

CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2021

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2021

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INTRODUCTORY SECTION

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

COUNCIL

Mark Robertson, Vice-Mayor	Andrea W. Oakes, Mayor	R. Terry Holmes
Stephen W. Claffey		Carolyn W. Dull
Amy G. Darby		Brenda O. Mead

OFFICIALS

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

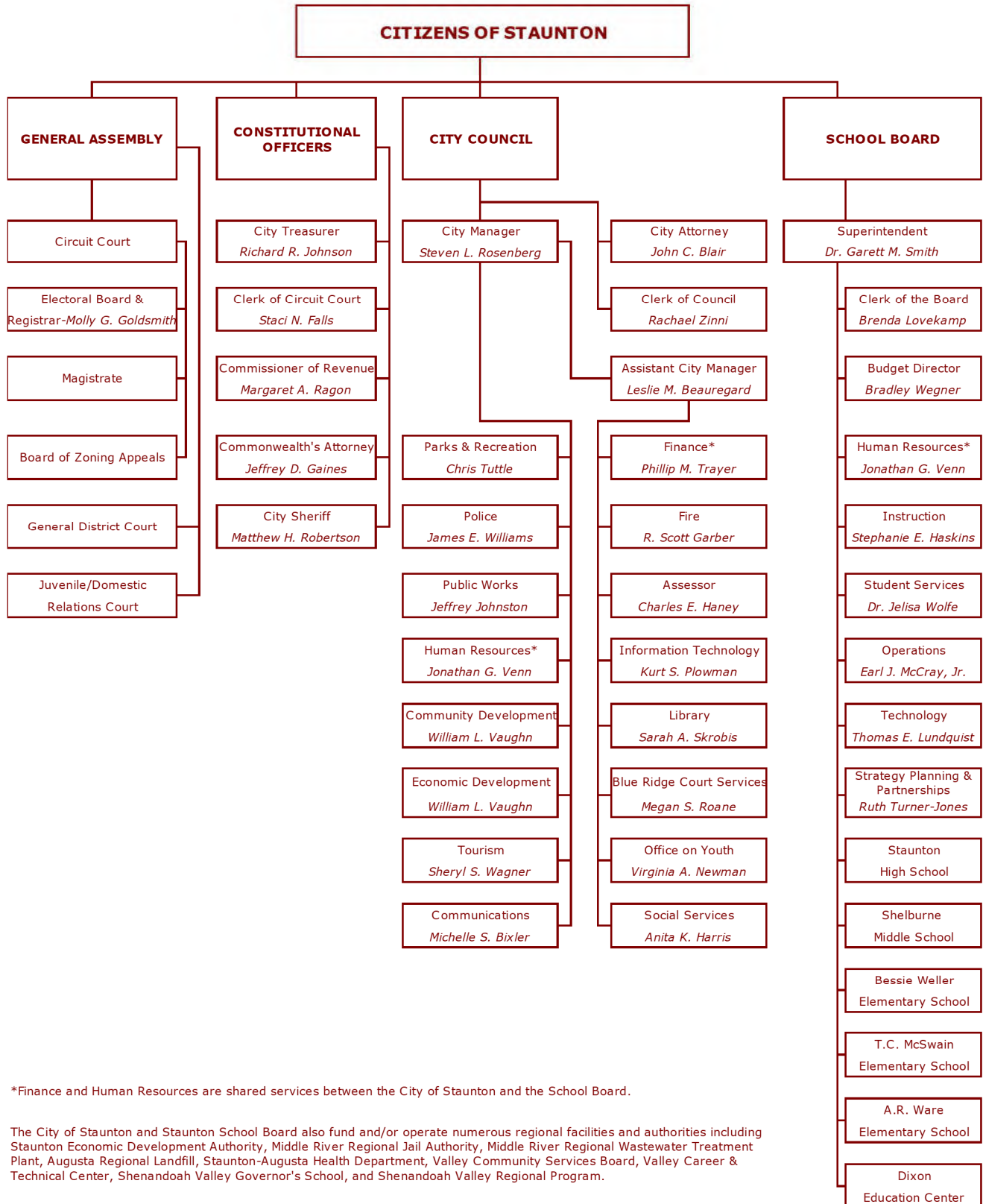
SCHOOL BOARD

	Kenneth Venable, Chair	
	Amy Wratchford, Vice-Chair	
Christine Poulson		Robert Boyle
Ronald Ramsey		Natasha McCurdy



City of Staunton, Virginia

Organization Chart: FY 2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Staunton
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



December 3, 2021

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

We are pleased to submit the City of Stanton's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This report has been prepared by the City's Finance Department. The report provides full disclosure of all financial information necessary to enable the reader to gain an understanding of the government's financial activities.

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

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

Brown Edwards & Company, LLP, Certified Public Accountants, has issued an unmodified opinion for the City of Stanton for fiscal year ending June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

The City's management discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides for a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Stanton was founded in 1747 and later chartered as a town by the Virginia General Assembly in 1761. The City was named for Lady Rebecca Stanton, wife of colonial Governor Sir William Gooch. Stanton was incorporated as a city in 1871. Stanton is the birthplace of the city manager form of government. Stanton appointed its first city manager, and the nation's first city manager, Charles E. Ashburner, in April 1908.

The City is governed by seven members of City Council for policymaking and legislative issues. Council members are elected at large for four-year terms. Council members elect the mayor. The city manager is appointed by City Council and is responsible for the general operations of the City and administering the policies and ordinances enacted by City Council. The city manager appoints all department directors for the various operating departments.

The Stanton City School Board is comprised of six members elected at large for four-year terms with the responsibility of the operation of the City school system. The School Board appoints a superintendent to administer the operations, policies, and procedures of the School Board. The local share of funding for the school system is appropriated through the budget process by City Council and provided through a transfer from the General Fund to the Education Fund.

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

Staunton is located at the intersection of I-81 and I-64 in the Shenandoah Valley of Virginia. The City is 90 miles west of Richmond, 85 miles north of Roanoke, and just 150 miles southwest of Washington D.C. The City encompasses an area of 19.98 square miles with a population of approximately 24,400.

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

BUDGET PROCESS AND CONTROLS

Per City Code, the Chief Finance Officer serves as the budgetary control officer and shall assist the City Manager in developing and assembling the necessary information and planning and prioritizing financial commitments for the preparation of the annual budget. The City adopts a balanced budget for all funds. The *Code of Virginia* requires the City to adopt a balanced budget by May 15 for the School's Education Fund budget and June 30 for all other City funds. Budget control is maintained at the fund level. The City Manager, or designee, is authorized to transfer appropriations from any line item within each fund as needed to sufficiently fund any expenditure. All departments have on-line, real-time access to all line items within their operating budgets. Purchase orders for materials, supplies, and services are not released until adequate appropriations are available. Open encumbrances are reported as assigned or committed fund balances at the end of each fiscal year. City Council adopts an ordinance to approve budget amendments that require increased or decreased appropriations to the total adopted budget.

The City's budget team consists of the City Manager, Deputy City Manager, and Chief Finance Officer (CFO). The City Manager and the CFO review the current status of the economy and develop budget guidelines based on City Council's long-term financial and strategic plan, three-year priorities, and other factors for the upcoming fiscal year. City Council's three-year priorities for the future of Staunton are summarized below;

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

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

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

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

The City's ACFR includes all funds, and component unit agencies, boards and commissions for which the City is financially accountable. Financial accountability is defined as appointment of a voting majority of such an entity's Board, and either (a) the ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. Based on the foregoing criteria, the financial activities of the Staunton City School Board and the Staunton Economic Development Authority are included in the financial statements for the reason indicated:

The Staunton City School Board was created as a separate legal entity by the City to oversee the operation and management of its publicly funded primary and secondary schools. The School Board creates a financial burden on the General Fund requiring approximately 25.5% of its funding for school operations and the issuance of all general obligation bonds. All members of the Board are elected by the City voters. City Council has the ability to impose its will upon the Board.

The Staunton Economic Development Authority was created as a separate legal entity by the City to promote economic development within the City. All members of the Board are appointed by City Council. The Economic Development Authority imposes a financial burden on the City.

LOCAL ECONOMY

The City's overall financial health is determined by several economic factors based on retail sales volume, consumer-based taxes, new residential and commercial construction permits, and property values and transactions. Other financial factors include state revenues, population trends, the unemployment rate, and the local tourism industry. The 2021 total taxable real estate assessed values increased 10.16%. Other local consumer-based tax revenue sources had mixed year on year results as the economy slowly re-opened after the pandemic shutdown. Meals tax on prepared foods increased 3.7% from 2020, lodging taxes decreased 9.2% from 2020 and sales tax increased by 3.4. The local unemployment rate for June 2021 was 4.2%, which is below the national average of 6.1% and the statewide average of 4.2%. Unemployment rates in Staunton continue to decline as a direct result of loosening of statewide strictions surrounding the pandemic. The City relies on its diverse property tax base consisting of manufacturing facilities, distribution centers, a fairly stable retail base, a large government workforce within the area, and a successful tourism market for the economic stability of the City. The City continues to rebound while managing the COVID 19 epidemic.

LONG-TERM FINANCIAL PLANNING

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

Economic Strategy – The City's long-range economic strategy is to attract new commercial, manufacturing, and retail businesses and expand existing businesses. This strategy will strengthen, diversify, provide employment growth, increase the median household income level, and sustain and increase the local tax revenue base to provide quality governmental services to the citizens of Staunton.

City Safety Net Reserve – The City's fund balance fiscal policy, as revised by City Council, now requires a reservation of 15.5% of the City's total general fund operating budget as a cash safety net reserve, reported as committed fund balance in the general fund. The primary government reserve is currently \$9,571,866. These funds can be used only for major catastrophic events that would affect the public safety or major infrastructure of the City, or imposition of mandates by Federal and State governments. The City also adopted a policy to establish and maintain a contingency reserve in the amount of \$250,000, reported as unassigned fund balance in the general fund, to provide for unexpected declines in budgeted revenues or unanticipated emergency expenditures.

Capital Improvement Plan – The City approves a multi-year capital improvement plan and budget each year. The approved CIP plan and budget includes the City CIP and the School CIP plan. The City and School CIP budgets are appropriated each year by Council. The CIP funds are designated as multi-year funds in the accounting system and automatically carry forward the project balances to the next fiscal year for completion of the projects. Council is not required to re-appropriate funds each year for the balance of the same project appropriation.

The CIP plan is a five-year capital plan updated annually to account for project estimate updates, new and revised projects, and completed projects. The annual update to the CIP plan begins in October each year. The plan is presented to City Council and the Planning Commission in December each year. The plan is adopted in February during the budget process. The draft CIP plan is presented to City Council and the Planning Commission for review and suggestions. The Planning Commission will make recommendations and accept the CIP Plan based on the City's Comprehensive Plan. City Council approves the CIP after the Planning Commission's recommendations, and any other changes. The CIP plan includes the funding sources for the proposed capital projects each year of the five-year plan. Funding sources are based on a five-year financial analysis of revenues and expenditures.

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

The City collaborates with the School Board to incorporate the School CIP plan and develop financing plans to pay for major improvements or renovations to school facilities.

The City prefers to finance capital projects with cash, or 'pay-as-you-go' funds, and federal and state grants. The City may use debt financing for projects by issuing general obligation or revenue bonds to finance projects. Any project requiring debt financing shall have a useful life equal to the term of the bond and adhere to the City's Debt Policy ratios and guidelines.

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

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

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

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

MAJOR INITIATIVES

FY2021 Budget

City Council's commitment to prudent fiscal management has provided the framework for the City to prepare and adopt budgets in response to the economic conditions of the local, state, and national economies. The total fiscal year 2021 budget was adopted at \$114.3 million, a decrease of 4.7% or \$5.6 million from the previous year. The majority of the expected decreases in the budget were due to the unknown factors surrounding the Coronavirus pandemic. The January 1, 2020 taxable real estate assessment reflected an increase of 1.17%. Due to anticipated effects of the pandemic, a delinquency factor of .05 for real estate and .04 for personal property were applied to the estimated revenues. Consequently, real estate tax revenue is projected to decrease by \$.9 million and personal property tax revenue is projected to decrease by \$.05 million. By the end of the fiscal year, actual property tax revenues had come in at a 4.8% or \$1.3 million increase over fiscal year 2020. Other local taxes, including meal and sales tax were budgeted for a 16.4% or \$2.5 million decrease but actually ended the year with modest increases over the previous fiscal year.

Economic Development

Staunton Crossing Development Park

Staunton Crossing, located at U.S. 250 and the interchange of Interstate Highways 81 and 64, is planned for a mix of corporate and professional offices, retail stores, restaurants, and lodging facilities. The project will be the largest business development property to support both office and retail development in the Shenandoah Valley region of the I-81 corridor through Virginia.

In September, 2016 the EDA sold approximately 25 acres of the Staunton Crossing development property for \$1.25 million. Construction began on the first phase of the development site in November, 2016. The development includes a Marriott Fairfield Inn and Suites and a Tru by Hilton hotel. Both hotels were open in November 2018. A 7-11 convenience store with Liberty gas station opened during fiscal year 2021. Also during fiscal year 2021, construction began on a 5,745 square foot retail structure with three tenant spaces which will include Jersey Mike's and Chipotle Mexican Grill. The City has gained additional jobs and approximately \$1.0 million annually from property, meals, sales, and lodging tax revenues.

The City began asbestos abatement and demolition of the existing vacant hospital buildings on the property during fiscal year 2021. Demolition was completed on 7 of 19 buildings in fiscal year 2021 and the remainder of the demolition is expected to be completed in fiscal year 2022. Total cost of the demolition and asbestos abatement is in expected to be \$2.4 million. The City was awarded a grant in the amount of \$431,200 from the Virginia Brownsfields Restoration and Economic Redevelopment Fund (VBAF) to support the removal and disposal of hazardous materials at the site. The demolition will allow the property to compete nationally for major industrial development for jobs and an increase the City's tax base.

The City was awarded \$8.7 million from the Virginia Department of Highways in November 2018 to complete the road extension from the entrance to provide access to the entire 275 acres at Staunton crossing. Permitting of this project has already begun and road construction is expected to begin in 2022.

Frontier Center

Frontier Center is near the intersection of Interstates 81 and 64 and the first phase of the development, including construction for the road and infrastructure improvements, was completed in June 2018. Aldi, Bojangles, Chick-fil-A, and McDonalds opened during the summer of 2018 which has contributed to our year on year increase in meals and sales tax. The last parcel in this phase was sold and plans have been submitted for a Cook Out Restaurant to open during fiscal year 2022. The City has an agreement with the developer to start the second phase of development for a 200,000 square foot retail space.

Community Development

The City was officially designated by the U.S. Department of Housing and Urban Development (HUD) as an entitlement community starting in federal fiscal year 2019. Under this program designation, the City is eligible to receive more than \$339,000 during the fiscal year and can expect to receive grant funds in this approximate amount every year if funded by Congress.

Through this program, the City can promote integrated approaches to provide decent housing and suitable living environments, while expanding economic opportunities for low and moderate income and special needs populations, including people living with HIV/AIDS. The funds will help the City carry out a variety of community development activities, economic development, and improvement of community facilities and services.

AWARDS AND ACKNOWLEDGEMENTS

Economic Development and Tourism

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

- “Why This Region of Virginia Could Be the South’s New Foodie Hotspot” – Vogue
- Best Places to Propose in the U.S. – Expedia
- American Shakespeare Center – Virginia’s Not-To-Be-Missed Vacation Destination – O Magazine
- Best Small Town Cultural Scene – USA Today
- The South’s Best Restaurants in Every State: The Shack Staunton, VA – Southern Living
- The South’s Best Mountain Towns 2020 – Travel & Leisure
- Best Small Town Cultural Scene – USA Today
- 50 Best Cities to Live in the U.S. – USA Today
- 20 Most Beautiful Main Streets in America – Reader Digest
- The 25 Best Small-Town Main Streets in America you need to visit ASAP – Oprah Daily

Parks and Recreation

In fiscal year 2021, the Parks and Recreation department, with support of outside donations, undertook major initiatives which included the renovations to the entrance to Gypsy Hill Park via resources provided by the “Entrance Improvement Committee”. Bill Fraizer with Fraizer and Associates spear headed this effort on behalf of the committee.

The Horticulture Division of the Department of Parks and Recreation received a Tree City USA award from the National Arbor Day Foundation. Thanks to the City’s efforts to make the care and planning of trees a priority, this is the 25th year the City has achieved this award recognizing municipalities with active tree care and replacement programs.

Public Safety

Police Department- Fiscal year 2021 was a challenging year for recruiting and retaining staff in the Staunton Police Department. Due to the pandemic, the Department was budgeted with five open positions (four in the Police Department and one in Emergency Dispatch) which put pressure on staff and further exacerbated recruiting difficulties. In spite of these challenges, the City Police Department maintains positive community relationships throughout the City. The department received the 12th consecutive national accreditation award from the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) in May of 2021. The department received its first accreditation award in 1985 as one of the first ten law enforcement agencies in the world accredited by CALEA. Accreditation ensures that police departments operate under a set of nationally accepted standards that are designed to provide citizens with professional law enforcement services. Citizens of the City of Staunton benefit from the accreditation process with the assurance that the police department maintains procedures to encourage, listen and respond to citizen requests, needs, complaints and inquiries. The Department goes through the accreditation process every four years. Chief J.E. Williams has previously been honored with CALEA’s prestigious Egon Bittner award for excellence in leadership of a law enforcement agency.

Finally, the City’s FY22-FY26 Capital Improvement Plan will be addressing operational space issues as the City will be commissioning a study in fiscal year 2022 to ensure adequate facilities are provided for its public safety personnel. Addressing these space issues will assist the department in serving the citizens of Staunton.

Public Works

The City's drinking water consistently meets all water quality standards and regulations. Staunton's Water Treatment Plant has been commended by the VDH Office of Drinking Water Virginia Optimization Program for 18 consecutive years, most recently with the Gold Award for Performance Excellence, the highest level of recognition. This program recognizes those who operate water systems in an exemplary manner, providing quality drinking water that exceeds minimum regulatory standards.

Finance Department

Risk Management

The Risk Management Division of the Finance Department continued its successful completion of 100% of the Virginia Municipal League's Insurance Program risk management guidelines for the City and Staunton City Schools. These guidelines ensure the City and School's commitment to safety for its citizens and employees. As a result of completing the guidelines, the City and Staunton City Schools received a 5% discount on the liability and workers compensation insurance premiums for the fiscal year.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City of Staunton, Virginia, for its fiscal year 2021 budget.

The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. This was the fourth year that the City applied for the award.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Staunton, Virginia, for its Annual Comprehensive Financial Report for the fiscal years ended June 30, 1985 through 2020. A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was accomplished with efficient and dedicated services of the Finance Department. I would also like to thank the City Manager and the City Council for their interest and support in applying for both the Certificate of Achievement for Excellence in Financial Reporting as well as the Distinguished Budget Presentation Award.

Respectfully submitted,

Phillip M. Trayer

Phillip M. Trayer
Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents 54%, 46%, and 16%, respectively, of the assets, net position, and revenues of the Environmental Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based on the report of the other auditors.

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

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principal

As described in Note 23 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Staunton's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2021. The MD&A is in addition to the transmittal letter, located on pages iv-xi of this report. Readers are encouraged to review the information presented in the MD&A and the letter of transmittal to provide the user a more comprehensive view of the City's financial condition. The MD&A presents information for the government-wide financial statements and the fund financial statements. The MD&A provides the user with a narrative introduction, overview, and analysis of the basic financial statements for the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

- The assets and deferred outflows of resources of the City of Staunton VA (City) exceeded its liabilities at the close of the most recent fiscal year by \$144.3 million (*net position*). Of this amount, \$41.3 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$7.2 million due to a combination of factors including increases in tax revenues and unrestricted grants which exceeded overall expenditures/expenses.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$38.8 million, a decrease of \$4.4 million in comparison with the prior year. The decrease is due mainly to the continued and complete expenditure of the prior year bond proceeds on the high school renovation. Approximately 24.7% of the combined fund balances (\$9.6 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$22.0 million, or approximately 40.8% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$5.7 million due to normal scheduled debt reduction.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 5-7 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 8-11 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 12-15 of this report.

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

The City maintains one type of fiduciary fund. The *OPEB trust fund* is used to report resources held in trust for other post-employment benefits.

The fiduciary fund financial statements can be found on pages 16-17 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-83 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 84-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 99-112 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

City of Staunton Summary Statements of Net Position June 30, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 79,685,526	\$ 79,881,200	\$ 24,393,181	\$ 21,769,428	\$ 104,078,707	\$ 101,650,628
Capital assets	98,449,318	89,898,478	70,619,699	73,031,890	169,069,017	162,930,368
Total assets	178,134,844	169,779,678	95,012,880	94,801,318	273,147,724	264,580,996
Total deferred outflows of resources	<u>6,743,165</u>	<u>4,824,903</u>	<u>963,354</u>	<u>750,951</u>	<u>7,706,519</u>	<u>5,575,854</u>
Liabilities:						
Long-term liabilities	98,516,656	97,571,229	18,752,599	20,518,055	117,269,255	118,089,284
Other liabilities	11,030,122	6,905,894	1,658,353	1,061,958	12,688,475	7,967,852
Total liabilities	109,546,778	104,477,123	20,410,952	21,580,013	129,957,730	126,057,136
Total deferred inflows of resources	<u>6,456,821</u>	<u>6,761,437</u>	<u>185,181</u>	<u>296,820</u>	<u>6,642,002</u>	<u>7,058,257</u>
Net Position:						
Invested in capital assets	44,794,831	43,376,129	57,888,036	58,466,643	102,682,867	101,842,772
Restricted	237,570	261,168	-	-	237,570	261,168
Unrestricted	23,842,009	19,728,724	17,492,065	15,208,793	41,334,074	34,937,517
Total net position	<u>\$ 68,874,410</u>	<u>\$ 63,366,021</u>	<u>\$ 75,380,101</u>	<u>\$ 73,675,436</u>	<u>\$ 144,254,511</u>	<u>\$ 137,041,457</u>

In the case of the City of Staunton, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$144.3 million at the close of fiscal year 2021.

By far, the largest portion of the City's net position (\$102.7 million or 71.18%) is the investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidated to pay for these liabilities.

