ 86,891,722	\$ 90,519,692
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 92,994,888
Unrestricted	2,059,919	6,099,423	7,127,252	3,398,883	10,010,985	4,111,254	11,268,228	14,310,070	19,065,246	21,693,658
Total business-type activities net position	\$ 58,996,600	\$ 63,841,574	\$ 66,724,611	\$ 71,150,237	\$ 77,181,495	\$ 77,207,226	\$ 83,208,147	\$ 87,562,669	\$ 100,035,166	\$ 114,688,546
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 192,211,074
Restricted	-	364,378	180,235	161,576	150,594	335,969	213,733	426,011	532,982	709,395
Unrestricted	(45,039,005)	(38,001,956)	(36,419,341)	(33,705,886)	(32,749,296)	(48,657,548)	(25,746,245)	(9,617,283)	3,334,854	12,287,769
Total primary government net position	\$ 78,863,874	\$ 90,034,329	\$ 93,817,601	\$ 107,111,161	\$ 109,280,282	\$ 104,348,665	\$ 133,730,931	\$ 156,052,460	\$ 186,926,888	\$ 205,208,238
<b>School Board Component Unit</b>										
Net investment in capital assets	\$ 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	\$ 142,000,355
Restricted	821,630	300,258	1,831,921	-	6,937,921	6,404,579	2,255,139	1,171,957	1,123,116	955,030
Unrestricted	(43,319,468)	(43,545,337)	(51,460,197)	(47,853,349)	(45,286,745)	(41,748,465)	(35,938,328)	(30,760,015)	(29,092,103)	(26,047,856)
Total governmental activities net position	\$ 82,434,655	\$ 79,799,676	\$ 71,153,977	\$ 71,056,980	\$ 80,855,283	\$ 93,669,919	\$ 100,580,019	\$ 109,866,286	\$ 115,173,638	\$ 116,907,529

- Notes: (1) These totals are as previously reported. A prior period adjustment was required in 2010, 2011, 2013, 2014, 2015, and 2024, which modified these amounts.  
(2) GASB Statement No. 75 was adopted in fiscal year 2018.  
(3) GASB Statement No. 84 was adopted in fiscal year 2021.  
(4) GASB Statement No. 87 was adopted in fiscal year 2022.  
(5) GASB Statement No. 96 was adopted in fiscal year 2023.  
(6) GASB Statement No. 101 was adopted in fiscal year 2025, applied retroactively.

City of Winchester, Virginia

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 10,590,668
Judicial administration	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	5,875,840
Public safety	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	33,212,422
Public works	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	17,100,451
Health and welfare	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	13,598,257
Education	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	37,801,503
Parks, recreation, and culture	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	5,569,208
Community development	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	3,216,178
Interest on long-term debt	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	2,601,934
Bond issuance costs	75,256	55,800	-	-	-	-	-	-	-	-
Total governmental activities expenses	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	129,566,461
Business-type activities:										
Water and sewer	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	34,871,248
Stormwater	-	-	-	-	-	-	-	-	1,275,879	2,659,731
Total business-type activities expenses	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	37,530,979
Total primary government expenses	\$ 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	\$ 167,097,440
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 237,474	\$ 173,246	\$ 235,862	\$ 201,368	\$ 291,934	\$ 206,699	\$ 189,525	\$ 434,282	\$ 459,132	\$ 423,657
Judicial administration	707,512	624,795	698,834	701,643	659,418	362,568	697,127	722,022	748,928	760,212
Public safety	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	2,350,221
Public works	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	3,011,677
Health and welfare	67,621	73,984	80,057	2,716	96,171	107,915	125,250	133,089	195,153	147,906
Parks, recreation, and culture	839,602	913,764	889,174	961,009	801,765	315,020	682,153	892,043	938,435	919,911
Community development	352,184	390,131	387,336	387,420	299,136	328,168	589,024	2,452,874	795,859	1,149,988
Operating grants and contributions	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	20,389,916
Capital grants and contributions	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	1,809,352
Total governmental activities revenues	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	30,962,840
Business-type activities:										
Charges for services:										
Water and sewer	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	41,834,753
Stormwater	-	-	-	-	-	-	-	-	2,308,474	4,044,798
Operating grants and contributions	-	-	269,348	270,721	233,366	428,676	120,975	125,417	103,081	85,372
Capital grants and contributions	1,237,760	252,812	17,280	1,208,398	2,695,234	397,297	300,400	1,200,168	4,314,097	7,147,194
Total business-type activities revenues	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	53,112,117
Total primary government revenues	\$ 51,151,372	\$ 47,604,132	\$ 50,924,340	\$ 53,918,499	\$ 59,562,561	\$ 60,372,062	\$ 73,437,404	\$ 73,437,404	\$ 86,152,728	\$ 84,074,957