An additional portion of the City's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$41.3 million or 28.65% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

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

City of Staunton
Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for services	\$ 6,731,224	\$ 6,812,616	\$ 13,323,893	\$ 12,529,630	\$ 20,055,117	\$ 19,342,246
Operating grants and contributions	13,097,805	12,968,537	70,392	5,928	13,168,197	12,974,465
Capital grants and contributions	1,555,416	1,805,565	-	826,387	1,555,416	2,631,952
General revenues						
Property taxes	28,445,542	27,354,266	-	-	28,445,542	27,354,266
Other taxes	16,631,337	16,129,018	-	-	16,631,337	16,129,018
Unrestricted intergovernmental	7,189,047	2,994,099	-	-	7,189,047	2,994,099
Interest and investment earnings	83,775	958,576	4,616	263,369	88,391	1,221,945
Other	57,036	23,865	-	-	57,036	23,865
Total revenues	73,791,182	69,046,542	13,398,901	13,625,314	87,190,083	82,671,856
Expenses:						
General government	11,567,499	9,856,062	-	-	11,567,499	9,856,062
Judicial administration	2,459,042	2,219,700	-	-	2,459,042	2,219,700
Public safety	14,601,208	13,311,595	-	-	14,601,208	13,311,595
Public works	6,842,744	7,937,417	-	-	6,842,744	7,937,417
Health and welfare	7,195,615	7,230,640	-	-	7,195,615	7,230,640
Education (includes payment to Schools)	14,915,576	14,402,769	-	-	14,915,576	14,402,769
Parks, recreation and culture	3,424,883	3,657,310	-	-	3,424,883	3,657,310
Community Development (includes payment to EDA)	5,225,688	2,414,891	-	-	5,225,688	2,414,891
Interest on long-term debt	2,026,010	2,821,996	-	-	2,026,010	2,821,996
Water	-	-	3,410,581	3,575,079	3,410,581	3,575,079
Sewer	-	-	3,587,276	3,667,705	3,587,276	3,667,705
Storm Water	-	-	995,695	808,357	995,695	808,357
Environmental	-	-	2,956,277	3,193,550	2,956,277	3,193,550
Parking	-	-	768,935	676,676	768,935	676,676
Total expenses	68,258,265	63,852,380	11,718,764	11,921,367	79,977,029	75,773,747
Increase (Decrease) in net assets before transfers	5,532,917	5,194,162	1,680,137	1,703,947	7,213,054	6,898,109
Transfers	(24,528)	-	24,528	-	-	-
Increase (decrease) in net assets	5,508,389	5,194,162	1,704,665	1,703,947	7,213,054	6,898,109
Net assets - Beginning of year	63,366,021	58,171,859	73,675,436	71,971,489	137,041,457	130,143,348
Net assets - end of year	\$ 68,874,410	\$ 63,366,021	\$ 75,380,101	\$ 73,675,436	\$ 144,254,511	\$ 137,041,457

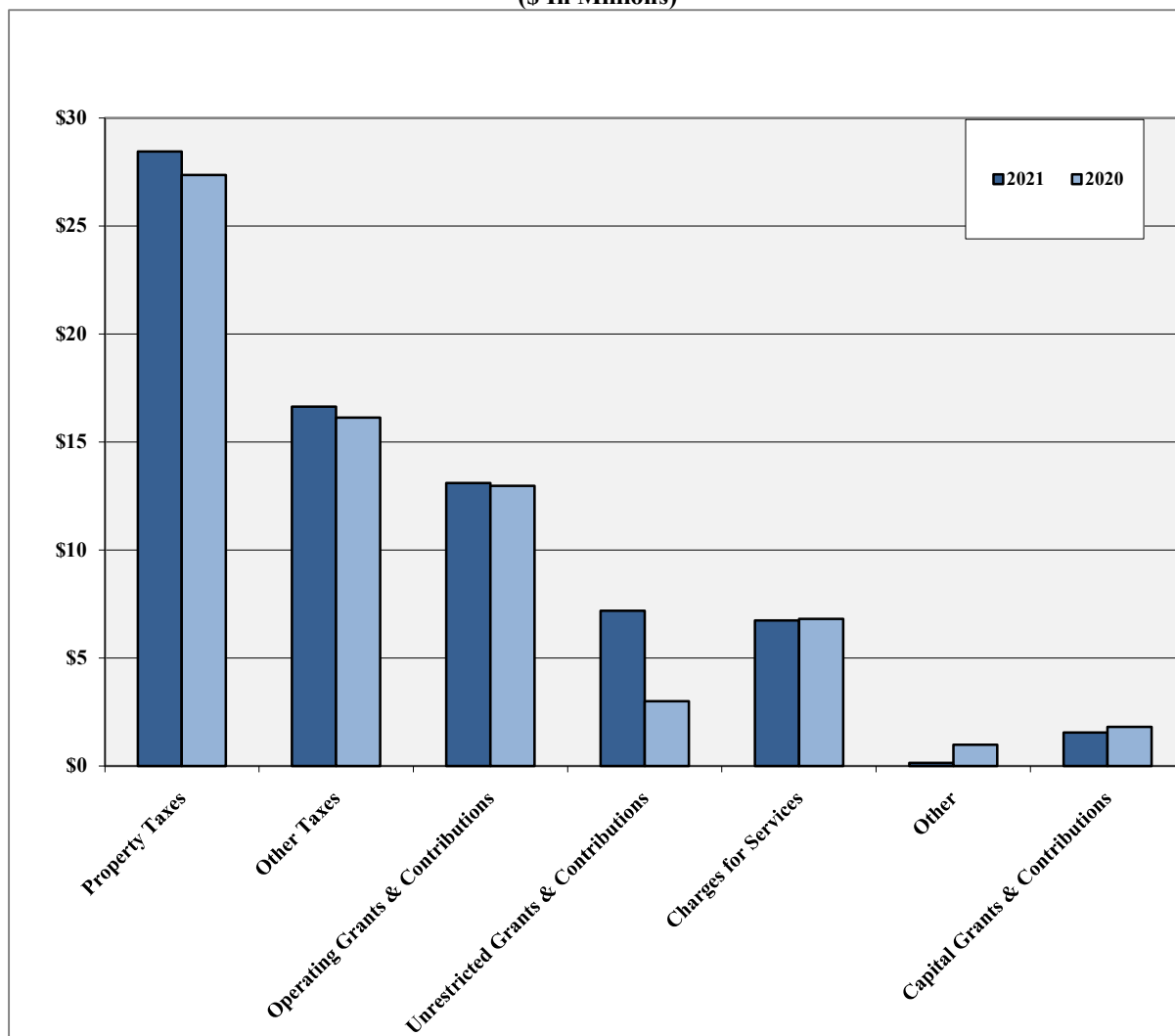
The City's overall net position increased \$7.2 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$73.8 million for the fiscal year ended June 30, 2021, an increase of \$4.8 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$28.5 million or 38.6% of revenue in 2021. Assessed values of real estate increased 10.16% over 2020. This increase in assessment was partially offset by a decrease in the real estate tax rate from \$.95/\$100 to \$.92/\$100, but still resulted in an increase in real estate tax revenues of \$1.1 million over 2020.
- Other tax revenue increased \$.5 million over 2020 due to increases in sales, meals and BPOL taxes.
- Unrestricted grants and contributions increased \$4.2 million due to CARES act funding received in 2021.
- Interest and investment earnings decreased \$.8 million from 2020 due to the decrease in interest earned on bond proceeds, since the bond proceeds were fully expended on the high school renovation project.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2021 and 2020
(\$ In Millions)



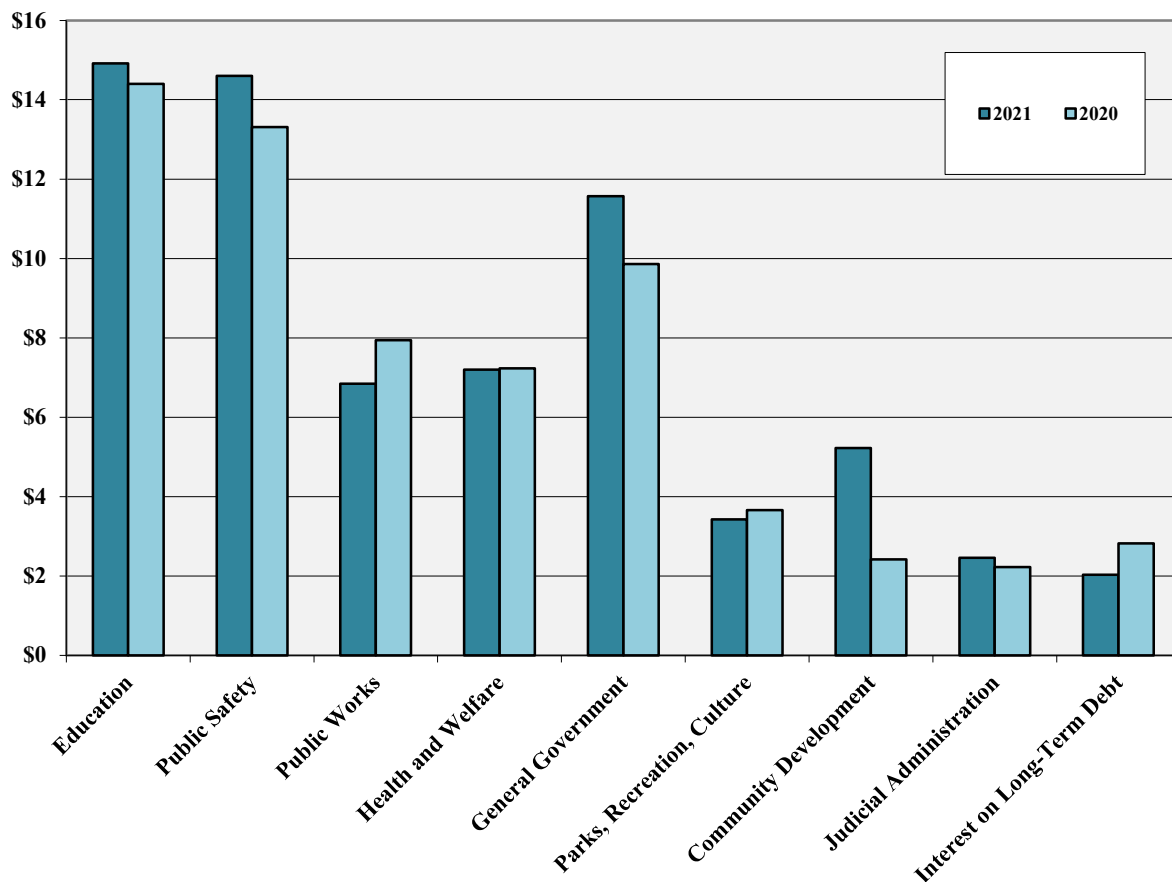
Governmental Activities - Expenses

- The total expenses from governmental activities were \$68.3 million for the year, an increase of \$4.4 million over the prior fiscal year.
- Education is the largest expense for the City at \$14.9 million or 21.85% of total governmental activities. Education expense increased slightly over 2020 by \$.5 million.
- Public Safety increased \$1.3 million due to increases in costs for the regional jail and pension and OPEB costs.
- Public Works decreased \$1.1 million from the prior fiscal year mainly due to an overall decrease in operations due to the COVID-19 pandemic. Operations were slowly resumed during fiscal year 2021.
- Community Development costs increased \$2.8 million over 2020 due to costs associated with getting the Staunton Crossing property ready for sale, including building demolition. Although the EDA owns the property and holds it as inventory, the City is funding the costs of bringing the property to a better standard for sale. See note 17 in the financial statements.
- Judicial administration increased \$.2 million from the prior fiscal year due to increases in salary and benefit costs of the Commonwealth Attorney and Sheriff departments which were made possible in part by increases in funding from the state compensation board. Other additional cost increases were due to increased pension and OPEB costs.

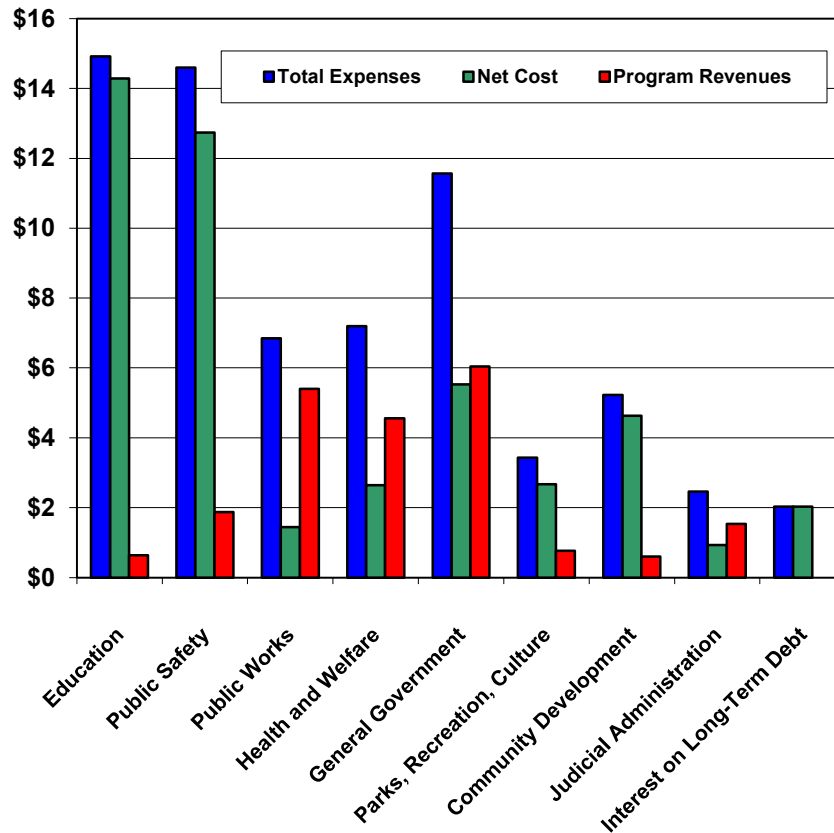
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2021 and 2020

(\$ In Millions)



Governmental Activities - Expenses, Net Costs, and Program Revenues
(\$ In Millions)



Program revenues are those revenues directly related to the individual expense functions such as user fees and charges, restricted grants, and contributions. Program revenues for the current fiscal year totaled \$21.4 million and general revenues totaled \$52.4 million.

The net cost of services represents the amount of tax or other revenue required to support these functions. The Education function requires the largest amount of general revenue support at 30.47%, an increase of \$1.9 million over the previous year. The increase in net cost was due to the absence of the transfer in 2021 that was made during fiscal year 2020 from the school board component unit to support the costs of the high school renovation. Public safety net cost of service increased \$1.3 million from the previous year due to increases in costs for the regional jail and pension and OPEB costs. Public works net cost of service decreased \$2.1 million from an overall decrease in operations due to the COVID-19 pandemic. Community Development net costs of service increased \$2.3 million over 2020 due to economic development costs at the Staunton Crossing property. Net cost of interest on long-term debt decreased \$.8 million from the prior fiscal year due to normal scheduled debt service.

Net Cost of the City of Staunton's Governmental Activities				
	2021		2020	
	Total Cost	Net Cost	Total Cost	Net Cost
Education	\$ 14,915,576	\$ 14,282,950	\$ 14,402,769	\$ 12,369,472
Public Safety	14,601,208	12,734,171	13,311,595	11,488,179
Public Works	6,842,744	1,442,877	7,937,417	3,490,405
Health and Welfare	7,195,615	2,643,799	7,230,640	2,470,549
General Government	11,567,499	5,523,801	9,856,062	3,724,394
Parks, Recreation, Culture	3,424,883	2,665,298	3,657,310	2,954,445
Community Development	5,225,688	4,624,440	2,414,891	2,324,543
Judicial Administration	2,459,042	930,474	2,219,700	621,679
Interest on Long-Term Debt	2,026,010	2,026,010	2,821,996	2,821,996
	\$ 68,258,265	\$ 46,873,820	\$ 63,852,380	\$ 42,265,662

Business-Type Activities

For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$75.4 million. During fiscal year 2021, revenues exceed expenditures by \$1.7 million, which was the increase in net position for business-type activities in both fiscal year 2021 and fiscal year 2020.

During fiscal year 2021, there was a service rate increase in the environmental fund, but the modest overall increase in charges for services was offset by the decrease in interest earnings and the lack of developer contributed capital, resulting in an overall decrease in revenues of \$.2 million over the prior fiscal year. The water, sewer and environmental funds had an overall decrease in operational expenditures due to the slow down of operations during the COVID-19 pandemic. Total expenses were \$.2 million less than the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Staunton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$38.8 million, a decrease of \$4.4 million in comparison with the prior year. The decrease is due mainly to the continued and complete expenditure of the prior year bond proceeds on the high school renovation. Approximately 24.7% of the total combined ending fund balance amount (\$9.6 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder was *nonspendable* (\$.1 million); *restricted* for particular purposes (\$.2 million); *committed* for particular purposes (\$9.6 million); or *assigned* for particular purposes (\$19.3 million).

General Fund

The General Fund is the chief operating fund of the City of Staunton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 17.8% of total general fund expenditures, while total fund balance represents approximately 41.4% of that same amount.

The fund balance of the City's general fund increased \$4.7 million during the current fiscal year. Property tax revenues increased \$1.3 million due to increased assessed value. Intergovernmental revenues increased \$4.0 million due to federal CARES funding. Other local taxes increased \$.5 million due to increases in sales, meals and BPOL taxes.

General Fund actual expenditures were \$53.8 million versus the revised budget totaling \$58.2 million. The contribution to the Component Unit School Board was the largest budgeted expenditure at \$13.7 million. Expenditure savings of \$4.7 million was spread through each governmental function. \$.9 million in expenditure savings in public safety was due to forfeited asset and other grant funds budgeted but not spent as well as personnel and fringe benefit vacancy savings; \$1.5 million expenditure savings in public works was due to personnel and benefits vacancy savings and state street maintenance funds that were budgeted and not spent; expenditure savings of \$.5 million in health and welfare was due to reductions in costs of the children's services act program; \$.7 million in expenditure savings in parks and recreation was due to personnel and benefit vacancy savings as well as operational savings due to pandemic closures and slow recovery and re-opening during 2021; the remaining expenditure savings of \$1.1 million in general government, judicial and community development was due mainly to operational expense reductions due to the pandemic.

Capital Projects Fund

The City's Capital Improvements (CIP) Fund, which includes the Bond construction fund, is used to report transactions related to the financing resources and expenditures for the acquisition or construction of capital facilities for the General Fund. Proprietary capital projects are reported in the appropriate proprietary fund. The City uses annual operating revenues of the General Fund, fund balance transfers from the General Fund, bond proceeds, or grants as resources to fund capital projects. With the exception of grant resources, the General Fund transfers funds to the Capital Improvements Fund when appropriated by the governing body. The General Fund transferred \$2.5 million in fiscal year 2021 to the City Capital Improvement Fund for projects still in progress. The City updates the capital improvements plan on an annual basis.

The fund balance of the CIP Fund decreased \$9.3 million during the current fiscal year. The high school renovation project was completed and all bond funds expended during the current fiscal year, resulting in the reduction in fund balance.

Capital projects in progress at June 30, 2021:

PROJECT	REVISED BUDGET - PROJECT TO DATE	FY2021 EXPENDITURES	TOTAL PROJECT EXPENDITURES TO DATE	PROJECT BALANCE
FINANCIAL SOFTWARE	\$ 1,332,482	\$ -	1,273,429	\$ 59,053
COMPUTER NETWORK EQUIPMENT	195,137	-	182,804	12,333
TELEPHONE REPLACEMENT	1,000,000	92,600	92,600	907,400
E911 TELEPHONE EQUIPMENT	400,000	3,060	3,060	396,940
E911 CALL HANDLING EQUIPMENT	102,262	-	97,299	4,963
E911 RECORDING EQUIPMENT	150,011	-	150,011	-
FIRE TRUCK RESERVE	1,704,384	262,321	2,439,294	(734,910)
RADIO NARROWBAND	500,000	-	488,447	11,553
REGIONAL JAIL RESERVE	5,576,286	-	5,057,286	519,000
REGIONAL ANIMAL SHELTER	125,000	-	82,192	42,808
STREET IMPROVEMENT PROJECTS	1,355,250	-	1,269,701	85,549
URBAN STREET CONSTRUCTION 2% MATCH	786,478	-	465,395	321,083
STATLER/RICHMOND RD PROJ	50,000	-	-	50,000
RICHMOND RD/GREENVILLE AVE	35,000	-	-	35,000
CENTRAL AVE STREETSCAPE	2,647,015	1,185,461	1,379,638	1,267,377
STATE ROUTE 1426	2,110,000	-	1,789,303	320,697
NEW SIDEWALKS	700,000	-	-	700,000
BESSIE WELLER SAFE ROUTE TO SCHOOL	659,838	-	2,074	657,764
RICHMOND RD/COCHRAN PARKWAY	2,883,747	-	2,860,887	22,860
BRICK SIDEWALK PROJECTS	85,167	-	85,162	5
VDOT PRIMARY EXT PAVING	1,549,475	-	1,549,475	-
MLK MEMORIAL SIGN	41,450	-	40,940	510
PUBLIC WORKS EQUIPMENT RESERVE	500,000	-	282,975	217,025
RT 11/ RT 262 INTERSECTION TRUCK LANE IMPROVEMENTS	50,000	-	-	50,000
ADAPTIVE TRAFFIC CONTROL	150,000	-	-	150,000
CITY HALL HVAC SYSTEM	448,139	-	148,519	299,620
FIRE STATION ROOF	845,000	-	207,715	637,285
PUBLIC SAFETY BUILDING	40,000	-	39,339	661
COCHRAN JUDICIAL CENTER	606,682	-	256,682	350,000
PUBLIC WORKS BUILDING MAINTENANCE RESERVE	300,000	-	156,366	143,634
BLUE RIDGE COMMUNITY COLLEGE	550,736	41,048	550,736	-
HIGH SCHOOL PROJECT	400,000	-	-	400,000
TRANSFER TO SCHOOL CIP	633,962	-	475,000	158,962
BOOKER T BUILDING	266,818	-	262,603	4,215
MONTGOMERY HALL SOCCER FIELDS	166,272	-	165,878	394
GOLF NON CAPITAL EQUIPMENT	198,200	-	-	198,200
GHP BANDSTAND PROJECT	30,000	-	30,000	-
GHP POOL RENOVATIONS	500,000	-	492,565	7,435
MHP BATHROOM/WATER PARK	275,000	-	274,317	683
TGHP FENCE	111,115	-	71,115	40,000
GREENWAYS PROJECT	500,000	-	-	500,000
FOOTBALL STADIUM ADA IMPROVEMENTS	100,000	-	87,682	12,318
GHP RESTROOM REPLACEMENT	350,000	-	-	350,000
GHP TOT PLAYGROUND	75,000	-	40,000	35,000
CORRIDOR OVERLAY INCENTIVES	25,000	-	1,350	23,650
BIKE & PEDESTRIAN PATH	250,000	-	-	250,000
COUNTY COURTS PROJECT	127,452	-	99,060	28,392
PLANNING AND INSPECTION SOFTWARE	150,000	-	-	150,000
ECONOMIC DEVELOPMENT RESERVE	1,243,811	-	1,219,610	24,201
ENTERPRISE ZONE PROGRAM	360,521	-	262,834	97,687
STAUTON CROSSING DEVELOPMENT	3,806,200	1,662,687	2,582,335	1,223,865
FRONTIER CULTURE PROJECT	100,000	-	88,051	11,949
CIP UNDESIGNATED	136,457	-	-	136,457
HIGH SCHOOL RENOVATION PROJECT	48,547,773	10,104,948	48,519,176	28,597
COMPLETED PROJECTS	10,967,802	-	10,967,798	4
TOTALS	\$ 96,800,922	\$ 13,352,125	\$ 86,590,703	\$ 10,210,219

General Fund Budgetary Highlights

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

- Budget Amendment Number 1 - \$41,250. This amendment appropriated courtroom security fees to cover the cost of part time salary and benefits of the sheriff office.
- Budget Amendment Number 2 - \$500,000. This amendment appropriated CARES act funds to transfer to the EDA for small business grants.
- Budget Amendment Number 3 - \$3,960,460. This amendment included additional appropriations of \$3,807,460 in CARES act funding received from the treasury and the state board of elections. This amendment also included appropriations from prior year fund balance in the amount of \$153,000 to fund waived furlough days.
- Budget Amendment Number 4 - \$5,096,305. This amendment included appropriation of additional grant funds in the amount of \$105,460 for various departments and \$8,764 in donations for flood relief. \$239,625 was appropriated from fund balance to carryforward state and federally mandated grant balances of \$235,693 and unspent donations of \$3,932. The amendment included appropriations of \$59,826 for insurance recoveries for public safety and public works. The amendment also appropriated \$4,315,000 from prior year reserves for the following: \$200,000 for police department vehicles, \$500,000 for flood expenses, \$100,000 for planning corridor overlay, \$2,515,000 for transfer to the CIP fund, and \$1,000,000 for transfer to the debt service sinking fund. Finally, the amendment included an appropriation from the general contingency reserve of \$367,630 to cover unknown costs of the August 2020 flood and the COVID-19 pandemic.
- Budget Amendment Number 5 - \$195,346. This amendment included appropriations \$123,607 from prior year fund balance for unspent VDOT street maintenance funds from the prior year. The amendment also includes \$68,542 in appropriations for additional grant funds and donations as well as \$3,197 in appropriations for insurance recoveries received for public safety.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2021 amounts to \$169.1 million (net of depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges as well as utility line infrastructure. Total net capital assets are \$98.5 million for the governmental activities, and \$70.6 million for the business-type activities. The total increase in capital assets for the current fiscal year was \$6.1 million or 3.8%.

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

- Addition of \$10 million for the renovations to the high school.

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

- Addition of \$.4 million of equipment to the sewer fund through the City's participation in the Middle River Wastewater Treatment plant with the Augusta County Service Authority and \$.2 million of equipment to the environmental fund through the City's participation in the Regional Landfill.

- Additional information regarding capital assets can be found in Note 5 in the notes to the financial statements.

City of Staunton Capital Assets Net of Depreciation

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760	\$ 4,762,181	\$ 2,152,579	\$ 6,914,760
Landfill	-	963,174	963,174	-	1,085,060	1,085,060
Buildings	60,384,733	24,788,519	85,173,252	19,873,719	25,734,585	45,608,304
Improvements	4,768,754	3,541,426	8,310,180	1,935,484	3,754,154	5,689,638
Equipment	8,721,819	4,477,602	13,199,421	3,950,754	4,507,022	8,457,776
Infrastructure Construction in Progress	18,432,192	33,651,136	52,083,328	19,446,709	35,089,218	54,535,927
	1,379,639	1,045,263	2,424,902	39,929,631	709,272	40,638,903
Total	<u>\$ 98,449,318</u>	<u>\$ 70,619,699</u>	<u>\$ 169,069,017</u>	<u>\$ 89,898,478</u>	<u>\$ 73,031,890</u>	<u>\$ 162,930,368</u>

DEBT ADMINISTRATION

- The City of Staunton currently has no public debt, with all outstanding debt being either bank qualified debt or Virginia Revolving Loan funds debt. Therefore, there are no official credit ratings from Moody's or Standard and Poor.

Moody's does have a mechanism to estimate a rating and the City has determined that it has a Moody's estimated scorecard rating of an Aa3.

- The *Code of Virginia* limits the amount of general obligation debt the City may issue to ten percent of its total assessed taxable value of real estate which is \$226 million for the City. The City currently has net bonded debt payable of \$80.6 million. The current legal margin for creating additional debt for the City of Staunton is \$145.4 million.
- Additional information regarding outstanding debt can be found in Note 6 in the notes to the financial statements.

City of Staunton Outstanding Debt

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 67,894,141	\$ -	\$ 67,894,141	\$ 71,263,546	\$ -	\$ 71,263,546
Virginia Revolving Loan	-	12,486,112	12,486,112	-	14,580,113	14,580,113
Literary Loans	200,000	-	200,000	400,000	-	400,000
Total	<u>\$ 68,094,141</u>	<u>\$ 12,486,112</u>	<u>\$ 80,580,253</u>	<u>\$ 71,663,546</u>	<u>\$ 14,580,113</u>	<u>\$ 86,243,659</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The fiscal year 2022 general fund budget was adopted at \$61.8 million, an increase of \$5.4 million from the \$56.4 million budget for fiscal year 2021. The majority of the expected increases are in tax revenues.
- The Real Estate tax rate is \$.92/\$100 of assessed value and the Personal property tax rate is \$2.90/\$100 of assessed value. The January 1, 2021 taxable real estate assessment reflected an increase of 9.36%. Due to the increase in the real estate assessment, the real estate tax rate was decreased from \$.95/\$100 to \$.92/\$100. Real estate revenues are still expected to rise \$1.9 million. For personal property, a delinquency factor of .04 was built into the revenue projection due to the pandemic, resulting in an expected rise of \$.3 million.
- Meals and sales tax are projected to increase 29% compared to fiscal year 2021 while lodging tax is projected to decline by 9%. The result of these adjustments equals an overall expected increase of \$1.9 million.
- Intergovernmental revenue constitutes 23% of the total general fund budget and is projected to increase just \$.3 million over 2021, from \$13.9 million to \$14.2 million. The largest categories of state funding are personal property tax relief, health and welfare and, children's services act. The health and welfare category is expected make up the majority of the increase.
- The fiscal year 2022 adopted budget supports employees and continuity of quality city programs and services and recognizes and values the retention of existing staff and protection of city programs and services to the greatest extent possible under state-determined operating guidelines during the continuation of the public health emergency. It includes a 3% pay increase effective October 1, 2021 to help the City remain market competitive as an employer in the Shenandoah Valley.
- Additional salary adjustments were approved to position the city competitively in its efforts to recruit law enforcement officers. Vacancies and turnover rates in the Police Department have been high in comparison to other city departments, as employees and prospective employees look elsewhere (including the City of Waynesboro, where entry level officers earn \$40,000) for more highly compensated positions. Accordingly, as of July 1, 2021, the following adjustments were approved:
 - Sworn law enforcement officers making less than \$40,000 will have their salary adjusted to \$40,000.
 - The starting salary for sworn law enforcement officers will be \$40,000.
 - All other sworn law enforcement officers will have their pay adjusted upward by 1% to compensate for compression

The total cost of these adjustments is \$36,416 and is offset by state revenue received by the city to be used "to promote the recruitment and retention of the most qualified local police department sworn personnel and to seaport the costs associated with criminal justice reform."

- Compensation in the city's Sheriff's Office was also evaluated, including comparison to salaries paid in other sheriff's offices in the Commonwealth of Virginia. Of note, as of fiscal year 2021, the city's Sheriff's Office was one of only five offices in the state which did not receive a locality supplement to funding from the State Compensation Board for sworn officer positions. As a result of the review, the budget includes an increase in salaries for the Sheriff's Office, funded by the city and effective as of July 1, 2021, in the aggregate amount of \$28,000.
- City Council approved the Capital Improvement Plan for fiscal years 2021-2025 on February 11, 2021. The fiscal year 2022 budget includes a transfer of \$981,050 to the City Capital Improvement Fund for various projects approved.
- The General Fund transfer to the Education Fund totals \$13.6 million, or 22.1% of the total general fund budget. This is an increase of \$1.6 million over the prior fiscal year.

- As of September 2021, the unemployment rate for the City of Staunton was 3.2%. Staunton's rate is the same as the state's average unemployment rate of 3.2% and well below the national average of 4.6%.

All these factors were considered in preparing the fiscal year 2022 budget to finance the cost of programs and services provided to citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Staunton, 116 W. Beverley Street, Staunton, Virginia 24401, 540-332-3809, or at trayerpm@ci.staunton.va.us.

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BASIC FINANCIAL STATEMENTS

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 50,543,569	\$ 10,173,086	\$ 60,716,655	\$ 8,139,868	\$ 75,281
Investments (Note 2)	4,429,931	7,379,105	11,809,036	-	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	5,329,357	-	5,329,357	-	-
Accounts	1,024,380	2,246,121	3,270,501	126,196	967,997
Interest	19,278	29,145	48,423	-	-
Due from other governments (Note 3)	5,185,783	-	5,185,783	3,470,745	-
Due from component unit (Note 17)	12,750,000	-	12,750,000	-	-
Inventory (Notes 1, 17)	245,733	-	245,733	-	12,970,053
Prepaid items	150,495	-	150,495	4,740	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	7,000	2,899,825	2,906,825	29,334	-
Due from other governments (Note 3)	-	1,665,899	1,665,899	-	-
Capital assets: (Note 5)					
Nondepreciable	6,141,820	3,197,842	9,339,662	261,000	793,946
Depreciable, net	92,307,498	67,421,857	159,729,355	9,694,089	5,916,556
Total assets	178,134,844	95,012,880	273,147,724	21,725,972	20,723,833
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	5,529,902	758,576	6,288,478	7,580,362	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,213,263	161,612	1,374,875	1,061,541	-
Deferred charges on refunding	-	43,166	43,166	-	-
Total deferred outflows of resources	6,743,165	963,354	7,706,519	8,641,903	-
LIABILITIES					
Accounts payable	2,287,018	1,008,847	3,295,865	319,759	967,997
Retainage payable	479,739	-	479,739	-	-
Accrued liabilities	1,741,342	215,780	1,957,122	1,844,904	-
Due to primary government (Note 17)	-	-	-	-	12,750,000
Unearned revenue (Note 1)	6,490,053	68,546	6,558,599	-	-
Amounts held for others	24,970	-	24,970	7,151	-
Deposits payable	7,000	365,180	372,180	-	-
Noncurrent liabilities:					
Due within one year (Note 6)	5,723,719	1,333,591	7,057,310	136,047	-
Due in more than one year:					
Net OPEB liability (Notes 9, 10, and 11)	5,791,668	788,428	6,580,096	6,092,130	-
Net pension liability (Notes 7, 8, and 11)	21,487,496	2,836,472	24,323,968	30,407,744	-
Other debt (Note 6)	65,513,773	13,794,108	79,307,881	640,474	-
Total liabilities	109,546,778	20,410,952	129,957,730	39,448,209	13,717,997
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	6,462	9,534	15,996	2,767,153	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	1,307,601	175,647	1,483,248	1,223,463	-
Deferred inflows related to grants	-	-	-	-	-
Property taxes (Note 13)	5,142,758	-	5,142,758	-	-
Total deferred inflows of resources	6,456,821	185,181	6,642,002	3,990,616	-
NET POSITION					
Net investment in capital assets	44,794,831	57,888,036	102,682,867	9,955,089	6,710,502
Restricted for:					
Programs	181,246	-	181,246	65,493	-
Donor purposes	56,324	-	56,324	191,432	-
Unrestricted	23,842,009	17,492,065	41,334,074	(23,282,964)	295,334
Total net position	\$ 68,874,410	\$ 75,380,101	\$ 144,254,511	\$ (13,070,950)	\$ 7,005,836

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 11,567,499	\$ 5,714,446	\$ 329,252	\$ -
Judicial administration	2,459,042	206,359	1,310,209	12,000
Public safety	14,601,208	447,179	1,358,758	61,100
Public works	6,842,744	-	4,307,491	1,092,376
Health and welfare	7,195,615	-	4,551,816	-
Education	14,915,576	-	382,626	250,000
Parks, recreation, and culture	3,424,883	336,721	282,924	139,940
Community development	5,225,688	26,519	574,729	-
Interest on long-term debt	2,026,010	-	-	-
Total governmental activities	68,258,265	6,731,224	13,097,805	1,555,416
Business-type activities:				
Water	3,410,581	4,766,119	33,376	-
Sewer	3,587,276	4,110,682	31,238	-
Storm Water	995,695	772,573	-	-
Environmental	2,956,277	3,202,367	5,778	-
Parking	768,935	472,152	-	-
Total business-type activities	11,718,764	13,323,893	70,392	-
Total primary government	\$ 79,977,029	\$ 20,055,117	\$ 13,168,197	\$ 1,555,416
Component Units:				
School Board	\$ 38,006,426	\$ 239,077	\$ 15,034,694	\$ 684,790
Economic Development Authority	1,647,043	37,186	1,392,823	-
Total component units	\$ 39,653,469	\$ 276,263	\$ 16,427,517	\$ 684,790

General revenues:

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

Change in net position
Net position - beginning of year, as restated (Note 23)
Net position - end of year

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

Net (Expenses) Revenues and Changes in Net Position			Component Units	
Primary Government			School Board	Economic Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ (5,523,801)		\$ (5,523,801)		
(930,474)		(930,474)		
(12,734,171)		(12,734,171)		
(1,442,877)		(1,442,877)		
(2,643,799)		(2,643,799)		
(14,282,950)		(14,282,950)		
(2,665,298)		(2,665,298)		
(4,624,440)		(4,624,440)		
(2,026,010)		(2,026,010)		
(46,873,820)		(46,873,820)		
-	\$ 1,388,914	1,388,914		
-	554,644	554,644		
-	(223,122)	(223,122)		
-	251,868	251,868		
-	(296,783)	(296,783)		
-	1,675,521	1,675,521		
(46,873,820)	1,675,521	(45,198,299)		
			\$ (22,047,865)	\$ -
			-	(217,034)
			(22,047,865)	(217,034)
28,445,542	-	28,445,542	-	-
5,018,212	-	5,018,212	-	-
5,429,170	-	5,429,170	-	-
2,619,066	-	2,619,066	-	-
1,178,438	-	1,178,438	-	-
1,029,397	-	1,029,397	-	-
1,357,054	-	1,357,054	-	-
83,775	4,616	88,391	1,601	46
7,189,047	-	7,189,047	10,888,564	-
57,036	-	57,036	-	-
-	-	-	13,387,502	-
(24,528)	24,528	-	-	-
52,382,209	29,144	52,411,353	24,277,667	46
		-		
5,508,389	1,704,665	7,213,054	2,229,802	(216,988)
63,366,021	73,675,436	137,041,457	(15,300,752)	7,222,824
\$ 68,874,410	\$ 75,380,101	\$ 144,254,511	\$ (13,070,950)	\$ 7,005,836

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2021**

	General	Capital Projects Fund Capital Improvements	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 26,654,239	\$ 10,202,773	\$ 6,263,755	\$ 43,120,767
Investments	4,429,931	-	-	4,429,931
Receivables (net of allowances for uncollectibles):				
Taxes	5,329,357	-	-	5,329,357
Accounts	889,315	-	23,918	913,233
Interest	19,278	-	-	19,278
Due from other governments	4,349,490	738,421	97,872	5,185,783
Due from other funds	8,600	-	-	8,600
Prepaid items	103,947	-	33,058	137,005
Restricted assets:				
Cash and cash equivalents	7,000	-	-	7,000
Total assets	<u>\$ 41,791,157</u>	<u>\$ 10,941,194</u>	<u>\$ 6,418,603</u>	<u>\$ 59,150,954</u>
Liabilities				
Accounts payable	\$ 1,931,260	\$ 198,450	\$ 122,220	\$ 2,251,930
Retainage payable	-	479,739	-	479,739
Accrued liabilities	813,919	-	36,684	850,603
Due to other funds	-	-	8,600	8,600
Unearned revenue	6,477,913	-	-	6,477,913
Amounts held for others	24,970	-	-	24,970
Deposits payable	7,000	-	-	7,000
Total liabilities	<u>9,255,062</u>	<u>678,189</u>	<u>167,504</u>	<u>10,100,755</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>10,249,367</u>	<u>-</u>	<u>-</u>	<u>10,249,367</u>
Fund Balances				
Nonspendable	103,947	-	33,058	137,005
Restricted	230,914	-	6,656	237,570
Committed	9,571,866	-	-	9,571,866
Assigned	2,792,804	10,263,005	6,211,385	19,267,194
Unassigned	9,587,197	-	-	9,587,197
Total fund balances	<u>22,286,728</u>	<u>10,263,005</u>	<u>6,251,099</u>	<u>38,800,832</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,791,157</u>	<u>\$ 10,941,194</u>	<u>\$ 6,418,603</u>	<u>\$ 59,150,954</u>

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total Fund Balances - Governmental Funds		\$ 38,800,832
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 176,624,356	
Less: accumulated depreciation	<u>(78,175,038)</u>	
		98,449,318
Premiums are reported as revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:		
Bond premiums (to be amortized as interest expense)		(2,213,369)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		6,651,071
Receivables that are not available to pay for current-period expenditures are deferred or not reported in the funds.		
Due from EDA	\$ 12,750,000	
Hotel rent	16,667	
Interest	19,278	
Miscellaneous reimbursement	39,913	
Jail buy in	2,544,345	
Real estate taxes	<u>2,474,266</u>	
		17,844,469
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 5,529,902	
Deferred inflows	(6,462)	
Net pension liability	<u>(21,487,496)</u>	
		(15,964,056)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 1,213,263	
Deferred inflows	(1,307,601)	
Net OPEB liability	<u>(5,791,668)</u>	
		(5,886,006)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	\$ (65,680,772)	
Literary fund loans	(200,000)	
Accrued interest payable	(891,760)	
Claims payable	(294,690)	
Compensated absences	<u>(1,740,627)</u>	
		(68,807,849)
Total Net Position - Governmental Activities		<u><u>\$ 68,874,410</u></u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	General	Capital Projects	Nonmajor Governmental	Total Governmental
Revenues				
General property taxes	\$ 28,526,046	\$ -	\$ -	\$ 28,526,046
Other local taxes	16,631,337	-	-	16,631,337
Permits, privilege fees, and regulatory licenses	229,999	-	-	229,999
Fines and forfeitures	139,437	-	-	139,437
Revenues from use of money and property	123,051	12,545	807	136,403
Charges for services	1,679,798	-	226,559	1,906,357
Miscellaneous	193,339	-	111,516	304,855
Recovered costs	1,200,458	-	-	1,200,458
Intergovernmental:				
Federal	5,914,327	873,021	308,839	7,096,187
Commonwealth	12,242,357	433,855	885,675	13,561,887
City of Staunton School Board	-	250,000	-	250,000
Total revenues	66,880,149	1,569,421	1,533,396	69,982,966
Expenditures				
Current:				
General government administration	6,315,667	92,600	-	6,408,267
Judicial administration	2,323,421	-	1,088	2,324,509
Public safety	12,759,588	265,381	1,207,769	14,232,738
Public works	5,285,259	-	-	5,285,259
Health and welfare	7,178,788	-	-	7,178,788
Education	13,646,502	41,048	-	13,687,550
Parks, recreation, and cultural	3,113,450	-	3,744	3,117,194
Community development	3,152,422	1,662,687	341,854	5,156,963
Capital projects	-	11,290,409	-	11,290,409
Debt service:				
Principal retirement	-	-	3,491,743	3,491,743
Interest and fiscal charges	-	-	2,228,732	2,228,732
Total expenditures	53,775,097	13,352,125	7,274,930	74,402,152
Excess (deficiency) of revenues over expenditures	13,105,052	(11,782,704)	(5,741,534)	(4,419,186)
Other financing sources (uses)				
Transfers in	-	2,515,000	5,844,415	8,359,415
Transfers out	(8,383,511)	-	-	(8,383,511)
Total other financing sources (uses)	(8,383,511)	2,515,000	5,844,415	(24,096)
Net change in fund balance	4,721,541	(9,267,704)	102,881	(4,443,282)
Fund balance - beginning of year , as adjusted	17,565,187	19,530,709	6,148,218	43,244,114
Fund balance - end of year	<u>\$ 22,286,728</u>	<u>\$ 10,263,005</u>	<u>\$ 6,251,099</u>	<u>\$ 38,800,832</u>

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2021

Net changes in fund balances - Governmental Funds \$ (4,443,282)

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report the cost of capital assets acquired as current expenditures while the statement of activities reports depreciation expense to allocate those expenditures over the life of the assets.

Depreciation	\$ (3,666,670)	
Capital expenditures	12,133,985	
Contributed Capital-to Environmental	(432)	
Contributed Capital-Donated assets	<u>88,590</u>	8,555,473

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

Property taxes	\$ (80,504)	
Interest	(1,879)	
Other operating revenues	<u>9,124</u>	(73,259)

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

Jail buy in		(602,674)
-------------	--	-----------

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

GO bond and literary loan payments		3,491,743
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Governmental funds report interest on long term debt as expenditures when payments are made, while the statement of activities reports interest expense on the accrual basis.

125,060

Governmental funds report employer contributions to other postemployment benefit as expenditures. However, in the statement of activities the cost of other postemployment benefits earned net of employee contributions is reported as OPEB expense.

Employer OPEB contributions	\$ 647,635	
OPEB expense	<u>(427,277)</u>	220,358

Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	\$ 2,306,598	
Pension expense	<u>(4,139,585)</u>	(1,832,987)

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

Compensated absences and claims payable	\$ 10,117	
Amortization of bond premium	<u>77,662</u>	87,779

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

(19,822)

Change in net position - Governmental Activities

\$ 5,508,389

CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2021

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor-Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 4,142,173	\$ 2,146,607	\$ 2,582,879	\$ 701,287	\$ 600,140	\$ 10,173,086	\$ 7,422,802
Investments	3,466,814	2,564,489	-	1,347,802	-	7,379,105	-
Receivable:							
Accounts (net of allowance for uncollectibles)	775,768	752,344	126,287	577,721	14,001	2,246,121	111,147
Interest	15,183	10,676	-	3,286	-	29,145	-
Inventory	-	-	-	-	-	-	245,733
Prepaid items	-	-	-	-	-	-	13,490
Restricted assets:							
Cash and cash equivalents	214,726	-	145,000	2,534,645	5,454	2,899,825	-
Due from other governments	-	167,107	-	-	-	167,107	-
Total current assets	8,614,664	5,641,223	2,854,166	5,164,741	619,595	22,894,389	7,793,172
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	1,498,792	-	-	-	1,498,792	-
Capital assets:							
Nondepreciable	726,179	271,025	379,086	787,303	1,034,249	3,197,842	-
Depreciable, net	20,430,615	31,939,760	7,579,456	2,193,923	5,278,103	67,421,857	59,640
Total capital assets, net	21,156,794	32,210,785	7,958,542	2,981,226	6,312,352	70,619,699	59,640
Total noncurrent assets	21,156,794	33,709,577	7,958,542	2,981,226	6,312,352	72,118,491	59,640
Total assets	29,771,458	39,350,800	10,812,708	8,145,967	6,931,947	95,012,880	7,852,812
Deferred outflows of resources							
Deferred outflows related to pensions	403,123	28,219	35,399	291,835	-	758,576	-
Deferred outflows related to other postemployment benefits	86,820	6,130	8,045	60,617	-	161,612	-
Deferred charge on refunding	30,367	12,799	-	-	-	43,166	-
Total deferred outflows of resources	520,310	47,148	43,444	352,452	-	963,354	-
Liabilities							
Current liabilities:							
Accounts payable	92,453	674,940	23,433	210,926	7,095	1,008,847	35,088
Claims payable	-	-	-	-	-	-	1,107,013
Accrued liabilities	85,228	53,505	5,515	46,496	25,036	215,780	-
Unearned revenue	68,546	-	-	-	-	68,546	-
Deposits payable	214,726	-	145,000	-	5,454	365,180	-
Debt, current	265,345	733,649	-	-	114,752	1,113,746	-
Landfill closure/postclosure	-	-	-	69,887	-	69,887	-
Compensated absences	87,793	285	3,024	58,856	-	149,958	-
Total current liabilities	814,091	1,462,379	176,972	386,165	152,337	2,991,944	1,142,101
Noncurrent liabilities:							
Net OPEB liability	414,284	29,275	38,421	306,448	-	788,428	-
Net pension liability	1,566,410	109,651	137,549	1,022,862	-	2,836,472	-
Debt	2,921,870	6,603,477	-	-	1,847,019	11,372,366	-
Landfill closure/postclosure	-	-	-	2,359,352	-	2,359,352	-
Compensated absences	47,777	-	888	13,725	-	62,390	-
Total noncurrent liabilities	4,950,341	6,742,403	176,858	3,702,387	1,847,019	17,419,008	-
Total liabilities	5,764,432	8,204,782	353,830	4,088,552	1,999,356	20,410,952	1,142,101
Deferred Inflows of Resources							
Deferred inflows related to pensions	472	32	42	8,988	-	9,534	-
Deferred inflows related to other post employment benefits	93,265	6,633	8,697	67,052	-	175,647	-
	93,737	6,665	8,739	76,040	-	185,181	-
Net Position							
Net investment in capital assets	17,999,946	24,597,741	7,958,542	2,981,226	4,350,581	57,888,036	59,640
Unrestricted	6,433,653	6,588,760	2,535,041	1,352,601	582,010	17,492,065	6,651,071
Total net position	\$ 24,433,599	\$ 31,186,501	\$ 10,493,583	\$ 4,333,827	\$ 4,932,591	\$ 75,380,101	\$ 6,710,711

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2021**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
OPERATING REVENUES							
Parking fines	\$ -	\$ -	\$ -	\$ -	\$ 22,305	\$ 22,305	\$ -
Charges for services	4,669,328	4,109,210	772,573	3,178,769	215,009	12,944,889	8,474,033
Rental of property	74,489	-	-	-	-	74,489	-
Operating grants	33,376	31,238	-	5,778	-	70,392	-
Miscellaneous	13,648	1,472	-	-	234,838	249,958	6,244
Total operating revenues	4,790,841	4,141,920	772,573	3,184,547	472,152	13,362,033	8,480,277
OPERATING EXPENSES							
Personal services	719,601	507,014	189,067	1,484,793	100,938	3,001,413	-
Claims paid	-	-	-	-	-	-	6,253,469
Rental of property	4,796	2,515	95	836	11,000	19,242	2,573
Administrative fees	-	-	-	-	-	-	398,205
Stop loss fees	-	-	-	-	-	-	1,130,836
Repairs and maintenance	421,761	31,531	-	29,327	225	482,844	-
Contractual services	275,445	1,333,479	95,800	535,654	125,086	2,365,464	23,805
Materials and supplies	200,855	45,013	1,458	94,095	265	341,686	36,268
Depreciation	1,053,098	1,285,942	483,521	416,680	302,537	3,541,778	4,633
Utilities	164,844	5,469	-	2,168	29,782	202,263	-
Other expenses	508,786	219,451	225,754	310,072	131,648	1,395,711	651,702
Landfill closure/post-closure	-	-	-	82,652	-	82,652	-
Total operating expenses	3,349,186	3,430,414	995,695	2,956,277	701,481	11,433,053	8,501,491
Operating income (loss)	1,441,655	711,506	(223,122)	228,270	(229,329)	1,928,980	(21,214)
NONOPERATING REVENUES (EXPENSES)							
Interest income	(663)	(612)	490	5,273	128	4,616	1,392
Interest and fiscal charges	(61,395)	(203,708)	-	-	(67,454)	(332,557)	-
Gain on disposal of assets	8,654	-	-	23,598	-	32,252	-
Debt service recovery	-	46,846	-	-	-	46,846	-
Total nonoperating revenues (expenses)	(53,404)	(157,474)	490	28,871	(67,326)	(248,843)	1,392
Income (loss) before transfers and capital contributions	1,388,251	554,032	(222,632)	257,141	(296,655)	1,680,137	(19,822)
Capital Contributed-general government	-	-	-	432	-	432	-
Transfers in	13,086	1,815	780	8,415	-	24,096	-
Change in net position	1,401,337	555,847	(221,852)	265,988	(296,655)	1,704,665	(19,822)
Total net position - beginning of year	23,032,262	30,630,654	10,715,435	4,067,839	5,229,246	73,675,436	6,730,533
Total net position - end of year	\$ 24,433,599	\$ 31,186,501	\$ 10,493,583	\$ 4,333,827	\$ 4,932,591	\$ 75,380,101	\$ 6,710,711

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds						Governmental Activities – Internal Service
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 4,593,563	\$ 4,080,725	\$ 782,509	\$ 3,108,038	\$ 461,005	\$ 13,025,840	\$ 8,548,614
Cash paid to suppliers	(1,528,906)	(1,425,577)	(302,334)	(1,019,229)	(299,401)	(4,575,447)	(682,987)
Cash paid to employees	(720,568)	(586,789)	(125,836)	(1,475,366)	(98,293)	(3,006,852)	-
Claims paid	-	-	-	-	-	-	(5,856,456)
Administrative and stop loss fees	-	-	-	-	-	-	(1,528,184)
Operating grants received	30,821	31,238	-	5,778	-	67,837	-
Net cash provided by operating activities	2,374,910	2,099,597	354,339	619,221	63,311	5,511,378	480,987
NONCAPITAL FINANCING ACTIVITIES							
Transfers to/from other funds	13,086	1,815	780	8,415	-	24,096	-
Net cash provided by noncapital financing activities	13,086	1,815	780	8,415	-	24,096	-
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(377,582)	(216,040)	(75,619)	(209,480)	-	(878,721)	-
Principal paid on long-term debt	(697,155)	(1,170,979)	-	-	(95,000)	(1,963,134)	-
Interest paid on long-term debt	(153,159)	(235,263)	-	-	(83,416)	(471,838)	-
Proceeds from sale of capital assets	8,654	-	-	23,598	-	32,252	-
Collection of loans receivable (for debt repayment)	-	277,394	-	-	-	277,394	-
Net cash used by capital and related financing activities	(1,219,242)	(1,344,888)	(75,619)	(185,882)	(178,416)	(3,004,047)	-
INVESTING ACTIVITIES							
Interest received	610	340	490	5,585	128	7,153	1,392
Net cash provided by investing activities	610	340	490	5,585	128	7,153	1,392
Net increase (decrease) in cash and cash equivalents	1,169,364	756,864	279,990	447,339	(114,977)	2,538,580	482,379
CASH AND CASH EQUIVALENTS							
Beginning of year	3,187,535	1,389,743	2,447,889	2,788,593	720,571	10,534,331	6,940,423
End of year	\$ 4,356,899	\$ 2,146,607	\$ 2,727,879	\$ 3,235,932	\$ 605,594	\$ 13,072,911	\$ 7,422,802
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 4,142,173	\$ 2,146,607	\$ 2,582,879	\$ 701,287	\$ 600,140	\$ 10,173,086	\$ 7,422,802
Restricted cash and cash equivalents	214,726	-	145,000	2,534,645	5,454	2,899,825	-
Total	\$ 4,356,899	\$ 2,146,607	\$ 2,727,879	\$ 3,235,932	\$ 605,594	\$ 13,072,911	\$ 7,422,802