City of Winchester, Virginia

Changes in Net Position  
Last Ten Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (98,603,621)
Business-type activities	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	15,581,138
Total primary government net expense	\$ (57,328,691)	\$ (65,752,525)	\$ (67,557,361)	\$ (68,822,852)	\$ (79,972,733)	\$ (88,907,955)	\$ (62,168,726)	\$ (73,845,956)	\$ (68,926,865)	\$ (83,022,483)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 52,665,732
Sales taxes	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	13,482,006
Utility taxes	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	1,936,295
Business license taxes	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	9,773,061
Franchise taxes	417,860	408,904	488,219	516,131	541,248	511,022	546,449	500,811	510,548	557,139
Hotel and meals taxes	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	14,478,132
Communication sales taxes	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	1,386,510
Other local taxes	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	2,169,685
Gain on sale of capital assets	11,250	(6,210)	-	-	-	1,928	-	-	177	-
Unrestricted grants and contributions	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	3,308,318
Payments from Schools	-	-	-	-	-	-	-	-	-	100,000
Investment earnings	159,131	98,245	144,080	313,472	244,789	41,212	1,212	399,613	400,895	762,752
Miscellaneous	139,712	51,170	32,996	106,450	22,672	41,085	47,670	124,744	25,375	241,961
Transfers	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	1,370,000
Total governmental activities	75,144,891	76,968,376	79,823,466	82,519,832	83,096,379	85,361,662	92,752,752	97,295,158	101,720,323	102,231,591
Business-type activities:										
Investment earnings	7,565	4,443	105,567	957,384	378,324	64,293	12,777	114,056	144,135	160,936
Miscellaneous	3,280	9,299	18,393	39,196	67,151	50,383	31,473	8,271	120,390	281,306
Transfers	(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)	(1,370,000)
Total business-type activities	(1,589,155)	(1,586,258)	(1,376,040)	(403,420)	(954,525)	(1,385,324)	(1,201,760)	(1,127,673)	(1,105,475)	(927,758)
Total primary government	\$ 73,555,736	\$ 75,382,118	\$ 78,447,426	\$ 82,116,412	\$ 82,141,854	\$ 83,976,338	\$ 91,550,992	\$ 96,167,485	\$ 100,614,848	\$ 101,303,833
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 3,627,970
Business-type activities	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	14,653,380
Total primary government	\$ 16,227,045	\$ 9,629,593	\$ 10,890,065	\$ 13,293,560	\$ 2,169,121	\$ (4,931,617)	\$ 29,382,266	\$ 22,321,529	\$ 31,687,983	\$ 18,281,350

City of Winchester, Virginia

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
School Board Component Unit:										
Education	\$ 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	\$ 87,996,773
Total School Board component unit expenses	<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>	<u>87,996,773</u>
<b>Program Revenues</b>										
School Board Component Unit:										
Charges for services:										
Education	711,854	795,911	848,227	792,653	699,290	558,525	1,096,932	1,450,603	1,463,035	1,566,817
Operating grants and contributions	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	48,742,498
Capital grants and contributions	542,786	389,555	490,731	474,697	880,769	1,032,663	980,336	458,684	2,642,464	1,359,518
Total School Board component unit revenues	<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>	<u>51,668,833</u>
<b>Net Expense</b>										
School Board Component Unit	<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>	<u>(36,327,940)</u>
<b>General Revenues and Other Changes in Net Position</b>										
School Board Component Unit:										
Payment from City of Winchester	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	37,742,475
Investment earnings	133,071	61,775	86,982	208,516	220,650	45,184	27,965	87,620	191,789	174,562
Miscellaneous	136,115	138,369	156,157	76,639	67,107	193,920	120,613	159,373	152,554	144,794
Total School Board Component Unit	<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>	<u>38,061,831</u>
<b>Change in Net Position</b>										
School Board Component Unit	<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>	<u>\$ 1,733,891</u>