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

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	Internal Service
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 1,441,655	\$ 711,506	\$ (223,122)	\$ 228,270	\$ (229,329)	\$ 1,928,980	\$ (21,214)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	1,053,098	1,285,942	483,521	416,680	302,537	3,541,778	4,633
Pension and OPEB expense net of employer contributions	13,493	(76,454)	58,169	3,734	-	(1,058)	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(203,033)	(29,957)	(6,895)	(70,731)	(10,719)	(321,335)	68,337
(Increase) decrease in prepaid items	-	-	-	3,078	-	3,078	7,274
(Increase) decrease in inventory	-	-	-	-	-	-	5,990
Increase (decrease) in accounts payable	47,581	211,881	20,773	19,732	(1,395)	298,572	18,954
Increase (decrease) in accrued liabilities	(904)	(1,957)	2,342	10,679	2,645	12,805	-
Increase (decrease) in unearned revenue	29,952	-	-	-	-	29,952	-
Increase (decrease) in deposits payable	6,624	-	16,831	-	(428)	23,027	-
Increase (decrease) in compensated absences	(13,556)	(1,364)	2,720	(4,986)	-	(17,186)	-
Increase (decrease) in claims payable	-	-	-	-	-	-	397,013
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	12,765	-	12,765	-
Net cash provided by operating activities	<u>\$ 2,374,910</u>	<u>\$ 2,099,597</u>	<u>\$ 354,339</u>	<u>\$ 619,221</u>	<u>\$ 63,311</u>	<u>\$ 5,511,378</u>	<u>\$ 480,987</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from other funds	-	-	-	432	-	432	-
Capital assets purchased on account	-	288,717	-	-	-	288,717	-
Total noncash activities	<u>\$ -</u>	<u>\$ 288,717</u>	<u>\$ -</u>	<u>\$ 432</u>	<u>\$ -</u>	<u>\$ 289,149</u>	<u>\$ -</u>

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

CITY OF STAUNTON, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	OPEB Trust Fund
	<hr/>
ASSETS	
Assets held in trust, at fair value	
Investment in pooled funds	\$ 4,814,401
Total assets	<hr/> 4,814,401 <hr/>
 NET POSITION RESTRICTED FOR OPEB	
Held in trust for other post-employment benefits	4,814,401
Total net position restricted for OPEB	<hr/> \$ 4,814,401 <hr/> <hr/>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021

	OPEB Trust Fund
	<hr/>
ADDITIONS	
Contributions:	
Employer	\$ 811,952
Plan members	108,916
	<hr/>
Total contributions	920,868
Investment income (loss)	
Net increase in fair value of investments	1,015,167
Investment expenses	(4,263)
	<hr/>
Net increase in fair value of investments	1,010,904
	<hr/>
Total additions	1,931,772
	<hr/>
DEDUCTIONS	
Benefit payments	494,868
	<hr/>
Total deductions	494,868
	<hr/>
Change in net position	1,436,904
	<hr/>
Total net position restricted for OPEB - beginning of year	3,377,497
	<hr/>
Total net position restricted for OPEB - end of year	\$ 4,814,401
	<hr/> <hr/>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies

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

A. The Financial Reporting Entity

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

City of Staunton School Board

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

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

Staunton Economic Development Authority

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Related organizations:

The City also participates in the following entities:

Augusta Regional Landfill

The City, along with the City of Waynesboro and County of Augusta, participates in the Augusta Regional Landfill (the "Landfill"). The Landfill is a hybrid undivided/joint interest venture formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. The City's share of revenues, expenses, assets, and liabilities are reported in the City's Environmental fund.

Middle River Regional Jail Authority

The City, in conjunction with the City of Waynesboro and the County of Augusta, participates in the Middle River Regional Jail Authority. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating component and a debt service component. The City paid the Authority \$2,499,582 for the current year. This entity is not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements, as well as the proprietary fund financial statements, report all their activities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 45 days after year-end are included in tax revenues, with the related amount reduced from deferred revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the City, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. Investment earnings are recorded when earned, as are unbilled accounts receivable in the enterprise funds. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City has established the Capital Improvements Fund for this purpose.

Additionally, the City reports the following individual non-major governmental funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City has established the following non-major special revenue funds: Blue Ridge Court Services Fund, Community Development Fund and the State and Federal Grants Fund.

Debt Service Funds are used to account for resources and payments made for principal and interest on long-term general obligation debt of governmental funds. The City has established the Debt Service Fund for this purpose.

Proprietary Funds are used to account for the City's ongoing activities similar to those found in the private sector. The City reports the following major proprietary funds:

The **Water Fund** accounts for the operations of the City's water distribution system.

The **Sewer Fund** accounts for the operations of the City's wastewater collection system.

The **Stormwater Fund** accounts for the operation of the City's storm water system.

The **Environmental Fund** accounts for the operations of the City's refuse collection and participation in a regional landfill operation.

Additionally, the City reports the following individual non-major proprietary fund:

The **Parking Fund** accounts for the operations of the City's parking garage and lot system.

Internal Service Funds are used to account for employee health benefits and goods and services provided to other departments on a cost reimbursement basis and they derive their funding from charges assessed to the user departments and employees. The City has established the **Health Insurance Fund and the Inventory Fund** for these purposes. These funds are included in the governmental activities for government-wide reporting purposes. The excess revenues or expenses for the funds are allocated to the appropriate functional activity.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an custodian for individuals, other governmental units, or other funds. **The OPEB Trust Fund** accounts for the assets held for, and costs of, other post-employment benefits (OPEB). It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the City's enterprise funds and internal service funds consist of charges to customers for goods and services. Operating expenses for these funds include the costs of sales and service, administrative expenses and depreciation of capital assets. Any revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

The City maintains an internal cash management pool in which the primary government and component units share. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value. The reported value of the state-sponsored investment pool is the same as the fair value of the pooled shares and is reported within the guidelines of GASB 79.

Receivables and Allowance for Uncollectible Accounts

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis and management's judgment. The allowance at June 30 consisted of the following:

General Fund (property taxes)	\$ 742,213
General Fund (other local taxes)	3,089
Water Fund (charges for services)	43,626
Sewer Fund (charges for services)	54,482
Stormwater Fund (charges for services)	9,247
Parking Fund (charges for services)	1,050
Environmental Fund (charges for services)	32,017
	<hr/>
	\$ 885,724
	<hr/>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Inventory

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

Prepaid Items

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

Capital Assets

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

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The government has several items that qualify for reporting in this category. The first is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The second consists of contributions subsequent to the measurement date for pensions and OPEB; these amounts will be applied to the net pension and net OPEB liability in the next fiscal year. Lastly are various components of outflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining service lives of all employees.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has several items that qualify for reporting in this category. The first item occurs only under the modified accrual basis of accounting; this item, *unavailable revenue*, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year end. These unavailable revenue amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also reported as deferred inflows are various components of inflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining service lives of all employees.

Compensated Absences

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

City Employees

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Component Unit School Board Employees

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

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

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

Unearned Revenue

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

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

Long-Term Obligations

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Pensions

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

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

Health Insurance Credit Program

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

Group Life Insurance

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

Encumbrances

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

The component unit school board had a negative net position totaling \$13,070,950 at June 30, 2021 as a result of recognizing the net pension and OPEB liabilities. This deficit is not expected to be recovered in the near term.

Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable Fund Balance: includes amounts that cannot be spent because they are either not in spendable form such as inventories, property acquired for resale, prepaid amounts, or amounts that are legally or contractually required to remain intact.

Restricted Fund Balance: includes amounts that have constraints placed on their use by external sources such as creditors (debt covenants), grantors, contributors, or laws or other regulations of other governments. Restricted fund balance can also be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: includes amounts that can only be used for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance: includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance: includes amounts not assigned to other funds, or restricted, committed or assigned within the same fund. Unassigned fund balance includes all spendable amounts not contained in the other classifications and is technically available for any purpose. The general fund is the only fund that reports positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceeds the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance Policies (Continued)

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

Stabilization Arrangement:

City Council has formally adopted by resolution a requirement to establish and maintain a safety net reserve equal to a minimum of 15.5% of the subsequent fiscal year's adopted expenditure budget for the general fund and all other major operating funds, including water, sewer, storm water, and environmental. In the adopted resolution, the safety net reserve is to be reported as committed fund balance. The safety net reserve at June 30, 2021 for the general fund is \$9,571,866. The specific and non-routine circumstances allowing the use of the safety net reserve include:

1. Damage from unanticipated natural disasters or unseen infrastructure damage such as water or sewer system deterioration, bridge repair, etc. exceeding \$100,000 in damages.
2. Imposition of mandates by Federal and State governments such as water, sewer, and landfill regulations, construction of court and jail facilities, etc. exceeding \$100,000 in costs.
3. Court decisions resulting in unbudgeted expenditures, in excess of \$100,000.
4. Acts of terrorism against the City destroying the City's infrastructure or causing a financial hardship to provide services to citizens, in excess of \$100,000.

Funds to be used from the safety net reserve must be appropriated through the annual budget ordinance or by a budget amendment ordinance approved and adopted by City Council.

City council also formally adopted by resolution a requirement to establish and maintain a general contingency amount of \$250,000 in the General Fund, categorized as unassigned fund balance.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 2. Deposits and Investments

Deposits:

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

Investments:

Investment policy

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 2. Deposits and Investments (Continued)

Investment policy (Continued)

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

Investment Type	Fair Value	S & P Credit Rating
<u>Primary Government</u>		
Money Market Funds	\$ 24,063	Not Rated
Federal Agency Bonds and Notes	8,509,262	AA+
US Treasury Bills/Notes	1,925,017	AA+
Municipal Bonds/Notes	1,350,694	AA+ to AAA
Local Government Investment Pool (LGIP)	<u>1,544,026</u>	AAAm
Total primary government	<u>13,353,062</u>	
<u>Component Unit School Board</u>		
US Treasury Bills/Notes	17,000	AA+
Local Government Investment Pool (LGIP)	<u>371,254</u>	AAAm
Total Component Unit School Board	<u>388,254</u>	
Grand total	<u><u>\$ 13,741,316</u></u>	

Credit Risk:

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

Concentration of Credit Risk:

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

Issuer	Percent of Total Portfolio
Federal Home Loan Bank	17.33%
Federal Farm Credit Bank	19.23%
Federal Home Loan Home Mortgage	17.82%
US Treasury	13.18%

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 2. Deposits and Investments (Continued)

Interest Rate Risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its investment portfolio to less than 3 years.

The carrying values and weighted average maturity of investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (years)
Money Market Funds	\$ 24,063	N/A
Federal Agency Notes and Bonds	8,509,262	.02
US Treasury Bills	1,942,017	.11
Municipal Bonds	1,350,694	.01
Local Government Investment Pool (LGIP)	1,915,280	N/A
	<u>\$ 13,741,316</u>	

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

	Primary Government	Component Units	
		School Board	EDA
Deposits and investments:			
Cash on hand	\$ 5,357	\$ 175	\$ -
Deposits	62,074,097	7,780,773	75,281
Investments	13,353,062	388,254	-
	<u>\$ 75,432,516</u>	<u>\$ 8,169,202</u>	<u>\$ 75,281</u>
Statement of net position:			
Cash and cash equivalents	\$ 60,716,655	\$ 8,139,868	\$ 75,281
Investments	11,809,036	-	-
Restricted-cash and cash equivalents	2,906,825	29,334	-
	<u>\$ 75,432,516</u>	<u>\$ 8,169,202</u>	<u>\$ 75,281</u>

Fair Value:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2021:

	Level 2
Debt securities	
U.S. Agency securities	\$ 10,451,279
Municipal bonds	1,350,694
	<u>\$ 11,801,973</u>

Debt securities classified in Level 2 of the fair value hierarchy are valued with significant other observable inputs, which include matrix pricing by a service, which is widely accepted as industry practice.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 3. Due From Other Governmental Units

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

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities-	School Board
Various state and federal grants	\$ 2,641,438	\$ -	\$ 3,470,745
Virginia revolving loans	-	1,665,899	-
Regional jail buy-in	2,544,345	-	-
	<u>\$ 5,185,783</u>	<u>\$ 1,665,899</u>	<u>\$ 3,470,745</u>

Virginia Revolving Loans:

The City's Sewer fund reports loans receivable for the Augusta County Service Authority's share of the Middle River Wastewater Treatment Plant Virginia Revolving Loans. The Service Authority reimburses the City for its share of the debt service on these loans as each loan payment is due.

At June 30, principal amounts and related interest outstanding on each loan were as follows:

	Principal	Interest
Amount receivable within 1 year	\$ 167,107	\$ 40,935
Amount receivable within 2 to 5 years	711,894	120,273
Amount receivable beyond 5 years	786,898	45,269
	<u>\$ 1,665,899</u>	<u>\$ 206,477</u>

Regional Jail Buy-in

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

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

	Governmental Activities	
	Principal	Interest
Amount receivable within 1 year	\$ 615,752	\$ 55,212
Amount receivable within 2 to 5 years	1,928,593	84,300
	<u>\$ 2,544,345</u>	<u>\$ 139,512</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 4. Interfund Transfers and Obligations

Primary Government:

Transfers Out	Transfers In		
	Capital Projects Fund	Nonmajor Governmental Funds	Major Business-Type Funds
			Total
General Fund	\$ 2,515,000	\$ 5,844,415	\$ 24,096
			\$ 8,383,511

Transfers between the general fund and capital projects fund were to support the projects approved in the CIP plan; transfers between the general fund and nonmajor governmental funds were to support debt service costs. Transfers between the general fund and major business-type funds were to support the operational expenses of waived furlough days.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education fund	\$ -	\$ 993,426	\$ 993,426
Nonmajor governmental funds	88,346	-	88,346
Total	\$ 88,346	\$ 993,426	\$ 1,081,772

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

Interfund Advances:

The General Fund has a receivable in the amount of \$8,600 from the State and Federal Grants Fund for an advance to cover a cash deficit. The advance is expected to be collected in the subsequent year when grant reimbursements are received.

In the School Board Component Unit, the Education Fund has a receivable in the amount of \$636,495 from the State Operated Programs Fund for an advance to cover a cash deficit. The advance is expected to be collected in the subsequent year when grant reimbursements are received.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 5. Capital Assets

Primary Government:

Capital asset activity for the primary government is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 4,762,181	\$ -	\$ -	\$ 4,762,181
Construction in progress	39,929,631	11,587,215	50,137,207	1,379,639
Total capital assets, not depreciated	44,691,812	11,587,215	50,137,207	6,141,820
Capital assets, depreciated:				
Buildings	13,324,715	76,590	-	13,401,305
Improvements	4,693,556	69,052	-	4,762,608
School assets*	22,373,964	48,508,492	-	70,882,456
Equipment	17,103,173	2,097,883	199,676	19,001,380
Infrastructure	62,414,237	20,550	-	62,434,787
Total capital assets, depreciated	119,909,645	50,772,567	199,676	170,482,536
Less accumulated depreciation for:				
Buildings	7,363,445	292,883	-	7,656,328
Improvements	2,894,352	129,596	-	3,023,948
School assets*	8,325,235	1,228,589	-	9,553,824
Equipment	13,152,419	985,168	199,244	13,938,343
Infrastructure	42,967,528	1,035,067	-	44,002,595
Total accumulated depreciation	74,702,979	3,671,303	199,244	78,175,038
Total capital assets, depreciated, net	45,206,666	47,101,264	432	92,307,498
Total capital assets, net, governmental activities	<u>\$ 89,898,478</u>	<u>\$ 58,688,479</u>	<u>\$ 50,137,639</u>	<u>\$ 98,449,318</u>

Additions to the accumulated depreciation of governmental activities differ from depreciation expense for governmental activities due to internal service fund depreciation in the amount of \$4,633.

*School Board capital assets are jointly owned by the City (primary government) and the Component Unit – School Board. The City reports the School Board capital assets as long as debt is owed on such assets by the City. When debt is completely paid off, the entire capital asset balance less accumulated depreciation reverts to the school board. The City reports depreciation on its share of these assets as an element of its share of the costs of the public school system.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 5. Capital Assets (Continued)

Primary Government: (Continued)

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Business-type activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 2,152,579	\$ -	\$ -	\$ 2,152,579
Construction in progress	709,272	409,211	73,220	1,045,263
 Total capital assets, not depreciated	 2,861,851	 409,211	 73,220	 3,197,842
Capital assets, depreciated:				
Landfill	3,549,313	-	28,237	3,521,076
Buildings	42,320,477	-	-	42,320,477
Improvements	5,294,670	-	-	5,294,670
Equipment	14,301,049	686,732	338,258	14,649,523
Utility lines	65,871,429	149,891	-	66,021,320
 Total capital assets, depreciated	 131,336,938	 836,623	 366,495	 131,807,066
Less accumulated depreciation				
Landfill	2,464,253	121,886	28,237	2,557,902
Buildings	16,585,892	946,066	-	17,531,958
Improvements	1,540,516	212,728	-	1,753,244
Equipment	9,794,027	716,152	338,258	10,171,921
Utility lines	30,782,211	1,587,973	-	32,370,184
 Total accumulated depreciation	 61,166,899	 3,584,805	 366,495	 64,385,209
 Total capital assets, depreciated, net	 70,170,039	 (2,748,182)	 -	 67,421,857
 Total capital assets, net, business-type activities	 \$ 73,031,890	 \$ (2,338,971)	 \$ 73,220	 \$ 70,619,699

Additions to accumulated depreciation of business-type activities differs from depreciation expense for business-type activities due to the transfer of a partially depreciated asset from governmental activities to the environmental fund in the amount of \$25,512 and a fully depreciated asset from the stormwater fund to the environmental fund in the amount of \$17,515.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 5. Capital Assets (Continued)

Component Unit – School Board

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Component Unit – School Board:				
Capital assets, not depreciated:				
Land	\$ 236,000	\$ -	\$ -	\$ 236,000
Construction in progress	-	25,000	-	25,000
Total capital assets, not depreciated	236,000	25,000	-	261,000
Buildings	40,869,920	41,987,769	1,566,644	81,291,045
Improvements	761,079	2,953,636	2,205	3,712,510
School assets allocated to the City*	(22,373,964)	(48,508,492)	-	(70,882,456)
Equipment	7,359,591	4,385,094	286,060	11,458,625
Total capital assets, depreciated	26,616,626	818,007	1,854,909	25,579,724
Less accumulated depreciation				
Buildings	18,719,603	1,416,510	1,454,097	18,682,016
Improvements	500,078	72,908	2,205	570,781
School assets allocated to the City*	(8,325,235)	(1,228,589)	-	(9,553,824)
Equipment	5,946,099	519,339	278,776	6,186,662
Total accumulated depreciation	16,840,545	780,168	1,735,078	15,885,635
Total capital assets, depreciated, net	9,776,081	37,839	119,831	9,694,089
Total capital assets, net	\$ 10,012,081	\$ 62,839	\$ 119,831	\$ 9,955,089

*School Board capital assets are jointly owned by the City (primary government) and the Component Unit – School Board. The City reports the School Board capital assets as long as debt is owed on such assets by the City. When debt is completely paid off, the entire capital asset balance less accumulated depreciation reverts to the school board. The City reports depreciation on its share of these assets as an element of its share of the costs of the public school system.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 5. Capital Assets (Continued)

Component Unit – EDA

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Component Unit – EDA:				
Capital assets, not depreciated:				
Land	\$ 793,946	\$ -	\$ -	\$ 793,946
Total capital assets, not depreciated	793,946	-	-	793,946
Capital assets, depreciated:				
Buildings	8,305,640	-	-	8,305,640
Equipment	1,990,831	-	-	1,990,831
Total capital assets, depreciated	10,296,471	-	-	10,296,471
Less accumulated depreciation				
Buildings	2,498,356	164,746	-	2,663,102
Equipment	1,652,339	64,474	-	1,716,813
Total accumulated depreciation	4,150,695	229,220	-	4,379,915
Total capital assets, depreciated, net	6,145,776	(229,220)	-	5,916,556
Total capital assets, net	\$ 6,939,722	\$ (229,220)	\$ -	\$ 6,710,502

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 183,598
Judicial administration	14,108
Public safety	437,191
Public works	1,479,860
Health and welfare	17,482
Education	1,228,589
Parks, recreation, and culture	<u>305,842</u>
Total depreciation expense – governmental	<u><u>\$ 3,666,670</u></u>

Business-type activities:

Water	\$ 1,053,098
Sewer	1,285,942
Storm water	483,521
Environmental	416,680
Parking	<u>302,537</u>
Total depreciation expense – business-type	<u><u>\$ 3,541,778</u></u>

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

Instruction	\$ 588,319
Administration, attendance and health	802
Pupil transportation	95,486
School food service	21,837
Operation and maintenance	<u>73,724</u>
Total depreciation expense – School Board	<u><u>\$ 780,168</u></u>

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

Community Development	<u><u>\$ 229,220</u></u>
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City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 6. Long-Term Liabilities

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

Primary Government:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental activities:					
General obligation debt:					
General obligation bonds	\$ 68,972,515	\$ -	\$ 3,291,743	\$ 65,680,772	\$ 3,414,407
Literary fund loans	400,000	-	200,000	200,000	200,000
	69,372,515	-	3,491,743	65,880,772	3,614,407
Plus unamortized premium	2,291,031	-	77,662	2,213,369	77,662
Total general obligation debt	71,663,546	-	3,569,405	68,094,141	3,692,069
Other liabilities:					
Compensated absences	1,781,523	1,014,002	1,054,898	1,740,627	921,129
Claims payable	1,008,198	6,965,098	6,570,572	1,402,724	1,110,521
Total other liabilities	2,789,721	7,979,100	7,625,470	3,143,351	2,031,650
Total governmental activities long-term liabilities	<u>\$ 74,453,267</u>	<u>\$ 7,979,100</u>	<u>\$ 11,194,875</u>	<u>\$ 71,237,492</u>	<u>\$ 5,723,719</u>

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

Primary Government (Continued):

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Business-type activities:					
Bonds payable:					
Virginia revolving loans	\$ 13,666,963	\$ -	\$ 1,963,134	\$ 11,703,829	\$ 1,036,816
Plus unamortized premium	913,150	-	130,867	782,283	76,930
	<u>14,580,113</u>	<u>-</u>	<u>2,094,001</u>	<u>12,486,112</u>	<u>1,113,746</u>
Total bonds and loans payable					
Other liabilities:					
Landfill closure/post closure liability	2,416,474	82,652	69,887	2,429,239	69,887
Compensated absences	229,534	140,021	157,207	212,348	149,958
	<u>2,646,008</u>	<u>222,673</u>	<u>227,094</u>	<u>2,641,587</u>	<u>219,845</u>
Total other liabilities					
Total business-type activities long-term liabilities	<u>\$ 17,226,121</u>	<u>\$ 222,673</u>	<u>\$ 2,321,095</u>	<u>\$ 15,127,699</u>	<u>\$ 1,333,591</u>

Component Unit – School Board

Other liabilities:

Compensated absences	\$ 721,680	\$ 366,257	\$ 311,416	\$ 776,521	\$ 136,047
Total Component Unit School Board long-term liabilities	<u>\$ 721,680</u>	<u>\$ 366,257</u>	<u>\$ 311,416</u>	<u>\$ 776,521</u>	<u>\$ 136,047</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 6. Long-Term liabilities (Continued)