City of Winchester, Virginia

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Post-GASB 54 implementation:</b>										
General Fund										
Nonspendable	\$ 23,986	\$ 40,261	\$ 4,299	\$ 7,603	\$ 10,942	\$ 9,658	\$ 4,974	\$ 6,706	\$ 13,706	\$ 34,726
Restricted	444,950	359,898	180,235	161,576	150,594	335,969	213,733	426,011	532,982	709,395
Committed	1,678,662	816,327	758,966	802,452	1,629,059	1,568,721	2,288,502	2,286,935	2,229,012	4,484,710
Assigned	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	1,901,678
Unassigned	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	27,045,069
Total general fund	<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>	<u>\$ 34,175,578</u>
All Other Governmental Funds										
Nonspendable	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 59,812	\$ 530,261
Restricted	2,107,704	7,962,437	3,653,335	685,317	3,260,108	7,430,820	9,028,279	3,378,376	-	15,010,804
Committed	-	-	-	-	-	-	426,435	1,662,269	-	-
Assigned	2,319,870	1,316,253	880,491	1,467,063	983,346	972,105	1,148,328	1,365,313	1,268,141	1,458,238
Unassigned	-	-	(11,814)	(15,109)	(17,481)	(666,405)	-	-	(4,693,610)	(681,910)
Total all other governmental funds	<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>	<u>\$ 16,317,393</u>

City of Winchester, Virginia

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
General property taxes	\$ 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	\$ 55,657,882
Sales taxes	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	13,482,006
Other local taxes	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	30,300,821
Permits, privilege fees, and regulatory licenses	359,045	406,597	374,275	366,388	294,552	345,145	655,791	840,874	973,671	1,339,867
Fines and forfeitures	103,149	80,424	151,034	124,210	93,011	62,821	81,641	98,451	414,952	473,633
Revenues from use of money and property	309,350	275,080	331,454	530,560	491,370	139,194	290,260	850,502	884,653	1,287,082
Charges for services	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	3,846,841
Miscellaneous	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	1,492,249
Recovered costs	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	1,446,976
Intergovernmental	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	25,606,638
<b>Total revenues</b>	<b>95,603,369</b>	<b>96,025,715</b>	<b>99,878,257</b>	<b>101,631,069</b>	<b>106,042,959</b>	<b>111,413,332</b>	<b>123,522,502</b>	<b>130,267,888</b>	<b>136,370,933</b>	<b>134,933,995</b>
<b>Expenditures</b>										
General government administration	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	8,864,600
Judicial administration	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	5,677,390
Public safety	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	31,212,227
Public works	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	12,828,326
Health and welfare	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	13,580,350
Education	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	37,801,503
Parks, recreation, and culture	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	4,586,541
Community development	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	3,258,386
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	11,499,688
Debt service:										
Principal retirement	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	10,704,243
Interest and fiscal charges	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	2,777,990
Bond issuance costs	75,256	55,800	254,708	23,720	284,345	525,696	232,681	-	-	269,212
<b>Total expenditures</b>	<b>103,341,799</b>	<b>99,061,441</b>	<b>104,932,261</b>	<b>106,218,044</b>	<b>123,402,183</b>	<b>126,950,814</b>	<b>130,387,699</b>	<b>136,084,268</b>	<b>146,158,466</b>	<b>143,060,456</b>
Deficiency of revenues (under) expenditures	(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)	(8,126,461)

**City of Winchester, Virginia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Other Financing Sources (Uses)</b>										
Sale of property	11,250	795,000	3,443	5,117	62,000	1,928	5,218	-	103,329	-
Insurance recoveries	139,712	51,170	32,996	106,450	22,672	41,085	47,670	124,744	25,375	241,961
Bonds and other long-term liabilities issued	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	23,917,037
Proceeds from premium on bond issuance	-	-	2,751,878	-	2,176,851	4,781,523	1,083,235	-	-	1,679,016
Payment to refunded bond escrow agent	-	-	(19,151,899)	-	-	(29,010,186)	-	-	-	-
Transfers in	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	9,378,641
Transfers out	(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)	(8,008,641)
Total other financing sources and uses	<u>8,825,962</u>	<u>9,846,170</u>	<u>1,796,418</u>	<u>2,635,567</u>	<u>18,661,523</u>	<u>18,907,885</u>	<u>14,342,133</u>	<u>3,481,855</u>	<u>2,186,431</u>	<u>27,208,014</u>
Net change in fund balances	<u>\$ 1,087,532</u>	<u>\$ 6,810,444</u>	<u>\$ (3,257,586)</u>	<u>\$ (1,951,408)</u>	<u>\$ 1,302,299</u>	<u>\$ 3,370,403</u>	<u>\$ 7,476,936</u>	<u>\$ (2,334,525)</u>	<u>\$ (7,601,102)</u>	<u>\$ 19,081,553</u>
Debt service as a percentage of noncapital expenditures	11.0%	11.4%	10.4%	10.8%	10.0%	9.7%	10.7%	10.9%	11.1%	10.2%

**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	
	Residential	Commercial	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
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
2025	3,465,880,819	1,408,150,538	0.80	102,210,862	0.80	687,680,083	4.80	139,425	4.80	133,149,034	1.30	219,903	0.80	5,797,430,664	1.28

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 2017, 2019, 2021, 2023, and 2025 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)

Fiscal Year	City Direct Rates (2)				Total Direct Rate
	Real Estate	Public Service Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
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
2025	0.67	0.01	0.57	0.03	1.28

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**

<u>Taxpayer</u>	<u>December 31, 2024</u>			<u>December 31, 2015</u>		
	<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>
	<u>Assessed</u>		<u>of Total Taxable</u>	<u>Assessed</u>		<u>of Total Taxable</u>
	<u>Value</u>		<u>Assessed</u>	<u>Value</u>		<u>Assessed</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Newell Brand Ind(Rubbermaid)	\$ 33,170,804	1	0.74%	\$ 20,389,000	5	0.70%
Mayflower Apple Blossom LP	33,000,000	2	0.74%	49,411,400	1	1.69%
Denstock Meadow Branch LLC	31,294,500	3	0.70%			
Molden Real Estate Corp	27,350,380	4	0.61%			
Canterbury Hill LLC	27,249,217	5	0.61%	13,773,400	8	0.47%
TSO Winchester Station LP	25,619,663	6	0.57%			
Peppertree Lane Apartments LLC	25,573,000	7	0.57%			
Wal-Mart Realty Company	25,440,080	8	0.57%	23,541,800	2	0.80%
PDK Winchester LC	25,038,060	9	0.56%	20,989,400	4	0.72%
Glaize Developments	24,818,030	10	0.56%			
BRE DDR BR Winchester VA LLC				21,930,200	3	0.75%
DDRM Apple Blossom Corners LLC				16,428,100	6	0.56%
National Fruit Prod Co Inc				14,589,400	7	0.50%
Pleasant Valley Market Place LLC				12,420,200	9	0.42%
Lowe's Home Center Inc				12,323,600	10	0.42%
<b>Total</b>	<b>\$ 278,553,734</b>		<b>6.23%</b>	<b>\$ 205,796,500</b>		<b>7.03%</b>

Source:

City of Winchester, Commissioner of the Revenue Office

## City of Winchester, Virginia

### Property Tax Levies and Collections

Last Ten Fiscal Years

Year	Taxes Levied for the Tax-Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	Amount	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
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	40,772,899	99.13%
2018	41,417,336	(229,708)	41,187,628	40,093,397	96.80%	748,162	40,841,560	99.16%
2019	42,062,215	(53,531)	42,008,684	38,788,843	92.22%	858,514	39,647,357	94.38%
2020	42,729,722	58,873	42,788,595	41,533,134	97.20%	778,081	42,311,215	98.88%
2021	45,801,924	58,194	45,860,118	44,447,662	97.04%	761,388	45,209,049	98.58%
2022	47,768,479	(80,820)	47,687,659	46,194,677	96.71%	750,805	46,945,482	98.44%
2023	52,211,691	(25,609)	52,186,082	50,693,873	97.09%	597,877	51,291,749	98.29%
2024	52,918,269	30,036	52,948,305	51,868,255	98.02%	360,675	52,228,930	98.64%
2025	43,989,244	-	43,989,244	23,741,194	53.97%	-	23,741,194	53.97%