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
<u>General Obligation Bonds:</u>						
2005 CIP Bonds-City and School Improvement projects	3.43%	06/2005	02/2025	\$ 4,600,000	\$ 1,226,981	\$ -
2019B Refunding Bonds-Refunding Hotel and golf course GO bonds and McSwain and Ware literary loans	1.88%	11/2019	02/2034	14,660,000	13,421,000	-
2019A VPSA Spring Pool – Staunton High School	3.05-5.05%	5/2019	7/2049	43,760,000	43,030,000	-
2012 GO Bonds-Staunton Crossing	2.21%	10/2012	10/2027	10,000,000	5,432,791	-
2013 GO Bonds-Staunton Crossing	2.58%	01/2013	01/2028	5,000,000	2,570,000	-
					<u>\$ 65,680,772</u>	<u>\$ -</u>
<u>Literary Fund Loans:</u>						
2002 Bessie Weller Elem renovations	4.00%	02/2002	03/2022	4,000,000	\$ 200,000	\$ -
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase IIIA improvements	3.00%	01/2008	03/2030	9,309,033	\$ -	\$ 4,885,026
Middle River Wastewater Phase IIIB improvements	3.00%	09/2008	03/2030	2,066,747	-	1,085,939
New Hope Road Industrial Park Sewer Lines	3.85%	03/2002	09/2021	629,734	-	22,864
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	3,940,000
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	5/2018	10/2033	1,955,000	-	1,770,000
					<u>\$ -</u>	<u>\$ 11,703,829</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 6. Long-Term liabilities (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending	Governmental Activities			
	General Obligation Bonds		Literary Fund Loans	
June 30,	Principal	Interest	Principal	Interest
2022	\$ 3,414,407	\$ 2,065,973	\$ 200,000	\$ 16,000
2023	3,494,402	1,966,318	-	-
2024	3,571,740	1,863,487	-	-
2025	3,651,432	1,757,596	-	-
2026	3,408,000	1,648,365	-	-
2027-2031	12,974,791	6,791,610	-	-
2032-2036	8,711,000	4,978,581	-	-
2037-2041	8,110,000	3,659,259	-	-
2042-2046	9,520,000	2,252,431	-	-
2047-2051	8,825,000	594,248	-	-
	<u>\$ 65,680,772</u>	<u>\$ 27,577,868</u>	<u>\$ 200,000</u>	<u>\$ 16,000</u>

Year Ending	Business-Type Activities	
	Virginia Revolving Loan	
June 30,	Principal	Interest
2022	\$ 1,036,816	\$ 413,082
2023	1,044,139	376,948
2024	1,084,714	339,846
2025	1,120,682	300,048
2026	1,162,055	258,689
2027-2031	5,745,423	620,439
2032-2036	510,000	26,489
	<u>\$ 11,703,829</u>	<u>\$ 2,335,541</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>City</u>
Inactive members or their beneficiaries currently receiving benefits	<u>307</u>
Inactive members:	
Vested inactive members	42
Non-vested inactive members	75
Inactive members active elsewhere in VRS	<u>126</u>
Total inactive members	243
Active members	<u>298</u>
Total covered employees	<u><u>848</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

	School Non- Professional
Inactive members or their beneficiaries currently receiving benefits	43
Inactive members:	
Vested inactive members	10
Non-vested inactive members	33
Inactive members active elsewhere in VRS	13
Total inactive members	56
Active members	47
Total covered employees	146

Contributions

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

The political subdivision's and school division's contractually required contribution rate for the year ended June 30, 2021 was 15.28% and 7.42%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$2,289,915 and \$2,095,533 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the pension plan from the school division were \$87,770 and \$87,447 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's, General Employees in the School Division's Retirement Plan and Teachers in the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45%-70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability-City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 84,239,437	\$ 64,631,420	\$ 19,608,017
Changes for the year:			
Service cost	1,744,479	-	1,744,479
Interest	5,524,420	-	5,524,420
Differences between expected and actual experience	1,345,198	-	1,345,198
Changes in assumptions	-	-	-
Contributions – employer	-	2,023,946	(2,023,946)
Contributions – employee	-	744,911	(744,911)
Net investment income	-	1,238,139	(1,238,139)
Benefit payments, including refunds of employee contributions	(4,792,366)	(4,792,366)	-
Administrative expenses	-	(42,541)	42,541
Other changes	-	(1,439)	1,439
Net changes	3,821,731	(829,350)	4,651,081
Balances at June 30, 2020	<u>\$ 88,061,168</u>	<u>\$ 63,802,070</u>	24,259,098
Add Net Pension Liability from Landfill			<u>64,870</u>
Total Net Pension Liability at June 30, 2020			<u>\$ 24,323,968</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability-School Nonprofessionals

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 4,461,339	\$ 4,213,285	\$ 248,054
Changes for the year:			
Service cost	111,069	-	111,069
Interest	289,766	-	289,766
Differences between expected and actual experience	73,142	-	73,142
Change in assumptions	-	-	-
Contributions – employer	-	77,979	(77,979)
Contributions – employee	-	54,036	(54,036)
Net investment income	-	79,188	(79,188)
Benefit payments, including refunds of employee contributions	(337,025)	(337,025)	-
Administrative expenses	-	(2,820)	2,820
Other changes	-	(92)	92
Net changes	136,952	(128,734)	265,686
Balances at June 30, 2020	\$ 4,598,291	\$ 4,084,551	\$ 513,740

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's net pension liability (not including Landfill)	\$ 34,889,378	\$ 24,259,098	\$ 15,389,733
School nonprofessional employees net pension liability	\$ 952,122	\$ 513,740	\$ 139,298

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of \$4,139,585. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,237,408	\$ 7,296
Change in assumptions	820,327	-
Net difference between projected and actual earnings on pension plan investments	1,895,536	-
Employer contributions subsequent to the measurement date	2,289,915	-
	<hr/>	<hr/>
Total	\$ 6,243,186	\$ 7,296
Add deferred outflows and inflows from the landfill*	45,292	8,700
	<hr/>	<hr/>
Total	\$ 6,288,478	\$ 15,996

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

For the year ended June 30, 2021, the school division recognized pension expense of \$117,132 for nonprofessional employees. At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,634	\$ 19,044
Change in assumptions	12,877	-
Net difference between projected and actual earnings on pension plan investments	122,231	-
Employer contributions subsequent to the measurement date	87,770	-
	<hr/>	<hr/>
Total	\$ 263,512	\$ 19,044
	<hr/>	<hr/>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$2,289,915 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2022	\$ 1,507,524
2023	1,153,484
2024	674,027
2025	610,940
2026	-

The \$87,770 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2022	\$ 26,926
2023	47,392
2024	42,740
2025	39,640
2025	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan-City

At June 30, 2021, approximately \$190,801 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2021, approximately \$5,122 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Note 8. Defined Benefit Pension Plan – Teacher Cost Sharing Pool

General Information about the Teacher Cost Sharing Plan

Plan Description

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

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

Contributions

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

Each school division’s contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$ 2,973,803 and \$2,830,265 for the years ended June 30, 2021 and June 30, 2020, respectively.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2021, the school division reported a liability of \$29,894,004 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .20542% as compared .20689% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$3,089,291. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,752,249
Change in assumptions	2,040,641	-
Net difference between projected and actual earnings on pension plan investments	2,273,770	-
Changes in proportionate share	28,636	995,860
Employer contributions subsequent to the measurement date	2,973,803	-
	<hr/>	<hr/>
Total	\$ 7,316,850	\$ 2,748,109
	<hr/>	<hr/>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$2,973,803 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2022	\$ (307,810)
2023	474,805
2024	794,451
2025	676,603
2026	(43,111)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	<u>36,449,229</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 14,552,626</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 43,861,218	\$ 29,894,004	\$ 18,341,353

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Cost Sharing Pension Plan

At June 30, 2021, approximately \$78,053 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Note 9. Other Post-Employment Benefits – Local Plans

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Trust Fund Investments

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

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

Rate of return. For the year ended June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense, was +3.01 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. This rate of return is for Trust Portfolio I. The average long-term rate of return assumed in calculations is 7.5% with inflation calculated at 2.75%.

Additional investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Plan Description

Medical insurance benefits are available to eligible City retirees, their spouses and dependents. Retirees are eligible to participate in the City's health insurance plan if they: a) meet VRS requirements for service retirement or disability retirement and will immediately be receiving a retirement annuity from VRS, b) currently participate in the City's health insurance program, and c) are under age 65 and not eligible for Medicare.

Plan Membership-City

Inactive members or their beneficiaries currently receiving benefits	48
Active members	318
Total covered employees	366

Medical insurance benefits are available to eligible School Board retirees, their spouses and dependents. Retirees are eligible to participate in the Board's health insurance plan if they: a) are eligible for VRS retirement with at least 10 years VRS experience, the last 5 years of which are with the Staunton City School Board, b) have participated in the Board's health insurance program for all of the 5 years immediately preceding retirement, and c) are under age 65.

Plan Membership-School Board

Inactive members or their beneficiaries currently receiving benefits	18
Active members	434
Total covered employees	452

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Funding Policy

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

City

The contribution requirements of the City healthcare plan members and City are established and may be amended by the City Council. During fiscal year 2021, the City paid an average of 83% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

For the fiscal year ended June 30, 2021, the City contributed \$309,000 to the City's healthcare plan for health insurance and contributed \$329,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and the City contributions to the healthcare plan combine to fully fund the actuarially determined contribution (ADC) of \$638,000 for fiscal year 2021. It is the City's intent to fully fund the ADC each year.

School Board

The contribution requirements of the School Board healthcare plan members and School Board are established and may be amended by the School Board. During fiscal year 2021, the School Board paid approximately 71% of the existing rate for subscriber only coverage and the retiree paid the remaining 29% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2021, the School Board contributed \$175,000 to the School Board's healthcare plan for health insurance and contributed \$97,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and contributions to the healthcare plan combine to over fund the actuarially determined contribution of \$272,000 for fiscal year 2021. It is the School Board's intent to fully fund the ADC each year.

Net OPEB Liability

The City and School Board's total OPEB liabilities of \$5,279,000 and \$1,757,000, respectively, were measured as of July 1, 2020 and was determined by an actuarial valuation performed as of July 1, 2019.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Actuarial Assumptions and Other Inputs

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

Salary increases, including inflation	2.5%
Healthcare cost trend rates	6.75% for fiscal year 2021, then decreasing .25% per year to an ultimate rate of 4.5%
Investment rate of return	7.5%
Mortality rates	RP-2014 Mortality table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

Discount Rate

For both the City and the School Board, the discount rate used was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Changes in Net OPEB Liability-City

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 7,075,000	\$ 1,567,000	\$ 5,508,000
Changes for the year:			
Service cost	158,000	-	158,000
Interest	547,000	-	547,000
Difference between expected and actual			
Experience	(394,000)	-	(394,000)
Assumption changes	213,000	-	213,000
Contributions – employer	-	643,000	(643,000)
Contributions – employee	-	64,000	(64,000)
Net investment income	-	46,000	(46,000)
Benefit payments	(576,000)	(576,000)	-
Net changes	(52,000)	177,000	(229,000)
Balances at June 30, 2020	<u>\$ 7,023,000</u>	<u>\$ 1,744,000</u>	<u>\$ 5,279,000</u>

Changes in Net OPEB Liability-Schools

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 3,310,000	\$ 1,414,000	\$ 1,896,000
Changes for the year:			
Service cost	105,000	-	105,000
Interest	263,000	-	263,000
Difference between expected and actual			
Experience	(234,000)	-	(234,000)
Assumption changes	103,000	-	103,000
Contributions – employer	-	267,000	(267,000)
Contributions – employee	-	68,000	(68,000)
Net investment income	-	41,000	(41,000)
Benefit payments	(157,000)	(157,000)	-
Net changes	80,000	219,000	(139,000)
Balances at June 30, 2020	<u>\$ 3,390,000</u>	<u>\$ 1,633,000</u>	<u>\$ 1,757,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

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

The following presents the net OPEB liability using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (7.5%) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
City's net OPEB liability	\$ 5,890,000	\$ 5,279,000	\$ 4,738,000
School Board net OPEB liability	\$ 2,046,000	\$ 1,757,000	\$ 1,495,000

Sensitivity of the Net OPEB Liability to Changes in the healthcare cost trends

The following presents the net OPEB liability using the healthcare cost trends rate of 6.25%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

	1.00% Decrease (5.25%)	Current Healthcare Cost Trend Rates Rate (6.25%)	1.00% Increase (7.25%)
City's net OPEB liability	\$ 4,603,000	\$ 5,279,000	\$ 6,063,000
School Board net OPEB liability	\$ 1,404,000	\$ 1,757,000	\$ 2,165,000

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$374,000. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 848,000
Change in assumptions	337,000	568,000
Net difference between projected and actual earnings on OPEB plan investments	85,000	11,000
Employer contributions subsequent to the measurement date	654,000	-
Total	<u>\$ 1,076,000</u>	<u>\$ 1,427,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

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

The \$654,000 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2022	\$ (213,000)
2023	(214,000)
2024	(210,000)
2025	(203,000)
2026	(146,000)
Thereafter	(19,000)

For the year ended June 30, 2021, the School Board recognized OPEB expense of \$114,000. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 529,000
Change in assumptions	89,000	411,000
Net difference between projected and actual earnings on OPEB plan investments	80,000	6,000
Employer contributions subsequent to the measurement date	267,000	-
Total	<u>\$ 436,000</u>	<u>\$ 946,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

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

The \$267,000 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2022	\$ (147,000)
2023	(149,000)
2024	(145,000)
2025	(149,000)
2026	(119,000)
Thereafter	(68,000)

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

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City of Staunton (the "Political Subdivision" and the City of Staunton School Board (the "School Division") also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

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

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

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program – School Division

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

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	22
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
	<hr/>
Total inactive members	22
Active members	<hr/> 47
	<hr/>
Total covered employees	69

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program-City

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$81,008
June 30, 2020 Contribution	\$80,434

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$103,010
June 30, 2020 Contribution	\$100,193

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2021 Contribution	\$216,504
June 30, 2020 Contribution	\$216,602

General Employee Health Insurance Credit Program – School Division

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	.69% of covered employee compensation.
June 30, 2021 Contribution	\$8,162
June 30, 2020 Contribution	\$7,692

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2021 proportionate share of liability	\$1,254,297
June 30, 2020 proportion	.07516%
June 30, 2019 proportion	.07533%
June 30, 2021 expense	\$53,277

Group Life Insurance Program-School Division Professional employees

June 30, 2021 proportionate share of liability	\$1,466,407
June 30, 2020 proportion	.08787%
June 30, 2019 proportion	.08885%
June 30, 2021 expense	\$42,646

Group Life Insurance Program-School Division Non-professional employees

June 30, 2021 proportionate share of liability	\$95,958
June 30, 2020 proportion	.00575%
June 30, 2019 proportion	.00587%
June 30, 2021 expense	\$3,341

Teacher Health Insurance Credit Program

June 30, 2021 proportionate share of liability	\$2,685,869
June 30, 2020 proportion	.20589%
June 30, 2019 proportion	.20745%
June 30, 2021 expense	\$196,944

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

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

General Employee Health Insurance Credit Program – School Division

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 99,346	\$ 24,085	\$ 75,261
Changes for the year:			
Service cost	2,211	-	2,211
Interest	6,305	-	6,305
Changes in benefit terms	4,557	-	4,557
Differences between expected and actual experience	6,655	-	6,655
Changes in assumptions	-	-	-
Contributions – employer	-	7,692	(7,692)
Net investment income	-	438	(438)
Benefit payments, including refunds of employee contribution	(11,889)	(11,889)	-
Administrative expenses	-	(37)	37
Other changes	-	-	-
Net changes	7,839	(3,796)	11,635
Balances at June 30, 2020	\$ 107,185	\$ 20,289	\$ 86,896

The School Division recognized OPEB expense of \$13,144 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

At June 30, 2021, the City and School Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program- City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,452	\$ 11,266
Change in assumptions	62,729	26,190
Net difference between projected and actual earnings on OPEB plan investments	37,678	-
Changes in proportion	30,775	10,426
Employer contributions subsequent to the measurement date	81,008	-
Total	<u>\$ 292,642</u>	<u>\$ 47,882</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,211	\$ 14,032
Change in assumptions	78,136	32,623
Net difference between projected and actual earnings on OPEB plan investments	46,932	-
Changes in proportion	-	59,021
Employer contributions subsequent to the measurement date	103,010	-
Total	<u>\$ 328,289</u>	<u>\$ 105,676</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,869
Change in assumptions	53,096	14,675
Net difference between projected and actual earnings on OPEB plan investments	11,903	-
Changes in proportion	-	120,445
Employer contributions subsequent to the measurement date	216,504	-
Total	<u>\$ 281,503</u>	<u>\$ 170,989</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,718	\$ 391
Change in assumptions	1,132	407
Net difference between projected and actual earnings on OPEB plan investments	737	-
Employer contributions subsequent to the measurement date	8,162	-
Total	<u>\$ 15,749</u>	<u>\$ 798</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

The deferred outflows of resources related to OPEB resulting from the political subdivision and school division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Group Life Insurance Program-City

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 24,338
2023	34,978
2024	46,545
2025	46,191
2026	11,079
Thereafter	621

Group Life Insurance Program-School Division

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 9,941
2023	23,195
2024	36,777
2025	41,292
2026	8,125
Thereafter	273

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (23,011)
2023	(21,832)
2024	(22,227)
2025	(18,048)
2026	(11,154)
Thereafter	(9,718)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 1,568
2023	2,140
2024	1,869
2025	1,212
2026	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.0 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,523,937	\$ 1,448,676
Plan fiduciary net position	\$ 1,855,102	\$ 144,160
Employers' net OPEB liability (asset)	\$ 1,668,835	\$ 1,304,516
Plan fiduciary net position as a percentage of total OPEB liability	52.64%	9.95%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability-City	\$ 1,648,870	\$ 1,254,297	\$ 933,867
GLI Net OPEB liability-School division nonprofessional	\$ 126,145	\$ 95,958	\$ 71,444
GLI Net OPEB liability-School division professional	\$ 1,927,704	\$ 1,466,407	\$ 1,091,790
Teacher HIC Net OPEB liability	\$ 3,006,550	\$ 2,685,869	\$ 2,413,313
General Employee HIC Net OPEB liability – School Division	\$ 95,545	\$ 86,896	\$ 78,406

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

• Group Life Insurance-political subdivision	\$ 6,761
• Group Life Insurance-school division-non professional	373
• Group Life Insurance-school division-professional	2,536
• Teacher Employee Health Insurance Credit	5,683
• General Employee Health Insurance Credit	476

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 11. Summary of Pension and other Postemployment Benefit Elements

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

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Unit (School Board)
Deferred outflows of resources - Related to Pensions:				
VRS-City	\$ 5,529,902	\$ 713,284	\$ 6,243,186	\$ -
Net deferred Outflows from Augusta County Service Authority	-	45,292	45,292	-
VRS-School Non-professional	-	-	-	263,512
VRS-School Professional	-	-	-	7,316,850
Total deferred outflows of resources - Pensions	\$ 5,529,902	\$ 758,576	\$ 6,288,478	\$ 7,580,362
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 953,982	\$ 122,018	\$ 1,076,000	\$ 436,000
Net OPEB Outflows from Augusta Regional Landfill	-	6,233	6,233	-
VRS Group Life plan	259,281	33,361	292,642	328,289
VRS Health insurance credit plan-Professional	-	-	-	281,503
VRS Health insurance credit plan-Non-professional	-	-	-	15,749
Total deferred outflows of resources - OPEB	\$ 1,213,263	\$ 161,612	\$ 1,374,875	\$ 1,061,541
Net pension liability:				
VRS-City	\$ 21,487,496	\$ 2,771,602	\$ 24,259,098	\$ -
Net Pension liability from Augusta County Service Authority	-	64,870	64,870	-
VRS-School Non-professional	-	-	-	513,740
VRS-School Professional	-	-	-	29,894,004
Total net pension liability	\$ 21,487,496	\$ 2,836,472	\$ 24,323,968	\$ 30,407,744
Net OPEB liability:				
OPEB Local Health plan	\$ 4,680,361	\$ 598,639	\$ 5,279,000	\$ 1,757,000
Net OPEB Liability from Augusta Regional Landfill	-	46,799	46,799	-
VRS Group Life plan	1,111,307	142,990	1,254,297	1,562,365
VRS Health insurance credit plan-Professional	-	-	-	2,685,869
VRS Health insurance credit plan-Non-professional	-	-	-	86,896
Total net OPEB liability	\$ 5,791,668	\$ 788,428	\$ 6,580,096	\$ 6,092,130
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 6,462	\$ 834	\$ 7,296	\$ -
Net deferred inflow from Augusta County Service Authority	-	8,700	8,700	-
VRS-School Non-professional	-	-	-	19,044
VRS-School Professional	-	-	-	2,748,109
Total deferred inflows of resources - Pensions	\$ 6,462	\$ 9,534	\$ 15,996	\$ 2,767,153
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,265,178	\$ 161,822	\$ 1,427,000	\$ 946,000
Net OPEB inflow from Augusta Regional Landfill	-	8,366	8,366	-
VRS Group Life plan	42,423	5,459	47,882	105,676
VRS Health insurance credit plan-Professional	-	-	-	170,989
VRS Health insurance credit plan-Non-professional	-	-	-	798
Total deferred inflows of resources - OPEB	\$ 1,307,601	\$ 175,647	\$ 1,483,248	\$ 1,223,463

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 12. Commitments and Contingencies

State and Federal Programs:

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

Legal Matters:

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

EDA Commitments

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

Commonwealth Opportunity Fund

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

Construction and Other Significant Commitments including Encumbrances

The City has entered into construction contracts, which include several water and storm water related projects as well as street and school construction projects. As of June 30, the City had outstanding construction contracts totaling \$1,409,501 that will be financed from operating funds. Other significant commitments include the encumbrances outstanding for the general fund and nonmajor governmental funds as shown below.

	<u>Construction Commitments</u>	<u>Encumbrances</u>
Water fund	\$ 459,036	\$ 87,390
Storm Water fund	106,639	83,357
General fund	9,950	1,040,327
Capital Improvements Fund	833,876	1,315,692
Nonmajor governmental funds	-	122,963
	<u>\$ 1,409,501</u>	<u>\$ 2,649,729</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 13. General Property Taxes

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. These levies are assessed biannually as of January 1 on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the receivable applies. The City reassesses all property biannually. Public utility property is assessed by the Commonwealth.

Real estate taxes are billed in semiannual installments, 75% due June 20 and 25% due December 5. For the current fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements include those assessed as of January 1, 2020 and due December 5, 2020 as well as the portion of the January 1, 2021 assessment due June 20, 2021 less an allowance for uncollectibles and less taxes not collected within 45 days of year end plus collections of previously delinquent taxes. The tax rates for the January 1, 2020 and 2021 levies were \$.95 and \$.92 per \$100 of assessed value, respectively. Real estate taxes receivable, assessed as of January 1, 2021 and due December 5, 2021, are reflected in the accompanying financial statements as a receivable and are offset by deferred inflows of resources, in the amount of \$2,355,279, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2021 are also included in deferred inflows of resources, in the amount of \$2,787,479 since they are not intended to finance the current fiscal year.

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and are due December 5. During fiscal year 2021, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2020 assessment due December 5, 2020, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2020 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2020 tax rate for all other personal property was \$2.90 per \$100 of assessed value.

Note 14. Restricted Assets

Restricted assets as of June 30 consist of cash and cash equivalents and amounts due from other governments that are restricted for certain purposes as follows:

	Governmental Activities	Business Type Activities
Customer deposits	\$ 7,000	\$ 365,180
Receivable for share of debt	-	1,665,899
Landfill sinking fund*	-	2,534,645
Total	<u>\$ 7,000</u>	<u>\$ 4,565,724</u>

*The City's share of the sinking fund held by the Augusta Regional Landfill, a hybrid undivided/joint venture. See note 16.

Note 15. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during 2021. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended levels.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 15. Risk Management (Continued)

Through the Virginia Municipal League, the City and School Board have joined together with other Virginia public bodies in the Virginia Municipal League Insurance programs pools currently operating as a common risk management and insurance programs for members in Virginia. The City and School Board pay an annual premium to VML Insurance Programs for its workers' compensation and employer's liability, general liability, excess property, crime, and automobile coverage. The agreement for formation of the VML Insurance Programs Pool provides that it will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Workers' Compensation Act. VML Insurance programs will reinsure through commercial insurance companies for claims in excess of \$5 million for general liability, and \$5 million for automotive liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

As of June 1, 2003, the City discontinued its self-insured worker's compensation arrangement and began insurance coverage with the Virginia Municipal League. As of June 30, 2021, the City still retains a liability related to workers compensation claims outstanding at the time of the policy change. The City reimburses VML as needed for claims payments on these old outstanding claims in excess of any reinsurance amounts. The City has not established a separately funded reserve for such claims. The portion currently due and payable is \$1,021 and is reported in the General Fund. The long-term liability is estimated to be \$294,690.

As of January 1, 2015, the City and School system established a self-insured health insurance program. Premiums are developed based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. Stop loss provisions limit catastrophic claims in excess of \$175,000. At June 30, incurred but not reported claims for the City and Schools are estimated to be \$1,107,013. Changes in the claims liability amount in fiscal years 2019, 2020 and 2021 were as follows:

<u>Year Ended June 30,</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2019	\$ 953,882	\$ 5,509,239	\$ 5,515,266	\$ 947,855
2020	\$ 947,855	\$ 5,409,718	\$ 5,349,375	\$ 1,008,198
2021	\$ 1,008,198	\$ 6,965,098	\$ 6,570,572	\$ 1,402,724

Note 16. Landfill Closure and Post-closure Care Costs

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

State and federal laws and regulations require the Augusta Regional Landfill to place a final cover or cap on a landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Under the cost sharing agreement, the City will bear 39.67% of such costs for Permit 21 and 24.83% of such costs for Permit 585. The cost sharing percentage of Permit 585 is adjusted each year based on usage by each locality. The remainder of the Permit 585 costs will be borne by the County and the City of Waynesboro. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year ending date.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

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

The \$1,521,155 reported as landfill closure liability at June 30, 2021 represents the cumulative amount reported to date based on the use of 89.3% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 55.2% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$908,084 reported as post-closure monitoring liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill and 89.3% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 55.2% of the estimated capacity of the Permit #585 Phase 4 landfill. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2021 for both joint ventures are \$2,429,239.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$174,967 for Permit #585 (phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$367,061 for the newly constructed Phase 4 cell as the remaining estimated capacity is filled over the next 6 to 8 years.

The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ-approved inflation rate. The amounts for the Permit #585 landfill were re-evaluated in March 2008 based on what it would cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ-approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

Each participating locality is required to submit to the Virginia Department of Environmental Quality by December 30 of each year financial assurance they can meet their allocated financial responsibility for the Augusta Regional Landfill (see Note 1). The City uses the financial test method of demonstrating assurance for closure and post-closure care. Each locality met this requirement for calendar year 2020.

The landfill accumulates assets in a sinking fund to pay for future closure and post-closure costs. The City reports its proportionate share of the sinking fund assets, \$2,534,645, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 17. Community Development

Staunton Crossing:

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

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

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

The land was recorded as inventory by the EDA at its estimated fair value of \$14,000,000 at the time of its acquisition. As a result of a partial sale of property during fiscal year 2017, the adjusted inventory value was reported at \$12,970,053 as of June 30, 2017 and remains the same as of June 30, 2021.

In fiscal year 2021, the City's management concluded that no material declines in the property's value had occurred and the amount due back to the City is still valued at \$12,750,000.

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

Note 18. Operating Lease

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

Year Ending June 30,	
2022	\$ 46,028
2023	46,948
2024	47,887
2025	48,845
2026	49,822
2027	50,818
Total	<u>\$ 290,348</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2021:

	General	Capital Projects	Nonmajor Governmental	School Board Component Unit
Nonspendable				
Prepays	\$ 103,947	\$ -	\$ 33,058	\$ 4,740
Restricted:				
Donor purposes	\$ 56,324	\$ -	\$ -	\$ 191,432
Programs	174,590	-	6,656	65,493
Total restricted	\$ 230,914	\$ -	\$ 6,656	\$ 256,925
Committed:				
Stabilization arrangement	\$ 9,571,866	\$ -	\$ -	\$ -
Assigned:				
Accrued leave	\$ 1,740,627	\$ -	\$ -	\$ -
Capital projects	-	8,113,437	-	2,015,452
Debt service	-	-	5,753,588	-
General government	223,160	-	-	-
Judicial administration	61,106	-	-	-
Public safety	274,341	151,700	259,844	-
Public works	460,100	887,468	-	-
Parks and recreation	33,470	198,200	-	-
Community development	-	886,053	197,953	-
Education	-	26,147	-	5,585,217
Textbooks	-	-	-	1,133,009
Food service	-	-	-	375,086
Total assigned	\$ 2,792,804	\$ 10,263,005	\$ 6,211,385	\$ 9,108,764
Unassigned	\$ 9,587,197	\$ -	\$ -	\$ -

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 20. Tax Abatements

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

<u>Tax Abatement Program</u>	<u>FY 21 Taxes Abated</u>
Economic Development Incentive Programs	
Incremental taxes-Frontier	\$ 722,764
Incremental taxes-Villages	25,745
Real estate tax abatement-Villages	93,836
Total	<u>\$ 842,345</u>

Note 21. Subsequent Events

On November 17, 2021, the City issued \$17,625,000 in tax-exempt general obligation bonds to currently refund \$997,495 of outstanding 2005 general obligation public improvement bonds, \$4,915,703 of outstanding 2012 general obligation bonds, \$2,387,098 of 2013 outstanding general obligation bonds and \$13,462,417 of outstanding 2019B general obligation refunding bonds, all payable from general governmental revenues.

Note 22. Conduit Debt Obligation-EDA

In March 2019, the EDA issued Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest. The bonds are payable solely from the revenues of the projects and do not constitute an obligation of the Commonwealth of Virginia, the City, the EDA or any political subdivision thereof. All of the EDA's rights (other than indemnification and its fees) are assigned to a Trustee to administer the bonds for the benefit of bondholders. The EDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the EDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in its financial statements. \$9,736,667 of such conduit bonds were outstanding at June 30, 2021.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 23. Prior Period Adjustment

The following is a summary of the restatement to fund balance and net position resulting from errors in previous periods and the implementation of GASB statement 84.

	General Fund	Governmental Activities
Balance, as previously reported, June 30, 2020	\$ 17,623,694	\$ 63,424,528
To correct errors in contribution grants to the EDA for developer agreement payments due in fiscal year 2020	(58,507)	(58,507)
Balance, as restated, June 30, 2020	<u>\$ 17,565,187</u>	<u>\$ 63,366,021</u>

	Student Activities Fund	School Board Component Unit
Balance, as previously reported, June 30, 2020	\$ -	\$ (15,578,381)
To add the balance of the student activities funds due to the implementation of GASB statement 84	277,629	277,629
Balance, as restated, June 30, 2020	<u>\$ 277,629</u>	<u>\$ (15,300,752)</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2021

Note 24. New Accounting Standards

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

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

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

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

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

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STAUNTON, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 25,360,750	\$ 25,360,750	\$ 28,526,046	\$ 3,165,296
Other local taxes	12,964,500	12,964,500	16,631,337	3,666,837
Permits, privilege fees, and regulatory licenses	235,400	235,400	229,999	(5,401)
Fines and forfeitures	232,000	232,000	139,437	(92,563)
Revenue from use of money and property	246,500	246,500	123,051	(123,449)
Charges for services	1,803,334	1,844,584	1,679,798	(164,786)
Miscellaneous	29,000	73,934	193,339	119,405
Recovered costs	1,161,874	1,224,897	1,200,458	(24,439)
Intergovernmental:				
Federal	1,284,973	5,682,816	5,914,327	231,511
Commonwealth	12,598,892	12,655,242	12,242,357	(412,885)
Total revenues	55,917,223	60,520,623	66,880,149	6,359,526
EXPENDITURES				
Current:				
General government administration	6,100,461	7,008,620	6,315,667	692,953
Judicial administration	2,239,756	2,499,054	2,323,421	175,633
Public safety	12,043,521	13,689,362	12,759,588	929,774
Public works	5,971,764	6,330,204	5,285,259	1,044,945
Health and welfare	7,362,381	7,684,505	7,178,788	505,717
Education	12,053,410	13,646,502	13,646,502	-
Parks, recreation, and cultural	3,670,219	3,795,446	3,113,450	681,996
Community development	2,088,774	3,357,259	3,152,422	204,837
Contingency	-	141,990	-	141,990
Total expenditures	51,530,286	58,152,942	53,775,097	4,377,845
Excess of revenues over expenditures	4,386,937	2,367,681	13,105,052	10,737,371
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year reserves/encumbrances	-	5,558,352	-	(5,558,352)
Transfers in	457,478	457,478	-	(457,478)
Transfers out	(4,844,415)	(8,383,511)	(8,383,511)	-
Total other financing sources (uses)	(4,386,937)	(2,367,681)	(8,383,511)	(6,015,830)
Net change in fund balance	\$ -	\$ -	\$ 4,721,541	\$ 4,721,541

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

PRIMARY GOVERNMENT

Year Ended June 30, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 1,379,588	\$ 1,417,990	\$ 1,428,109	\$ 1,469,762	\$ 1,474,558	\$ 1,547,097	\$ 1,744,479
Interest on total pension liability	4,740,682	4,916,956	5,029,018	5,157,439	5,223,818	5,351,222	5,524,420
Difference between expected and actual experience	-	(1,160,922)	(946,229)	(1,483,949)	(372,060)	933,725	1,345,198
Changes in assumptions	-	-	-	(140,647)	-	2,298,391	-
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)	(4,792,366)
Net change in total pension liability	2,479,976	1,610,181	1,928,446	1,232,429	1,987,847	5,456,380	3,821,731
Total pension liability - beginning	<u>69,544,178</u>	<u>72,024,154</u>	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>
Total pension liability - ending	<u>72,024,154</u>	<u>73,634,335</u>	<u>75,562,781</u>	<u>76,795,210</u>	<u>78,783,057</u>	<u>84,239,437</u>	<u>88,061,168</u>
Plan Fiduciary Net Position							
Contributions - employer	2,180,741	2,260,879	2,349,913	1,956,240	2,047,913	1,952,366	2,023,946
Contributions - employee	632,939	636,054	655,097	688,105	679,027	721,122	744,911
Net investment income	7,195,341	2,383,649	947,931	6,585,902	4,399,332	4,103,358	1,238,139
Benefit payments, including refunds of employee contributions	(3,640,294)	(3,563,843)	(3,582,452)	(3,770,176)	(4,338,469)	(4,674,055)	(4,792,366)
Administrative expenses	(39,137)	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)	(42,541)
Other	379	(504)	(399)	(5,847)	(3,884)	(2,580)	(1,439)
Net change in plan fiduciary net position	6,329,969	1,683,445	336,568	5,415,860	2,745,313	2,058,651	(829,350)
Plan fiduciary net position - beginning	<u>46,061,614</u>	<u>52,391,583</u>	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>
Plan fiduciary net position - ending	<u>52,391,583</u>	<u>54,075,028</u>	<u>54,411,596</u>	<u>59,827,456</u>	<u>62,572,769</u>	<u>64,631,420</u>	<u>63,802,070</u>
Net pension liability - ending	\$ <u>19,632,571</u>	\$ <u>19,559,307</u>	\$ <u>21,151,185</u>	\$ <u>16,967,754</u>	\$ <u>16,210,288</u>	\$ <u>19,608,017</u>	\$ <u>24,259,098</u>
Add Net Pension Liability from Augusta Regional landfill	<u>23,723</u>	<u>29,260</u>	<u>48,902</u>	<u>23,253</u>	<u>17,478</u>	<u>26,919</u>	<u>64,870</u>
Total Net pension liability - ending	<u>\$ 19,656,294</u>	<u>\$ 19,588,567</u>	<u>\$ 21,200,087</u>	<u>\$ 16,991,007</u>	<u>\$ 16,227,766</u>	<u>\$ 19,634,936</u>	<u>\$ 24,323,968</u>
Plan fiduciary net position as a percentage of total pension liability	<u>73%</u>	<u>73%</u>	<u>72%</u>	<u>78%</u>	<u>79%</u>	<u>77%</u>	<u>72%</u>
Covered payroll of the plan year	<u>\$ 12,343,202</u>	<u>\$ 12,625,654</u>	<u>\$ 13,175,660</u>	<u>\$ 13,293,478</u>	<u>\$ 13,979,807</u>	<u>\$ 14,726,831</u>	<u>\$ 15,419,665</u>
Net pension liability as a percentage of covered payroll	<u>159%</u>	<u>155%</u>	<u>161%</u>	<u>128%</u>	<u>116%</u>	<u>133%</u>	<u>157%</u>

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
COMPONENT UNIT-SCHOOL NONPROFESSIONAL
Year Ended June 30, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 88,093	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830	\$ 111,069
Interest on total pension liability	289,866	290,196	289,147	295,498	303,757	300,368	289,766
Other changes	-	-	-	62	-	-	-
Difference between expected and actual experience	-	(60,971)	33,649	(15,763)	(94,997)	(150,376)	73,142
Changes in assumptions	-	-	-	3,268	-	101,683	-
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,923)	(342,985)	(333,320)	(372,279)	(337,025)
Net change in total pension liability	95,179	(15,214)	99,302	42,480	(28,933)	(15,774)	136,952
Total pension liability - beginning	4,282,336	4,377,515	4,292,261	4,391,563	4,434,043	4,477,113	4,461,339
Adjustment to add (remove) Genesis	-	(70,040)	-	-	72,003	-	-
Total pension liability - ending	4,377,515	4,292,261	4,391,563	4,434,043	4,477,113	4,461,339	4,598,291
Plan Fiduciary Net Position							
Contributions - employer	102,300	102,963	115,259	82,788	86,071	77,730	77,979
Contributions - employee	41,269	44,375	49,030	49,531	51,516	56,748	54,036
Net investment income	547,950	173,171	63,623	448,101	296,521	269,021	79,188
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,922)	(342,985)	(333,320)	(372,279)	(337,025)
Administrative expenses	(3,047)	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)	(2,820)
Other	29	(36)	(28)	(393)	(260)	(168)	(92)
Net change in plan fiduciary net position	405,721	(5,674)	(99,503)	234,307	97,861	28,205	(128,734)
Plan fiduciary net position - beginning	3,550,322	3,956,043	3,887,072	3,787,569	4,021,876	4,185,080	4,213,285
Adjustment to add (remove) Genesis	-	(63,297)	-	-	65,343	-	-
Plan fiduciary net position - ending	3,956,043	3,887,072	3,787,569	4,021,876	4,185,080	4,213,285	4,084,551
Net pension liability - ending	\$ 421,472	\$ 405,189	\$ 603,994	\$ 412,167	\$ 292,033	\$ 248,054	\$ 513,740
Plan fiduciary net position as a percentage of total pension liability	90%	91%	86%	91%	93%	94%	89%
Covered payroll for the plan year	\$ 828,365	\$ 921,127	\$ 1,041,460	\$ 1,048,417	\$ 1,111,195	\$ 1,151,298	\$ 1,183,318
Net pension liability as a percentage of covered payroll	51%	44%	58%	39%	26%	22%	43%

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution*	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2021	\$ 2,289,915	\$ 2,289,915	\$ -	\$ 14,986,357	15.28%
2020	2,095,533	2,095,533	-	15,419,665	13.59%
2019	2,001,376	2,001,376	-	14,726,831	13.59%
2018	2,082,997	2,082,997	-	13,979,807	14.90%
2017	1,980,734	1,980,734	-	13,293,478	14.90%
2016	2,363,713	2,363,713	-	13,175,660	17.94%
2015	2,265,042	2,265,042	-	12,625,654	17.94%
Schools - Nonprofessional Employees					
2021	\$ 87,770	\$ 87,770	\$ -	\$ 1,182,875	7.42%
2020	87,447	87,447	-	1,183,318	7.39%
2019	85,079	85,079	-	1,151,298	7.39%
2018	92,452	92,452	-	1,111,195	8.32%
2017	87,226	87,226	-	1,048,417	8.32%
2016	119,455	119,455	-	1,041,460	11.47%
2015	112,193	112,193	-	921,127	12.18%

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

*Does not include regional landfill

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
Year Ended June 30, 2021

Plan Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll- Plan year	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.20542%	\$ 29,894,004	\$ 18,050,152	165.62%	71.47%
2019	0.20689%	27,227,900	17,399,819	156.48%	73.51%
2018	0.21287%	25,034,000	17,285,216	144.83%	74.81%
2017	0.21545%	25,788,557	16,558,204	155.74%	72.92%
2016	0.22048%	30,051,395	16,313,392	184.21%	68.28%
2015	0.21775%	26,647,826	15,705,288	169.67%	70.68%
2014	0.21711%	25,560,457	15,304,922	167.01%	70.88%

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

VRS TEACHER RETIREMENT PLAN

Year Ended June 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 2,973,803	\$ 2,973,803	\$ -	\$ 17,892,908	16.62%
2020	2,830,265	2,830,265	-	18,050,152	15.68%
2019	2,728,289	2,728,289	-	17,399,819	15.68%
2018	2,745,601	2,745,601	-	16,823,514	16.32%
2017	2,427,393	2,427,393	-	16,558,204	14.66%
2016	2,293,663	2,293,663	-	16,313,392	14.06%
2015	2,277,267	2,277,267	-	15,705,288	14.50%

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2021

	Local Plan				
	2016	2017	2018	2019	2020
Total OPEB Liability					
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000	\$ 158,000
Interest	-	571,000	588,000	522,000	547,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)	(394,000)
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)
Assumption changes	-	-	-	(810,000)	213,000
Other changes	-	-	282,000	-	-
Net change in total pension liability	1,114,000	242,000	4,000	(857,000)	(52,000)
Total OPEB liability - beginning	6,306,000	7,420,000	7,928,000	7,932,000	7,075,000
Adjustment to beginning balance	-	266,000	-	-	-
Total OPEB liability - ending	7,420,000	7,928,000	7,932,000	7,075,000	7,023,000
Plan Fiduciary Net Position					
Contributions - employer	648,000	712,000	643,000	527,000	643,000
Contributions - employee	-	-	69,000	74,000	64,000
Net investment income	(2,730)	100,000	101,000	60,000	46,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)
Administrative expenses	(1,000)	-	-	-	-
Net change in plan fiduciary net position	137,270	299,000	247,000	247,000	177,000
Plan fiduciary net position - beginning	636,680	773,950	1,073,000	1,320,000	1,567,000
Adjustment to beginning balance	-	50	-	-	-
Plan fiduciary net position - ending	773,950	1,073,000	1,320,000	1,567,000	1,744,000
Total Net OPEB liability - ending	\$ 6,646,050	\$ 6,855,000	\$ 6,612,000	\$ 5,508,000	\$ 5,279,000
Plan fiduciary net position as a percentage of total OPEB liability	10.43%	13.53%	16.64%	22.15%	24.83%
Covered employee payroll	\$ 11,179,000	\$ 13,777,000	\$ 14,063,000	\$ 16,341,000	\$ 16,341,000
Net OPEB liability as a percentage of covered employee payroll	59.45%	49.76%	47.02%	33.71%	32.31%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.67%	3.01%

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

The plan year above is reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2016 information is presented in the entity's fiscal year 2017 financial report.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD COMPONENT UNIT
Year Ended June 30, 2021

	Local Plan					VRS Health Insurance-School Non professional			
	2016	2017	2018	2019	2020	2017	2018	2019	2020
Total OPEB Liability									
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 105,000	\$ 2,087	\$ 1,766	\$ 1,883	\$ 2,211
Interest	1,000	304,000	318,000	252,000	263,000	6,865	6,669	6,631	6,305
Changes in benefit terms	-	-	-	-	-	-	-	-	4,557
Difference between expected and actual experience	-	-	(318,000)	(187,000)	(234,000)	-	1,259	(673)	6,655
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	103,000	(2,243)	-	1,946	-
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(8,899)	(10,140)	(10,338)	(11,889)
Other changes	-	-	(227,000)	-	-	-	-	-	-
Net change in total pension liability	1,109,000	173,000	(329,000)	(589,000)	80,000	(2,190)	(446)	(551)	7,839
Total OPEB liability - beginning	3,010,000	4,119,000	4,228,000	3,899,000	3,310,000	102,533	100,343	99,897	99,346
Adjustment to beginning balance	-	(64,000)	-	-	-	-	-	-	-
Total OPEB liability - ending	4,119,000	4,228,000	3,899,000	3,310,000	3,390,000	100,343	99,897	99,346	107,185
Plan Fiduciary Net Position									
Contributions - employer	339,000	433,000	293,000	452,000	267,000	7,031	7,334	7,484	7,692
Contributions - employee	-	-	118,000	91,000	68,000	-	-	-	-
Net investment income (loss)	(2,719)	90,000	90,000	55,000	41,000	2,786	1,774	1,489	438
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(8,899)	(10,140)	(10,338)	(11,889)
Administrative expenses	(995)	-	-	-	-	(41)	(38)	(31)	(37)
Other changes	-	-	-	-	-	149	(149)	(2)	-
Net change in plan fiduciary net position	60,286	260,000	264,000	196,000	219,000	1,026	(1,219)	(1,398)	(3,796)
Plan fiduciary net position - beginning	634,029	694,315	954,000	1,218,000	1,414,000	25,676	26,702	25,483	24,085
Adjustment to beginning balance	-	(315)	-	-	-	-	-	-	-
Plan fiduciary net position - ending	694,315	954,000	1,218,000	1,414,000	1,633,000	26,702	25,483	24,085	20,289
Total Net OPEB liability - ending	<u>\$ 3,424,685</u>	<u>\$ 3,274,000</u>	<u>\$ 2,681,000</u>	<u>\$ 1,896,000</u>	<u>\$ 1,757,000</u>	<u>\$ 73,641</u>	<u>\$ 74,414</u>	<u>\$ 75,261</u>	<u>\$ 86,896</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>16.86%</u>	<u>22.56%</u>	<u>31.24%</u>	<u>42.72%</u>	<u>48.17%</u>	<u>26.61%</u>	<u>25.51%</u>	<u>24.24%</u>	<u>18.93%</u>
Covered employee payroll	<u>\$ 12,820,000</u>	<u>\$ 18,550,000</u>	<u>\$ 18,641,000</u>	<u>\$ 19,843,000</u>	<u>\$ 19,843,000</u>				
Covered payroll						<u>\$ 1,065,247</u>	<u>\$ 1,111,195</u>	<u>\$ 1,151,298</u>	<u>\$ 1,183,318</u>
Net OPEB liability as a percentage of covered employee payroll/covered payroll	<u>26.71%</u>	<u>17.65%</u>	<u>14.38%</u>	<u>9.56%</u>	<u>8.85%</u>	<u>6.91%</u>	<u>6.70%</u>	<u>6.54%</u>	<u>7.34%</u>
Annual money-weighted rate of return, net of investment expense	13.04%	11.69%	8.65%	4.67%	3.01%	na	na	na	na

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

The plan year above is reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2016 information is presented in the entity's fiscal year 2017 financial report.

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

Covered payroll represents the payroll on which contributions to the OPEB plan are based

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS-PRIMARY GOVERNMENT AND SCHOOL BOARD COMPONENT
UNIT
Year Ended June 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Primary Government					
Local Plan:					
2021	\$ 638,000	\$ 654,000	\$ (16,000)	\$ 16,341,000	4.00%
2020	698,000	707,000	(9,000)	16,341,000	4.33%
2019	698,000	601,000	97,000	14,063,000	4.27%
2018	734,000	712,000	22,000	13,777,000	5.17%
School Board Component Unit					
Local Plan:					
2021	\$ 272,000	\$ 267,000	\$ 5,000	\$ 19,843,000	1.35%
2020	331,000	335,000	(4,000)	19,843,000	1.69%
2019	331,000	543,000	(212,000)	18,641,000	2.91%
2018	397,000	411,000	(14,000)	18,550,000	2.22%
VRS Health Insurance Credit Non-Professional Plan:					
2021	\$ 8,162	\$ 8,162	\$ -	\$ 1,182,875	0.69%
2020	7,692	7,692	-	1,183,318	0.65%
2019	7,483	7,483	-	1,151,298	0.65%
2018	7,334	7,334	-	1,111,195	0.66%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The local plan uses covered-employee payroll (the payroll of employees that are provided with OPEB through the OPEB plan), since contributions to the plan are not based on measure of pay.

The VRS Health insurance credit plan uses covered payroll (the payroll on which contributions to the OPEB plan are based).

The amounts above are for the entity's fiscal year ie. The year in which the contributions were made.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY - VRS PLANS
June 30, 2021

Plan Year	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government					
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.07516%	\$ 1,254,297	\$ 15,468,103	8.11%	52.64%
2019	0.07533%	1,225,820	14,766,392	8.30%	52.00%
2018	0.07365%	1,118,000	14,004,555	7.98%	51.22%
2017	0.07217%	1,086,000	13,311,529	8.16%	48.86%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2020	0.20589%	\$ 2,685,869	\$ 18,050,152	14.88%	9.95%
2019	0.20745%	2,715,722	17,399,819	15.61%	8.97%
2018	0.21373%	2,713,000	17,285,216	15.70%	7.04%
2017	0.21573%	2,737,000	17,025,052	16.08%	7.04%
Virginia Retirement System - Group Life Insurance - Schools					
2020	0.09362%	\$ 1,562,365	\$ 19,268,153	8.11%	52.64%
2019	0.09472%	1,541,347	18,568,571	8.30%	52.00%
2018	0.09687%	1,472,000	18,418,733	7.99%	51.22%
2017	0.09839%	1,481,000	18,149,297	8.16%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - VRS PLANS
June 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
Virginia Retirement System - Group Life Insurance - General Employees					
2021	\$ 81,008	\$ 81,008	\$ -	\$ 15,001,400	0.54%
2020	80,434	80,434	-	15,468,103	0.52%
2019	76,785	76,785	-	14,766,392	0.52%
2018	72,824	72,824	-	14,004,555	0.52%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2021	\$ 216,504	\$ 216,504	\$ -	\$ 17,892,908	1.21%
2020	216,602	216,602	-	18,050,152	1.20%
2019	208,798	208,798	-	17,399,819	1.20%
2018	212,605	212,605	-	17,285,216	1.23%
Virginia Retirement System - Group Life Insurance - Schools					
2021	\$ 103,010	\$ 103,010	\$ -	\$ 19,075,783	0.54%
2020	100,193	100,193	-	19,268,153	0.52%
2019	96,556	96,556	-	18,568,571	0.52%
2018	95,777	95,777	-	18,418,733	0.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

Note 1. Budgetary Comparison Schedule – General Fund

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets for states and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons.

Prior to April 1, the City Manager submits to the Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only the Council can revise the appropriation for each fund. The City Manager is authorized, within the Appropriations Resolution, to transfer budgeted amounts within any City fund and the School Board is authorized to transfer budgeted amounts within the school system's budget. Appropriations lapse on June 30, for all City funds, except for carry-forward requests approved by Council and project balances in the Capital Improvements Fund.

Appropriated annual budgets are legally adopted and budgetary integration is employed as a management control device during the year for all governmental funds. The budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) and are presented on the modified accrual basis of accounting. All governmental funds have legally adopted annual budgets, except the CIP fund, which operates with project length budgets.