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

Table 9

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

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, Revolving Loan, and Subscriptions Payable			
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
2025	97,846,127	2,016,661	1,150,135	130,357,838	27,108,065	258,478,826	14.21%	8,824

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
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
2025	98,996,262	-	98,996,262	1.71%	3,379

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, 2025

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<b>Jurisdiction</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to City of Winchester</b>	<b>Amount Applicable to City of Winchester</b>
City of Winchester	\$ 99,862,788	100%	\$ 99,862,788

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

Table 12

Legal Debt Margin Information  
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 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	\$ 497,624,222
Total net debt applicable to limit	<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>	<u>90,049,921</u>
Legal debt margin	<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>	<u>\$ 407,574,301</u>
Total net debt applicable to the limit as a percentage of debt limit	35.35%	34.82%	29.77%	26.71%	27.55%	27.56%	28.06%	20.08%	17.30%	18.10%

**Legal Debt Margin Calculation**

Assessed Value of Real Property	\$ 4,976,242,219
Debt Limit - 10%	497,624,222
Amount of Debt Applicable to Debt Limit	
General obligation bonds	<u>90,049,921</u>
Legal Debt Margin	<u>\$ 407,574,301</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

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	
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	-	-	-
2025	41,855,876	23,494,453	18,361,423	6,229,696	3,917,615		1.81	4,304,981	1,705,950	2,599,031	-	647,705	1.00

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	Popu- lation(1)	Personal Income (amounts expressed in thousands)	Per capita income(2)	Median age(1)	Educational attainment (4)		School enrollment(5)	Unemployment rate (3)
					High School Graduate or higher	Bachelor's Degree or higher		
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%
2025	29,294	1,819,597	62,115	36.7	86.5%	31.6%	4,100	3.10%

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

Table 15

## Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>December 31, 2024</u>			<u>December 31, 2015</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	1,000 and over	1	6.58%	1,000 and over	1	7.21%
Winchester Public Schools	1,000 and over	2	6.58%	500 - 900	3	3.61%
Shenandoah University	1,000 and over	3	6.58%	500 - 900	2	3.61%
Newell Brand Industries-Rubbermaid	500 - 999	4	3.29%	500 - 999	4	3.61%
City of Winchester	500 - 999	5	3.29%	500 - 900	6	3.61%
US Federal Bureau of Investigation	500 - 999	6	3.29%	500 - 999	7	3.61%
County of Frederick	500 - 999	7	3.29%			
Wal-Mart	500 - 999	8	3.29%	500 - 999	5	3.61%
Blue Ridge Hospice	250 - 499	9	1.65%			
US Dept of Defense	250 - 499	10	1.65%	250 - 499	9	1.80%
O'Sullivan Films Inc				250 - 499	8	1.80%
Onsite Engineering & Mana Inc				250 - 499	10	1.80%
<b>Total</b>	<b>6,000</b>		<b>39.49%</b>	<b>4,750</b>		<b>34.27%</b>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Function/Program</b>										
General government administration	42	43	42	43	42	56	43	49	54	54
Judicial administration	50	50	49	47	51	47	53	49	51	53
Public safety	233	226	223	240	215	227	237	239	239	255
Public works	59	71	58	62	58	85	102	111	123	120
Health and welfare	45	46	39	45	49	53	64	61	63	65
Parks, recreation and culture	39	36	38	35	33	22	22	30	27	22
Community development	21	12	11	12	12	12	14	19	20	25
Water and sewer	70	63	58	59	78	79	82	70	68	67
Bus service	21	13	18	21	22	14	27	28	33	29
Parking authority	6	6	3	5	6	6	7	7	7	7
Schools	703	707	700	703	703	707	746	757	756	760
<b>Total</b>	<b>1,289</b>	<b>1,273</b>	<b>1,239</b>	<b>1,272</b>	<b>1,269</b>	<b>1,308</b>	<b>1,397</b>	<b>1,420</b>	<b>1,441</b>	<b>1,457</b>