Accordingly, the Budgetary Comparison Schedule for the General Fund present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with legally adopted budgets as amended. Original, final budget, actual revenue and expenditures, and variances between final budget and actual for the General Fund are presented on Exhibit 10.

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

Changes of Benefit Terms

Pension: There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB): There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

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

Changes of Assumptions (Continued)

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

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

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

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

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

CITY OF STAUNTON, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

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

Changes of Assumptions (Continued)

Teacher cost-sharing pool

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

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

Changes of Assumptions

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

The following items were updated for the current year:

- The discount rate used is 7.5%.
- Medical trend rates are 6.25% for 2021, then decreasing .25% per year to an ultimate rate of 4.5%

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF STAUNTON, VIRGINIA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	Debt Service	
Assets					
Cash and cash equivalents	\$ 270,332	\$ -	\$ 239,835	\$ 5,753,588	\$ 6,263,755
Receivables, net	23,918	-	-	-	23,918
Due from other governmental units	22,129	8,600	67,143	-	97,872
Prepaid items	-	-	-	33,058	33,058
Total assets	<u>\$ 316,379</u>	<u>\$ 8,600</u>	<u>\$ 306,978</u>	<u>\$ 5,786,646</u>	<u>\$ 6,418,603</u>
Liabilities					
Accounts payable	\$ 13,195	\$ -	\$ 109,025	\$ -	\$ 122,220
Accrued liabilities	36,684	-	-	-	36,684
Due to other funds		8,600	-	-	8,600
Total liabilities	<u>49,879</u>	<u>8,600</u>	<u>109,025</u>	<u>-</u>	<u>167,504</u>
Fund balances					
Nonspendable	-	-	-	33,058	33,058
Restricted	6,656	-	-	-	6,656
Assigned	259,844	-	197,953	5,753,588	6,211,385
Total fund balances	<u>266,500</u>	<u>-</u>	<u>197,953</u>	<u>5,786,646</u>	<u>6,251,099</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 316,379</u>	<u>\$ 8,600</u>	<u>\$ 306,978</u>	<u>\$ 5,786,646</u>	<u>\$ 6,418,603</u>

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental
	Blue Ridge Court Services	State and Federal Grants	Community Development	Debt Service	
REVENUES					
Revenues from use of money and property	\$ 25	\$ -	\$ 24	\$ 758	\$ 807
Charges for services	226,559	-	-	-	226,559
Miscellaneous	111,516	-	-	-	111,516
Intergovernmental:					
Federal	9,003	13,432	286,404	-	308,839
Commonwealth	780,450	52,500	52,725	-	885,675
Total revenues	<u>1,127,553</u>	<u>65,932</u>	<u>339,153</u>	<u>758</u>	<u>1,533,396</u>
EXPENDITURES					
Current:					
Judicial administration	-	1,088	-	-	1,088
Public safety	1,146,669	61,100	-	-	1,207,769
Parks, recreation, and culture	-	3,744	-	-	3,744
Community development	-	-	341,854	-	341,854
Debt service:					
Principal retirement	-	-	-	3,491,743	3,491,743
Interest and fiscal charges	-	-	-	2,228,732	2,228,732
Total expenditures	<u>1,146,669</u>	<u>65,932</u>	<u>341,854</u>	<u>5,720,475</u>	<u>7,274,930</u>
Excess (deficiency) of revenues over expenditures	<u>(19,116)</u>	<u>-</u>	<u>(2,701)</u>	<u>(5,719,717)</u>	<u>(5,741,534)</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	-	5,844,415	5,844,415
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,844,415</u>	<u>5,844,415</u>
Net change in fund balance	(19,116)	-	(2,701)	124,698	102,881
Fund balances - beginning of year	<u>285,616</u>	<u>-</u>	<u>200,654</u>	<u>5,661,948</u>	<u>6,148,218</u>
Fund balances - ending of year	<u>\$ 266,500</u>	<u>\$ -</u>	<u>\$ 197,953</u>	<u>\$ 5,786,646</u>	<u>\$ 6,251,099</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
BLUE RIDGE COURT SERVICES FUND
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 25	\$ 25
Charges for services	180,400	226,559	46,159
Miscellaneous	157,869	111,516	(46,353)
Intergovernmental:			
Federal	16,157	9,003	(7,154)
Commonwealth	817,796	780,450	(37,346)
Total revenues	<u>1,172,222</u>	<u>1,127,553</u>	<u>(44,669)</u>
EXPENDITURES			
Current:			
Public safety	<u>1,190,441</u>	<u>1,146,669</u>	<u>43,772</u>
Total expenditures	<u>1,190,441</u>	<u>1,146,669</u>	<u>43,772</u>
Excess (deficiency) of revenues over expenditures	<u>(18,219)</u>	<u>(19,116)</u>	<u>(897)</u>
Net change in fund balance	<u>\$ (18,219)</u>	<u>\$ (19,116)</u>	<u>\$ (897)</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
STATE AND FEDERAL GRANTS FUND
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 21,294	\$ 13,432	\$ (7,862)
Commonwealth	4,942	52,500	47,558
	<u>26,236</u>	<u>65,932</u>	<u>39,696</u>
Total revenues			
EXPENDITURES			
Current:			
Judicial Administration	1,088	1,088	-
Public Safety	70,000	61,100	8,900
Parks and Recreation	3,794	3,744	50
	<u>74,882</u>	<u>65,932</u>	<u>8,950</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(48,646)</u>	<u>-</u>	<u>48,646</u>
Net change in fund balance	<u>\$ (48,646)</u>	<u>\$ -</u>	<u>\$ 48,646</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 24	\$ 24
Intergovernmental:			
Federal	960,279	286,404	(673,875)
Commonwealth	-	52,725	52,725
	<u>960,279</u>	<u>339,153</u>	<u>(621,126)</u>
Total revenues			
EXPENDITURES			
Current:			
Community Development	<u>1,049,453</u>	<u>341,854</u>	<u>707,599</u>
	<u>1,049,453</u>	<u>341,854</u>	<u>707,599</u>
Total expenditures			
	<u>(89,174)</u>	<u>(2,701)</u>	<u>86,473</u>
Deficiency of revenues under expenditures			
Net change in fund balance	<u>\$ (89,174)</u>	<u>\$ (2,701)</u>	<u>\$ 86,473</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 758	\$ 758
Total revenues	-	758	758
EXPENDITURES			
Current:			
Debt Service			
Principal	3,491,743	3,491,743	-
Interest and fiscal charges	2,227,982	2,228,732	(750)
Debt reserve	124,690	-	124,690
Total expenditures	5,844,415	5,720,475	123,940
Deficiency of revenues under expenditures	(5,844,415)	(5,719,717)	124,698
OTHER FINANCING SOURCES			
Transfers in:			
Transfer from General fund	5,844,415	5,844,415	-
Total other financing sources	5,844,415	5,844,415	-
Net change in fund balance	\$ -	\$ 124,698	\$ 124,698

BUDGET TO ACTUAL COMPARISON – MAJOR GOVERNMENTAL FUNDS

Capital Improvements Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
From Inception of Project through June 30, 2021

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 1,035,271	\$ 12,545	\$ 1,047,816	\$ 714,295
Recovered costs	2,244,270	-	2,244,270	2,155,593
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	156,342	873,021	1,029,363	1,743,558
Commonwealth of Virginia	3,681,429	433,855	4,115,284	4,406,617
City of Staunton School Board	1,665,000	250,000	1,915,000	1,553,300
Total revenues	<u>8,806,762</u>	<u>1,569,421</u>	<u>10,376,183</u>	<u>10,583,813</u>
EXPENDITURES				
Capital outlay:				
General government administration	1,456,233	92,600	1,548,833	2,527,619
Public safety	8,052,208	265,381	8,317,589	8,557,943
Public works	9,348,710	1,185,461	10,534,171	15,843,241
Education	39,398,916	10,145,996	49,544,912	50,132,471
Parks, recreation, and culture	1,424,160	-	1,424,160	2,572,405
Community development	2,590,553	1,662,687	4,253,240	6,062,984
CIP Undesignated	-	-	-	136,457
Debt service:				
Bond issuance costs	114,508	-	114,508	114,508
Total expenditures	<u>62,385,288</u>	<u>13,352,125</u>	<u>75,737,413</u>	<u>85,947,628</u>
Deficiency of revenues under expenditures	<u>(53,578,526)</u>	<u>(11,782,704)</u>	<u>(65,361,230)</u>	<u>(75,363,815)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	43,760,000	2,515,000	46,275,000	46,000,000
Premium on school construction bonds	2,329,862	-	2,329,862	-
Transfers in	40,649,378	-	40,649,378	39,799,604
Transfers out	<u>(7,656,943)</u>	<u>-</u>	<u>(7,656,943)</u>	<u>(7,656,943)</u>
Total other financing sources (uses)	<u>79,082,297</u>	<u>2,515,000</u>	<u>81,597,297</u>	<u>78,142,661</u>
Net change in fund balance		<u>\$ (9,267,704)</u>		

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services to other departments of the City on a cost reimbursement basis.

Health Insurance Fund – This fund is a self-insured fund used to account for employee health care costs.

Inventory Fund – This fund accounts for the sale of goods to other departments of the City.

CITY OF STAUNTON, VIRGINIA

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2021

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,960,101	\$ 462,701	\$ 7,422,802
Receivables, net	104,006	7,141	111,147
Inventory	-	245,733	245,733
Prepaid items	-	13,490	13,490
Total current assets	7,064,107	729,065	7,793,172
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	59,640	59,640
Total capital assets, net	-	59,640	59,640
Total noncurrent assets	-	59,640	59,640
Total assets	7,064,107	788,705	7,852,812
LIABILITIES			
Current liabilities:			
Accounts payable	14,546	20,542	35,088
Claims payable	1,107,013	-	1,107,013
Total current liabilities	1,121,559	20,542	1,142,101
Total liabilities	1,121,559	20,542	1,142,101
NET POSITION			
Net investment in capital assets	-	59,640	59,640
Unrestricted	5,942,548	708,523	6,651,071
Total net position	\$ 5,942,548	\$ 768,163	\$ 6,710,711

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 7,753,820	\$ 720,213	\$ 8,474,033
Miscellaneous	6,244	-	6,244
Total operating revenues	7,760,064	720,213	8,480,277
OPERATING EXPENSES			
Claims paid	6,253,469	-	6,253,469
Rental of property	-	2,573	2,573
Administrative charges	398,205	-	398,205
Stop loss fees	1,130,836	-	1,130,836
Contractual services	-	23,805	23,805
Materials and supplies	-	36,268	36,268
Depreciation	-	4,633	4,633
Other expenses	-	651,702	651,702
Total operating expenses	7,782,510	718,981	8,501,491
Operating income (loss)	(22,446)	1,232	(21,214)
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,312	80	1,392
Total nonoperating revenues	1,312	80	1,392
Net Income (loss)	(21,134)	1,312	(19,822)
Total net position - beginning of year	5,963,682	766,851	6,730,533
Total net position - end of year	\$ 5,942,548	\$ 768,163	\$ 6,710,711

CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 7,834,165	\$ 714,449	\$ 8,548,614
Cash paid to suppliers	-	(682,987)	(682,987)
Claims paid	(5,856,456)	-	(5,856,456)
Administrative and stop loss fees	(1,528,184)	-	(1,528,184)
Net cash provided (used) by operating activities	449,525	31,462	480,987
INVESTING ACTIVITIES			
Interest received	1,312	80	1,392
Net cash provided (used) by investing activities	1,312	80	1,392
Net increase (decrease) in cash and cash equivalents	450,837	31,542	482,379
CASH AND CASH EQUIVALENTS			
Beginning of year	6,509,264	431,159	6,940,423
End of year	\$ 6,960,101	\$ 462,701	\$ 7,422,802
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (22,446)	\$ 1,232	\$ (21,214)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	4,633	4,633
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	74,101	(5,764)	68,337
Decrease in prepaid items	-	7,274	7,274
Decrease in inventory	-	5,990	5,990
(Increase) decrease in accounts payable	857	18,097	18,954
Increase in claims payable	397,013	-	397,013
Net cash provided (used) by operating activities	\$ 449,525	\$ 31,462	\$ 480,987

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

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Major Funds

Special Revenue Funds:

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

Nonmajor Funds

Special Revenue Funds:

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

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

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

Student Activities Fund – This fund is used to account for all funds received by schools in the school district from extracurricular school activities, such as entertainment, athletic contests, club dues, etc., and from any and all school sponsored activities each school that involves school personnel, students, or property.

Staunton City Public Schools is comprised of the following schools that use activity funds:

Staunton High School
Shelburne Middle School
Bessie Weller Elementary School
Thomas C. McSwain Elementary School
Arthur R. Ware, Jr. Elementary School

Capital Projects Funds:

School Construction Fund – This fund is used to account for the construction of school facilities and other major capital projects. Financing is provided by transfers from the General Fund and certain state revenues, limited to expenditure for school capital projects.

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,139,868
Accounts receivable	126,196
Due from other governmental units	3,470,745
Prepaid items	4,740
Restricted cash and cash equivalents	29,334
Capital assets:	
Land	261,000
Other capital assets, net of accumulated depreciation	9,694,089
Total assets	<u>21,725,972</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,580,362
Deferred outflows related to other post employment benefits	1,061,541
	<u>8,641,903</u>
LIABILITIES	
Accounts payable	319,759
Accrued liabilities	1,844,904
Amounts held for others	7,151
Noncurrent liabilities:	
Due within one year	136,047
Due in more than one year	
Net pension liability	30,407,744
Net other post employment benefit liability	6,092,130
Other debt	640,474
Total liabilities	<u>39,448,209</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,767,153
Deferred inflows related to other postemployment benefits	1,223,463
Total deferred inflows of resources	<u>3,990,616</u>
NET POSITION	
Net investment in capital assets	9,955,089
Restricted for:	
Programs	65,493
Donor purposes	191,432
Unrestricted	<u>(23,282,964)</u>
Total net position	<u><u>\$ (13,070,950)</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction and related services	\$ 26,289,229	\$ 238,517	\$ 13,492,307	\$ 576,741	\$ (11,981,664)
Administration, attendance, and health	2,161,986	-	-	-	(2,161,986)
Pupil transportation	1,214,841	-	-	-	(1,214,841)
Food service	1,548,659	560	1,487,774	-	(60,325)
Operations	4,341,876	-	-	64,230	(4,277,646)
Facilities	173,738	-	54,613	43,819	(75,306)
Technology	2,276,097	-	-	-	(2,276,097)
Total School Board	<u>\$ 38,006,426</u>	<u>\$ 239,077</u>	<u>\$ 15,034,694</u>	<u>\$ 684,790</u>	(22,047,865)
General revenues:					
Unrestricted investment earnings					1,601
Grants and contributions not restricted to specific programs					10,888,564
Net payment from City of Staunton					13,387,502
Total general revenues					<u>24,277,667</u>
Change in net position					2,229,802
Net position - beginning of year, as restated					<u>(15,300,752)</u>
Net position - end of year					<u>\$ (13,070,950)</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2021

	Education	Other Governmental	Total Governmental
Assets			
Cash and cash equivalents	\$ 4,410,541	\$ 3,729,327	\$ 8,139,868
Accounts receivable	49,817	76,379	126,196
Prepaid items	3,850	890	4,740
Due from other governmental units	2,560,693	910,052	3,470,745
Due from other funds	636,495	-	636,495
Restricted cash and cash equivalents	-	29,334	29,334
Total assets	\$ 7,661,396	\$ 4,745,982	\$ 12,407,378
Liabilities			
Accounts payable	\$ 299,418	\$ 20,341	\$ 319,759
Accrued liabilities	1,642,355	227,980	1,870,335
Due to other funds	-	636,495	636,495
Held for others	2,641	4,510	7,151
Total liabilities	1,944,414	889,326	2,833,740
Deferred Inflows of Resources			
Unavailable revenue	203,209	-	203,209
Fund Balances			
Nonspendable	3,850	890	4,740
Restricted			
Programs	-	65,493	65,493
Donor	150,254	41,178	191,432
Assigned	5,359,669	3,749,095	9,108,764
Total fund balances	5,513,773	3,856,656	9,370,429
Total liabilities, deferred inflows of resources and fund balances	\$ 7,661,396	\$ 4,745,982	\$ 12,407,378

CITY OF STAUNTON, VIRGINIA

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

June 30, 2021

Total Fund Balances – Component Unit School Board		\$ 9,370,429
Amounts reported for governmental activities in the statement of net position (Exhibit D-1) are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Capital assets	\$ 25,840,724	
Less: accumulated depreciation	<u>(15,885,635)</u>	9,955,089
Receivables that are not available to pay for current period expenditures are not reported in the funds.		
		203,209
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 7,580,362	
Deferred inflows	(2,767,153)	
Net pension liability	<u>(30,407,744)</u>	(25,594,535)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 1,061,541	
Deferred inflows	(1,223,463)	
Net OPEB liability	<u>(6,092,130)</u>	(6,254,052)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(751,090)</u>
Total Net Position – Component Unit School Board		<u><u>\$ (13,070,950)</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Education	Other Governmental	Total Governmental
REVENUES			
Revenues from use of money and property	\$ 534	\$ 1,067	\$ 1,601
Charges for services	87,066	152,011	239,077
Miscellaneous	110,082	109,480	219,562
Recovered costs	89,456	453,778	543,234
Intergovernmental:			
Federal	3,839,467	1,428,786	5,268,253
Commonwealth	17,782,551	2,583,416	20,365,967
City of Staunton	13,479,389	158,113	13,637,502
Total revenues	<u>35,388,545</u>	<u>4,886,651</u>	<u>40,275,196</u>
EXPENDITURES			
Current:			
Payment to City	-	250,000	250,000
Education	32,720,567	5,035,338	37,755,905
Total expenditures	<u>32,720,567</u>	<u>5,285,338</u>	<u>38,005,905</u>
Excess (deficiency) of revenues over expenditures	<u>2,667,978</u>	<u>(398,687)</u>	<u>2,269,291</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	88,346	993,426	1,081,772
Transfers out	(993,426)	(88,346)	(1,081,772)
Total other financing sources (uses)	<u>(905,080)</u>	<u>905,080</u>	<u>-</u>
Net change in fund balances	1,762,898	506,393	2,269,291
Fund balances - beginning of year, as restated	<u>3,750,875</u>	<u>3,350,263</u>	<u>7,101,138</u>
Fund balances - end of year	<u><u>\$ 5,513,773</u></u>	<u><u>\$ 3,856,656</u></u>	<u><u>\$ 9,370,429</u></u>

CITY OF STAUNTON, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities
(Exhibit D-2) are different because:

Net changes in fund balances - school board component unit	\$ 2,269,291
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Governmental funds report the cost of capital assets acquired as current expenditures while the statement of activities reports depreciation expense to allocate those expenditures over the life of the assets.

Depreciation	\$ (780,168)	
Capital expenses	<u>843,007</u>	62,839

In the statement of activities, only the loss on the disposal of capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset.	(119,831)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	109,301
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Governmental funds report employer contributions to other postemployment benefit as expenditures. However, in the statement of activities the cost of other postemployment benefits earned net of employee contributions is reported as OPEB expense.

Employer OPEB contributions	\$ 605,904	
OPEB expense	<u>(370,075)</u>	235,829

Governmental funds report employer pension contributions as expenditures. However in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	\$ 2,949,351	
Pension expense	<u>(3,206,423)</u>	(257,072)

Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	<u>(70,555)</u>
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Change in net position of governmental activities	<u><u>\$ 2,229,802</u></u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	Student Activities Fund	School Construction	
Assets						
Cash and cash equivalents	\$ 357,285	\$ 1,133,009	\$ -	\$ 216,691	\$ 2,022,342	\$ 3,729,327
Receivables:						
Accounts receivable	463	-	61,792	14,124	-	76,379
Prepaid expenses	-	-	-	890	-	890
Due from other governmental units	164,588	-	745,464	-	-	910,052
Restricted Cash	-	-	-	29,334	-	29,334
Total assets	<u>\$ 522,336</u>	<u>\$ 1,133,009</u>	<u>\$ 807,256</u>	<u>\$ 261,039</u>	<u>\$ 2,022,342</u>	<u>\$ 4,745,982</u>
Liabilities						
Accounts payable	\$ 12,514	\$ -	\$ 669	\$ 268	\$ 6,890	\$ 20,341
Accrued liabilities	62,398	-	165,582	-	-	227,980
Due to other funds	-	-	636,495	-	-	636,495
Held for others	-	-	4,510	-	-	4,510
Total liabilities	<u>74,912</u>	<u>-</u>	<u>807,256</u>	<u>268</u>	<u>6,890</u>	<u>889,326</u>
Fund Balance						
Nonspendable	-	-	-	890	-	890
Restricted						
Programs	64,430	-	-	1,063	-	65,493
Donor	7,908	-	-	33,270	-	41,178
Assigned	375,086	1,133,009	-	225,548	2,015,452	3,749,095
Total fund balances	<u>447,424</u>	<u>1,133,009</u>	<u>-</u>	<u>260,771</u>	<u>2,015,452</u>	<u>3,856,656</u>
Total liabilities and fund balances	<u>\$ 522,336</u>	<u>\$ 1,133,009</u>	<u>\$ 807,256</u>	<u>\$ 261,039</u>	<u>\$ 2,022,342</u>	<u>\$ 4,745,982</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental
	School Cafeteria	Textbook	State Operated Programs	Student Activities Fund	School Construction	
REVENUES						
Revenues from use of money and property	\$ 51	\$ 181	\$ -	\$ 44	\$ 791	\$ 1,067
Charges for services	560	-	-	151,451	-	152,011
Miscellaneous	44,719	-	16,115	48,646	-	109,480
Recovered costs	-	-	389,548	-	64,230	453,778
Intergovernmental:						
Federal	1,308,986	-	119,800	-	-	1,428,786
Commonwealth	32,338	160,254	2,347,005	-	43,819	2,583,416
City of Staunton	158,113	-	-	-	-	158,113
Total revenues	<u>1,544,767</u>	<u>160,435</u>	<u>2,872,468</u>	<u>200,141</u>	<u>108,840</u>	<u>4,886,651</u>
EXPENDITURES						
Current:						
Payment to the City Education	-	-	-	-	250,000	250,000
	<u>1,580,479</u>	<u>34,832</u>	<u>2,784,122</u>	<u>216,999</u>	<u>418,906</u>	<u>5,035,338</u>
Total expenditures	<u>1,580,479</u>	<u>34,832</u>	<u>2,784,122</u>	<u>216,999</u>	<u>668,906</u>	<u>5,285,338</u>
Excess (deficiency) of revenues over expenditures	<u>(35,712)</u>	<u>125,603</u>	<u>88,346</u>	<u>(16,858)</u>	<u>(560,066)</u>	<u>(398,687)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	107,499	-	-	885,927	993,426
Transfers out	-	-	(88,346)	-	-	(88,346)
Total other financing sources (uses)	<u>-</u>	<u>107,499</u>	<u>(88,346)</u>	<u>-</u>	<u>885,927</u>	<u>905,080</u>
Net change in fund balances	<u>(35,712)</u>	<u>233,102</u>	<u>-</u>	<u>(16,858)</u>	<u>325,861</u>	<u>506,393</u>
Fund balances - beginning of year, as restated	<u>483,136</u>	<u>899,907</u>	<u>-</u>	<u>277,629</u>	<u>1,689,591</u>	<u>3,350,263</u>
Fund balances - end of year	<u>\$ 447,424</u>	<u>\$ 1,133,009</u>	<u>\$ -</u>	<u>\$ 260,771</u>	<u>\$ 2,015,452</u>	<u>\$ 3,856,656</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 15,000	\$ 15,000	\$ 534	\$ (14,466)
Charges for services	921,986	152,000	87,066	(64,934)
Miscellaneous	96,303	242,665	110,082	(132,583)
Recovered costs	15,500	20,437	89,456	69,019
Intergovernmental:				
Federal	2,554,855	7,262,491	3,839,467	(3,423,024)
Commonwealth	15,984,489	16,007,455	17,782,551	1,775,096
City of Staunton	12,044,410	13,637,502	13,479,389	(158,113)
Total revenues	31,632,543	37,337,550	35,388,545	(1,949,005)
EXPENDITURES				
Current:				
Education	32,363,974	37,956,164	32,720,567	5,235,597
Total expenditures	32,363,974	37,956,164	32,720,567	5,235,597
Excess (deficiency) of revenues over expenditures	(731,431)	(618,614)	2,667,978	3,286,592
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year reserve/encumbrances	750,000	1,523,110	-	(1,523,110)
Transfers in:				
Transfer from State Operated Programs Fund	88,930	88,930	88,346	(584)
Transfers out:				
Transfer to School Textbook Fund	(107,499)	(107,499)	(107,499)	-
Transfer to School Construction Fund	-	(885,927)	(885,927)	-
Total other financing sources (uses)	731,431	618,614	(905,080)	(1,523,694)
Net change in fund balance	\$ -	\$ -	\$ 1,762,898	\$ 1,762,898

DISCRETELY PRESENTED COMPONENT UNIT – EDA

The Economic Development Authority of the City of Staunton, VA (EDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the City Council of Staunton, VA on January 26, 1984, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373. et seq., of the Code of Virginia (1050) as amended). The original name was the Industrial Development Authority of the City of Staunton, VA. The name was formally changed to the Economic Development Authority of the City of Staunton, VA effective July 26, 2010.