**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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Government</b>										
Building permits issued	1,787	1,898	1,913	3,949*	4,286*	1,855	1,819	1,740	2,086	2,156
Building inspections conducted (commercial and residential)	8,858	8,829	8,902	11,645*	5,114	4,166	3,777	5,053	3,808	4,162
Code Enforcement Inspections(4)										3,711
<b>Police</b>										
Physical arrests	4,113	2,653	2,796	2,325	1,976	1,207	1,428	2,334	2,002	3,318
Parking violations	3,013	3,634	3,941	10,107	8,316	4,055	5,664	1,122	6,774	5,443
Traffic violations (including warnings)	4,534	5,190	5,021	7,947	5,378	6,368	3,657	5,989	6,277	6,030
<b>Fire</b>										
Emergency responses	6,282	6,784	6,588	6,142	5,854	6,116	6,779	6,501	6,661	6,888
Structure fires	52	48	56	54	45	33	42	34	24	31
On-site fire inspections	918	809	457	881	666	275****	895	888	1,020	938
Fire Protection Systems	136	116	111	171	68	44****	74	113	68	93
<b>Refuse Collection</b>										
Refuse collected (tons per year -- residential and non-residential)	6,534	6,629	6,561	6,719	6,794	7,109	7,217	7,108	7,033	7,143
Recyclables collected (tons per year includes cardboard & yard waste)	3,094	3,051	2,931	2,850	2,190	2,154	1,972	1,850	1,786	1,915
Recyclable scrap	8.00	19.37	33.87	3.39	16.50	20.51	23.26	12.59	10.00	12.05
<b>Other Public Works</b>										
Street resurfacing (miles)	7.03	11.98	10.04	9.59	10.23	1.39	5.58	18.35	9.66	0.6
<b>Parks and Recreation</b>										
Shelter permits issued	390	386	420	293	221**	239***	359	395	399	395
Indoor/Outdoor pool attendance incl classes (not including user groups, teams, etc.)	33,515	33,163	36,236	36,797	26,111**	4,109***	15978	18,364	23,032	26,421
Racquetball court users <sup>(1)</sup>	1,980	1,824	2,550	2,402	1,340**	738***	701**	**N/A	**N/A	**N/A
Indoor fitness room users <sup>(1)</sup>	2,535	3,128	3,808	3,335	1,944**	7***	1,019**	**N/A	**N/A	**N/A
Total Park Memberships								1572	1,573	1,556
Total Non-Member Visits (Inc Pool Attendance)(1)								21245	**N/A	**N/A
Daily Visits									31,416	28,610
<b>Water</b>										
Average daily production	6.55mgd	7.09 mgd	6.17 mgd	6.10mgd	5.82mgd	5.76mgd	5.54mgd	5.36mgd	5.70mgd	6.46mgd
New connections	44	41	24	16	18	38	23	37	52	60
Total connections	11,157	11,198	11,222	11,238	11,256	11,294	11,317	11,354	11,406	11,421
Water main breaks	33	37	42	25	32	38	29	19	32	33
Average daily consumption	6.12 mgd	5.75 mgd	5.21 mgd	4.79mgd	3.83mgd	3.84mgd	3.91mgd	4.89mgd	4.07mgd	4.30mgd
<b>Wastewater</b>										
Average daily flow (12 month period)	4.96 mgd	4.97 mgd	5.09 mgd	4.72 mgd	4.11mgd	4.82mgd	4.75mgd	4.89mgd	4.39mgd	8.82mgd
Peak Flow (12 month period)	18.49 mgd	20.1 mgd	20.05 mgd	21.14mgd	20.04mgd	20.5mgd	21.27mgd	20.22mgd	16.55mgd	22.52mgd
<b>Transit</b>										
Passenger trips	138,961	143,208	139,998	134,832	110,844**	85,334***	134,223	180,625	181,306	106,471
<b>Schools (2)</b>										
Number of teachers, Elementary (K-4)	159	157	156	154	146	157	166	168	157	155
Number of teachers, Middle (5-8)	107	108	105	103	110	121	113	119	97	103
Number of teachers, Secondary (9-12)	102	104	102	102	101	111	114	120	102	102
Number of students, Elementary (K-4)	1,698	1,677	1,598	1,576	1,742	1,502	1,446	1,485	1,631	1,598
Number of students, Middle (5-8)	1,306	1,343	1,304	1,287	1,313	1,265	1,213	1,184	1,225	1,225
Number of students, Secondary (9-12)	1,259	1,269	1,297	1,258	1,297	1,315	1,326	1,348	1,377	1,353

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.
- (3) Fares reinstated in July 2024- Transitioned to WinReady in March 2024
- (4) New software allows Code Enforcement Tracking

City of Winchester, Virginia

Table 18

Capital Assets Statistics by Function  
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
SubStations	-	2	1	1	1	-	-	-	-	-
Police vehicles	74	85	81	85	81	81	85	85	81	99
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Refuse Collection										
Collection Trucks	8	8	8	8	8	8	8	11	12	12
Other Public Works										
Streets (miles)	221	221	219	219	224	223	223	223	223	223
Streetlights	126	121	121	121	121	121	121	121	121	121
Traffic signals	59	55	54	54	55	55	57	57	57	57
Parks and Recreation										
Number of parks	14	14	15	15	15	15	15	15	16	16
Acreage	247	247	248	271	271	271	271	271	278	278
Miles of Trails	-	-	-	-	6	7	7	7	8	8
Playgrounds	9	9	9	9	9	9	9	9	10	10
Community centers	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	9	9	9	8	8	8	8	8	8	8
Soccer/football fields	9	9	9	10	10	10	10	10	12	12
Basketball courts	7	7	8	8	8	8	8	7	9	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	10
Skate Park										1
Water										
Miles of water mains	127	127	127	127	128	128	129	130	130	131
Fire hydrants	1,088	1,290	1,290	1,316	1,316	1,316	1,345	1,364	1,385	1,404
Water storage capacity	12 mg	12 mg	12 mg	12mg	10.3mg	10.1mgd	10.1mgd	10.1mgd	10.1mgd	10.1mgd
Wastewater										
Miles of storm sewers	83	83	83	83	83	83	84	85	85	85
Miles of sanitary sewers	123	123	123	123	123	123	124	124	124	125
Opequon wastewater treatment capacity (1)	7.1 mgd	7.1 mgd	7.1 mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd	7.1mgd
Transit										
Minibuses	6	6	6	5	5	5	5	6	6	6
Trolleys	1	1	1	1	1	1	1	1	1	0
Vans	2	4	4	4	4	4	4	4	5	6
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	168	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	115	115	115	115

Source: Various Departments in the City

Notes:

(1) Operated by Frederick Winchester Service Authority



# Compliance Section



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# 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2025.

## 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. However, material weaknesses or significant deficiencies may exist that have not been identified.**

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## 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002.**

### City’s Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City’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.



CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
December 1, 2025

**City of Winchester, Virginia**  
**Summary of Compliance Matters**  
June 30, 2025

As more fully described in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

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**STATE COMPLIANCE MATTERS**

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*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 Program Aid to Localities
- Opioid Abatement Program

**City of Winchester, Virginia**  
**Summary of Findings and Responses**  
June 30, 2025

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**A - Findings – Financial Statement Audit**

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None noted.

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**B – Findings – Commonwealth of Virginia**

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*2025-001: Department of Transportation – Highway Maintenance Reports*

Condition

During our review of the U3 report, we noted two errors in the report that misrepresented the City's Highway Maintenance activities.

Recommendation

We recommend a detail review, reconciliation, and comparison to supporting documentation be done prior to submitting to the Virginia Department of Transportation (VDOT).

Views of Responsible Officials

The City of Winchester's Department of Highway Maintenance submitted a new U3 report to VDOT. Additionally, going forward they will ensure that this report is reviewed and agrees to supporting documentation.

*2025-002: Department of Transportation – Pay Rates*

Condition

During our review of work orders for Highway Maintenance, we noted one error where an employees pay rate was incorrectly entered into the PubWorks system. As such, the labor rate applied to the work order was too low.

Recommendation

We recommend a detailed review of pay rates to ensure that all rates are updated correctly and in a timely manner within the PubWorks system.

Views of Responsible Officials

The City of Winchester's Department of Highway Maintenance will adjust these labor rates within the PubWorks system and review for any further discrepancies.