The EDA is governed by seven directors appointed by the City Council. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Staunton.

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

Cash and cash equivalents	\$ 75,281
Accounts receivable	967,997
Inventory	12,970,053
Capital assets:	
Nondepreciable assets	793,946
Depreciable assets, net	<u>5,916,556</u>
Total assets	<u>20,723,833</u>

LIABILITIES

Accounts payable	967,997
Due to primary government	<u>12,750,000</u>
Total liabilities	<u>13,717,997</u>

NET POSITION

Net investment in capital assets	6,710,502
Unrestricted	<u>295,334</u>
Total net position	<u><u>\$ 7,005,836</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2021

OPERATING REVENUES

Charges for services	\$ 6,186
Rental of property	31,000
Operating grants-City	<u>1,392,823</u>
Total operating revenues	<u>1,430,009</u>

OPERATING EXPENSES

Hotel 24 South rental payment	25,000
Enterprise Zone payment	50,479
Villages	119,580
Cares COVID business grants	500,000
Staunton Frontier	722,764
Depreciation	<u>229,220</u>
Total operating expenses	<u>1,647,043</u>
Operating loss	<u>(217,034)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	<u>46</u>
Total nonoperating revenues (expenses)	<u>46</u>
Change in net position	(216,988)
Net position - beginning of year	<u>7,222,824</u>
Net position - end of year	<u><u>\$ 7,005,836</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

OPERATING ACTIVITIES

Cash received from customers	\$ 43,335
Cash paid to suppliers/grantees	(930,711)
Other operating grants	441,493
	<hr/>
Net cash used in operating activities	(445,883)
	<hr/>

INVESTING ACTIVITIES

Interest received	46
	<hr/>
Net cash provided by investing activities	46
	<hr/>
Net decrease in cash and cash equivalents	(445,837)

CASH AND CASH EQUIVALENTS

Beginning of year	521,118
	<hr/>
End of year	\$ 75,281
	<hr/> <hr/>

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

Operating loss	\$ (217,034)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	229,220
Change in assets and liabilities:	
Increase in receivables	(945,181)
Increase in accounts payable	487,112
	<hr/>
Net cash used in operating activities	\$ (445,883)
	<hr/> <hr/>

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

SUPPLEMENTARY SCHEDULES

Certain Governmental Funds and Discretely Presented Component Unit – School Board

Schedule 1: Schedule of Revenues –
Budget and Actual

Schedule 2: Schedule of Expenditures –
Budget and Actual

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
Revenue from Local Sources:			
General property taxes:			
Real property taxes	\$ 18,331,250	\$ 20,587,708	\$ 2,256,458
Real and personal public service corporation property taxes	906,500	928,578	22,078
Personal property taxes	5,217,000	6,080,083	863,083
Machinery and tools taxes	486,000	471,484	(14,516)
Penalties and interest	420,000	458,193	38,193
Total General Property Taxes	25,360,750	28,526,046	3,165,296
Other local taxes:			
Local sales and use taxes	3,393,750	5,018,212	1,624,462
Consumers' utility taxes	1,170,000	1,178,438	8,438
Local communication tax	1,211,250	1,029,397	(181,853)
Business license taxes	1,650,000	2,619,066	969,066
Bank stock taxes	498,000	626,047	128,047
Taxes on recordation and wills	227,000	312,484	85,484
Lodging taxes	836,000	713,444	(122,556)
Restaurant food tax	3,562,500	4,715,726	1,153,226
Short term rental tax	26,000	25,344	(656)
Cigarette tax	390,000	393,179	3,179
Total Other Local Taxes	12,964,500	16,631,337	3,666,837
Permits, privilege fees, and regulatory licenses:			
Animal licenses	11,500	8,872	(2,628)
Permits and other licenses	223,900	221,127	(2,773)
Total Permits, Privilege Fees, and Regulatory Licenses	235,400	229,999	(5,401)
Fines and forfeitures	232,000	139,437	(92,563)
Revenue from use of money and property:			
Revenue from use of money	200,000	70,912	(129,088)
Revenue from use of property	46,500	52,139	5,639
Total Revenue from Use of Money and Property	246,500	123,051	(123,449)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Revenue from Local Sources: (cont'd)			
Charges for services:			
Circuit court fees	\$ 14,100	\$ 13,059	\$ (1,041)
Charges for Commonwealth's Attorney	3,500	4,877	1,377
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	86,250	46,831	(39,419)
Jail admission fee	3,250	3,655	405
Charges for publications and maps	-	503	503
Charges for parks and recreation	380,000	133,244	(246,756)
Charges for golf	162,000	192,809	30,809
Charges for library fines	18,500	4,498	(14,002)
Charges for tourism advertising	-	6,642	6,642
Charges for copies	-	223	223
Property clean up fees	2,000	17,891	15,891
Administrative fees	28,500	29,331	831
Payments in lieu of tax from Enterprise funds	1,137,510	1,217,260	79,750
Charges for tax-exempt organizations	6,357	6,358	1
Total Charges for Services	1,844,584	1,679,798	(164,786)
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	14,000	14,022	22
Sale of salvage and surplus	15,000	36,334	21,334
Donations	22,497	110,834	88,337
Restitution	-	1,498	1,498
Safety grants	1,997	1,997	-
Tourism grants	20,000	20,000	-
Miscellaneous	440	8,654	8,214
Total Miscellaneous Revenue	73,934	193,339	119,405
Recovered Costs	1,224,897	1,200,458	(24,439)
Total Revenue from Local Sources	42,182,565	48,723,465	6,540,900
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	105,000	34,460	(70,540)
Games of skill	-	70,422	70,422
Rolling stock taxes	10,000	9,647	(353)
Auto rental taxes	87,500	102,311	14,811
Law enforcement	987,163	987,163	-
Grantor's tax	50,000	81,662	31,662
Recordation tax	70,000	-	(70,000)
PPTRA reimbursement	1,652,200	1,652,200	-
Total Non-Categorical Aid	2,961,863	2,937,865	(23,998)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Revenue from the Commonwealth: (cont'd)			
Categorical Aid:			
Shared expenses:			
Commonwealth's attorney	\$ 544,150	\$ 537,826	\$ (6,324)
Sheriff	339,484	339,511	27
Commissioner of the revenue	127,423	126,833	(590)
Treasurer	123,602	122,586	(1,016)
Registrar/Electoral Board	38,525	39,383	858
Circuit court clerk	310,151	306,016	(4,135)
Circuit court clerk-technology trust fund	16,929	16,345	(584)
Total Shared Expenses	1,500,264	1,488,500	(11,764)
Health and welfare	1,370,208	1,313,983	(56,225)
Other Categorical Aid:			
Street and highway maintenance	4,214,682	4,298,643	83,961
Library	153,150	169,777	16,627
E911 Wireless funds	95,000	97,693	2,693
E911 Wireless managed IP grant	-	9,529	9,529
Fire programs	90,496	90,496	-
Commission for the Arts	4,500	4,500	-
Comprehensive Services Act funds	2,202,887	1,749,006	(453,881)
Four-for-Life funds	23,305	23,738	433
Animal license plates	750	1,004	254
Victim/Witness funds	28,137	37,241	9,104
Forfeited assets	-	19,266	19,266
Jurors/Witness fees	10,000	1,116	(8,884)
Total Other Categorical Aid	6,822,907	6,502,009	(320,898)
Total Categorical Aid	9,693,379	9,304,492	(388,887)
Total Revenue from the Commonwealth	12,655,242	12,242,357	(412,885)
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,176,404	1,329,385	152,981
Comprehensive Services Act funds	-	159,441	159,441
Victim/Witness	84,411	48,429	(35,982)
Coronavirus Relief Funds	4,307,460	4,282,588	(24,872)
Police CESF grant	6,912	6,761	(151)
Va Forestry-Cooperative Forestry Assistance	1,330	1,380	50
US Marshall JLEO funds	28,901	20,028	(8,873)
Police DMV Selective enforcement grant	12,352	5,115	(7,237)
SAFER grant	65,046	61,200	(3,846)
Total Revenue from the Federal Government	5,682,816	5,914,327	231,511
Total General Fund	\$ 60,520,623	\$ 66,880,149	\$ 6,359,526

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 25	\$ 25
Total Revenue from Use of Money and Property	-	25	25
Charges for services:			
Supervision fees	50,400	17,670	(32,730)
Drug screen fees	-	2,350	2,350
Home electronic monitoring fees	130,000	204,694	74,694
Group therapy fees	-	1,845	1,845
Total Charges for Services	180,400	226,559	46,159
Miscellaneous:			
CAPSAW	20,500	21,976	1,476
Augusta Health	17,000	15,000	(2,000)
Rockbridge Jail Emergency funding	17,000	8,500	(8,500)
VCSB-MH Rural Jail diversion	48,000	16,262	(31,738)
VCSB-Therapeutic docket	55,369	49,778	(5,591)
Total Miscellaneous Revenue	157,869	111,516	(46,353)
Total Revenue from Local Sources	338,269	338,100	(169)
Revenue from the Commonwealth:			
Supreme Court - Drug Court	82,500	81,712	(788)
Pre-trial expansion grant	101,158	64,600	(36,558)
Community Corrections and Pre-trial services funds	634,138	634,138	-
Total Revenue from the Commonwealth	817,796	780,450	(37,346)
Revenue from the Federal Government:			
Categorical aid:			
CESF grant	16,157	9,003	(7,154)
Total Revenue from the Federal Government	16,157	9,003	(7,154)
Total Blue Ridge Court Services Fund	\$ 1,172,222	\$ 1,127,553	\$ (44,669)
State and Federal Grants Fund:			
Revenue from the Commonwealth:			
OEMS grant	\$ 4,942	\$ 52,500	\$ 47,558
Total Revenue from the Commonwealth	4,942	52,500	47,558
Revenue from the Federal Government:			
LEMPG-fire equipment	7,500	-	(7,500)
JAG-Byrne Justice Assistance Grant	-	1,088	1,088
Police CESF grant	10,000	8,600	(1,400)
Va Forestry-Cooperative Forestry Assistance	3,794	3,744	(50)
Total Revenue from the Federal Government	21,294	13,432	(7,862)
Total Grants Fund	\$ 26,236	\$ 65,932	\$ 39,696

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
Special Revenue Funds:			
Community Development Fund:			
Revenue from Local Sources:			
Revenue from use of money	\$ -	\$ 24	\$ 24
Total Revenue from Local Sources	-	24	24
Revenue from the Commonwealth:			
Va Brownfields Assistance Fund grant	-	50,000	50,000
Dam Safety, Flood Prevention and Protection Assistance funds	-	2,725	2,725
Total Revenue from the Commonwealth	-	52,725	52,725
Revenue from the Federal Government:			
HUD entitlement	784,079	246,074	(538,005)
HUD VIDA program	176,200	40,330	(135,870)
Total Revenue from the Federal Government	960,279	286,404	(673,875)
Total Community Development Fund	\$ 960,279	\$ 339,153	\$ (621,126)
Total Special Revenue Funds	\$ 2,158,737	\$ 1,532,638	\$ (626,099)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 62,679,360	\$ 68,412,787	\$ 5,733,427
COMPONENT UNIT – SCHOOL BOARD:			
Special Revenue Funds:			
Education Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 534	\$ 534
Revenue from use of property	15,000	-	(15,000)
Total Revenue from Use of Money and Property	15,000	534	(14,466)
Charges for services:			
Charges for education	12,000	7,034	(4,966)
Tuition or other payments from another county or city	140,000	80,032	(59,968)
Total Charges for Services	152,000	87,066	(64,934)
Miscellaneous revenue:			
Donations	151,562	23,475	(128,087)
Wellness program	15,000	-	(15,000)
Miscellaneous grants	76,103	64,637	(11,466)
Sale of salvage and surplus	-	21,970	21,970
Total Miscellaneous Revenue	242,665	110,082	(132,583)
Recovered Costs	20,437	89,456	69,019
Contribution from City of Staunton	13,637,502	13,479,389	(158,113)
Total Revenue from Local Sources	14,067,604	13,766,527	(301,077)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Commonwealth:			
Categorical Aid:			
Share of state sales tax	\$ 2,775,337	\$ 3,974,231	\$ 1,198,894
Basic school aid	7,312,142	6,805,033	(507,109)
No Loss Funding	-	1,473,473	1,473,473
Learning Loss Funding	-	107,160	107,160
Foster care	25,000	16,651	(8,349)
Gifted and talented-SOQ	83,726	79,031	(4,695)
Remedial Education-SOQ	341,223	322,088	(19,135)
ISAEP funds	16,772	16,773	1
Special education-SOQ	723,518	682,945	(40,573)
Special education-foster care	8,233	7,650	(583)
Homebound	4,056	171	(3,885)
Regional tuition programs	681,412	222,750	(458,662)
Primary Class size (K-3)	418,125	355,420	(62,705)
Vocational education-SOQ	352,281	332,526	(19,755)
Social security instructional	486,558	459,273	(27,285)
VRS retirement instructional	1,132,669	1,069,152	(63,517)
Lottery	455,458	621,835	166,377
Group Life Insurance instructional	34,754	32,805	(1,949)
At risk	500,065	471,929	(28,136)
VPSA Technology grants	180,000	180,000	-
At Risk - Four Year Olds (VPSI)	209,164	209,164	-
Remedial Summer School	43,381	94,772	51,391
English as a second language	32,514	50,528	18,014
Early Reading Intervention	69,655	58,772	(10,883)
SOL-Algebra readiness	41,826	39,478	(2,348)
Vision Screening	-	2,345	2,345
Vocational - Equipment	8,963	9,888	925
Project Graduation	4,460	4,460	-
Mentor Teacher Program	1,685	3,152	1,467
DMAS Medicaid	52,000	63,189	11,189
National board certification	-	5,000	5,000
School Mental Health	7,000	7,000	-
Other state funds	5,478	3,907	(1,571)
Total Categorical Aid	16,007,455	17,782,551	1,775,096
Total Revenue from the Commonwealth	16,007,455	17,782,551	1,775,096

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Federal Government:			
Categorical Aid:			
Title I	\$ 1,066,943	\$ 867,434	\$ (199,509)
Title I Neglected and Delinquent	97,755	16,649	(81,106)
Title VI - B - Special Education	1,403,382	530,318	(873,064)
CARES CRF K-12 Schools	467,163	467,163	-
CARES Act ESSERF - ESSR I	703,425	660,423	(43,002)
CARES Act ESSERF - ESSER II	2,760,767	758,960	(2,001,807)
CARES Act ESSERF - Special Education Services & Support	9,059	9,059	-
CARES Act ESSERF - GEER Wifi and Mifi Access	388,020	236,527	(151,493)
Preschool grants	63,069	23,915	(39,154)
Title II A-Improving teacher training	126,324	84,469	(41,855)
Title IV A-Student Support and Academic Enrichment	67,409	64,591	(2,818)
Title III ESEA - Limited English proficient	8,994	5,107	(3,887)
Career Tech Ed grants (BRCC)	5,644	-	(5,644)
Perkins CTE-Vocational education basic grant	64,537	62,617	(1,920)
School improvement grant	30,000	52,235	22,235
Total Categorical Aid	7,262,491	3,839,467	(3,423,024)
Total Revenue from the Federal Government	7,262,491	3,839,467	(3,423,024)
Total Education Fund	\$ 37,337,550	\$ 35,388,545	\$ (1,949,005)
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ 50	\$ 51	\$ 1
Charges for services:			
Charges for food service	188,630	560	(188,070)
Miscellaneous Revenue:			
Donations	885	14,483	13,598
Chef Ann Foundation Grant	-	10,000	10,000
Share our Strength grant	-	15,800	15,800
Other	3,600	4,436	836
Total Miscellaneous revenue	4,485	44,719	40,234
Contribution from City of Staunton	-	158,113	158,113
Total Revenue from Local Sources	193,165	203,443	10,278
Revenue from the Commonwealth:			
Meal reimbursement	14,500	17,343	2,843
State Breakfast Incentive	22,500	14,995	(7,505)
Total revenue from the Commonwealth	37,000	32,338	(4,662)
Revenue from the Federal Government:			
CARES Act ESSERF - ESSR I	-	32,864	32,864
CARES Act ESSERF - ESSER II	25,920	33,334	7,414
Child care food program	-	201,811	201,811
Summer Food service program	50,000	1,028,744	978,744
No Kid Hungry	11,350	-	(11,350)
National school lunch and breakfast program	1,159,361	12,233	(1,147,128)
Total Revenue from the Federal Government	1,246,631	1,308,986	62,355
Total School Cafeteria Fund	\$ 1,476,796	\$ 1,544,767	\$ 67,971

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF REVENUES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD: (cont'd)			
Special Revenue Funds: (cont'd)			
Textbook Fund:			
Revenue from Local Sources:			
Revenue from use of money and property:	\$ -	\$ 181	\$ 181
Total Revenue from Local Sources	-	181	181
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	169,774	160,254	(9,520)
Total Textbook Fund	<u>\$ 169,774</u>	<u>\$ 160,435</u>	<u>\$ (9,339)</u>
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ 28,000	\$ 16,115	\$ (11,885)
Recovered costs	419,634	389,548	(30,086)
Total Revenue from local sources	<u>447,634</u>	<u>405,663</u>	<u>(41,971)</u>
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	<u>2,437,717</u>	<u>2,347,005</u>	<u>(90,712)</u>
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D	201,540	113,279	(88,261)
Title VI-B	<u>34,288</u>	<u>6,521</u>	<u>(27,767)</u>
Total Revenue from Federal Government	<u>235,828</u>	<u>119,800</u>	<u>(116,028)</u>
Total State Operated Programs Fund	<u>\$ 3,121,179</u>	<u>\$ 2,872,468</u>	<u>\$ (248,711)</u>
Student Activity Funds:			
Revenue from Local Sources:			
Revenue from use of money and property:	\$ -	\$ 44	\$ 44
Charges for services:			
Special Fees from Pupils	-	151,451	151,451
Miscellaneous Revenue:			
Donations	-	42,345	42,345
Grants	-	6,301	6,301
Total Miscellaneous revenue	<u>-</u>	<u>48,646</u>	<u>48,646</u>
Total Revenue from Local Sources	<u>-</u>	<u>200,141</u>	<u>200,141</u>
Total Student Activity Funds	<u>\$ -</u>	<u>\$ 200,141</u>	<u>\$ 200,141</u>
Total Special Revenue Funds	<u>\$ 4,767,749</u>	<u>\$ 4,777,811</u>	<u>\$ 10,062</u>
Grand Total Revenues - Component Unit School Board	<u>\$ 42,105,299</u>	<u>\$ 40,166,356</u>	<u>\$ (1,938,943)</u>

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2021

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 59,938	\$ 49,047	\$ 10,891
City Council	136,093	135,657	436
Total Legislative	196,031	184,704	11,327
General and Financial Administration:			
City Manager	577,675	572,213	5,462
City Attorney	416,117	359,539	56,578
City Memberships	28,884	28,884	-
Professional Consultants	70,000	67,500	2,500
Commissioner of the Revenue	357,307	351,569	5,738
Assessor and Equalization Board	303,875	293,111	10,764
Treasurer	471,001	468,550	2,451
Finance	1,383,961	1,162,312	221,649
Information Technology	1,413,528	1,254,032	159,496
Risk Management	860,483	739,147	121,336
Human Resources	632,372	616,639	15,733
Communications Manager	86,835	53,538	33,297
Total General and Financial Administration	6,602,038	5,967,034	635,004
Board of Elections:			
Electoral Board and Registrar	210,551	163,929	46,622
Total Board of Elections	210,551	163,929	46,622
Total General Government Administration	7,008,620	6,315,667	692,953
Judicial Administration:			
Courts:			
Circuit court	160,288	149,514	10,774
General District Court	10,900	4,866	6,034
Juvenile and Domestic Relations Court	75,092	69,180	5,912
Clerk of the Circuit Court	577,691	574,215	3,476
Sheriff	722,357	664,972	57,385
Victim/Witness	124,712	99,334	25,378
Magistrates	2,000	1,911	89
Total Courts	1,673,040	1,563,992	109,048
Commonwealth Attorney	826,014	759,429	66,585
Total Judicial Administration	2,499,054	2,323,421	175,633

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2021

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Public Safety:			
Law Enforcement and Traffic Control:			
Police Department	\$ 5,723,254	\$ 5,092,067	\$ 631,187
E-911 Communications	867,649	725,205	142,444
Total Law Enforcement and Traffic Control	6,590,903	5,817,272	773,631
Fire and Rescue Services:			
Fire Department	3,578,657	3,573,831	4,826
EMS Council/Four for Life	25,142	6,547	18,595
State Fire Programs	245,271	119,537	125,734
Total Fire and Rescue Services	3,849,070	3,699,915	149,155
Correction and Detention:			
Juvenile Detention Home - Contribution	120,856	120,856	-
Jail Facility	2,499,582	2,499,582	-
Youth Commission	158,500	136,856	21,644
Total Correction and Detention	2,778,938	2,757,294	21,644
Inspections:			
Building Inspection	384,371	376,832	7,539
Other Protection:			
Animal control - Animal Care	85,500	107,695	(22,195)
Medical Examiner	580	580	-
Total Other Protection	86,080	108,275	(22,195)
Total Public Safety	13,689,362	12,759,588	929,774
Public Works:			
Administration	304,431	270,596	33,835
Traffic Engineering (lines and signs)	245,483	100,065	145,418
Highways, Streets, and Sidewalks	3,226,530	2,688,920	537,610
City Engineering	328,425	248,474	79,951
Traffic Signals	330,442	224,498	105,944
Total	4,435,311	3,532,553	902,758
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,420,614	1,283,107	137,507
Equipment Maintenance	474,279	469,599	4,680
Total Maintenance of General Buildings, Grounds, Equipment	1,894,893	1,752,706	142,187
Total Public Works	6,330,204	5,285,259	1,044,945

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2021

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Health and Welfare:			
Health:			
Local Health Department	\$ 308,738	\$ 270,409	\$ 38,329
Mental Health and Mental Retardation:			
Chapter X Board	184,139	184,139	-
Total Health	492,877	454,548	38,329
Welfare:			
DSS-public assistance	3,527,478	3,527,392	86
Children Services Act	3,150,000	2,682,699	467,301
Tax Relief - Elderly and Disabled	114,675	107,954	6,721
Tax Relief - Veterans	89,332	96,052	(6,720)
Valley Children's Advocacy Center	5,000	5,000	-
CAPSAW	29,143	29,143	-
Contribution to Area Agency on Aging (VPAS)	26,000	26,000	-
Community Foundation-CARES grants	250,000	250,000	-
Total Welfare	7,191,628	6,724,240	467,388
Total Health and Welfare	7,684,505	7,178,788	505,717
Education:			
Contribution to Community College	9,000	9,000	-
Contribution to Component Unit - School Board	13,637,502	13,637,502	-
Total Education	13,646,502	13,646,502	-
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,178,663	763,654	415,009
Park Maintenance	1,118,495	955,324	163,171
Golf	132,250	109,584	22,666
Horticulture	183,084	172,731	10,353
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	2,632,492	2,021,293	611,199
Cultural Enrichment:			
Contributions to Community Organizations	15,500	15,500	-
Total Cultural Enrichment	15,500	15,500	-
Library:			
Library Administration and Operations	1,147,454	1,076,657	70,797
Total Library	1,147,454	1,076,657	70,797
Total Parks, Recreation, and Cultural	3,795,446	3,113,450	681,996

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS

Year Ended June 30, 2021

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT: (cont'd)			
General Fund: (cont'd)			
Community Development:			
Planning and Community Development:			
Economic Development	\$ 1,759,151	\$ 1,742,069	\$ 17,082
Planning and Development	417,027	286,802	130,225
Tourism Development	474,355	443,763	30,592
CSPDC Transit	1,513	1,513	-
Staunton Welcome Center	56,181	29,243	26,938
Special Service District (SDDA)	182,658	182,658	-
Community Foundation-CARES Nonprofit grants	306,000	306,000	-
Contributions to Local Agencies and Regional Programs	160,374	160,374	
Total Planning and Community Development	3,357,259	3,152,422	204,837
Total Community Development	3,357,259	3,152,422	204,837
Total General Fund	\$ 58,010,952	\$ 53,775,097	\$ 4,235,855
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 857,779	\$ 837,010	\$ 20,769
Pre-trial expansion grant	101,158	113,107	(11,949)
Therapeutic Docket	57,638	49,778	7,860
MH rural jail diversion	49,919	16,262	33,657
Augusta Health Grant	18,219	26,562	(8,343)
Drug Court	105,728	103,950	1,778
Total Correction and Detention	1,190,441	1,146,669	43,772
Total Public Safety	1,190,441	1,146,669	43,772
Total Blue Ridge Court Services Fund	\$ 1,190,441	\$ 1,146,669	\$ 43,772
State and Federal Grants Fund:			
Judicial Administration			
Sheriff Department Grants	\$ 1,088	\$ 1,088	\$ -
Public Safety			
Police department grants	10,000	8,600	1,400
Fire department grants	60,000	52,500	7,500
Total Public Safety	70,000	61,100	8,900
Parks and Recreation			
Horticulture department grants	3,794	3,744	50
Total Parks and Recreation	3,794	3,744	50
Total State and Federal Grants Fund	\$ 74,882	\$ 65,932	\$ 8,950
Community Development Fund:			
Community Development:			
Flood Plain study	\$ 12,450	\$ 5,450	\$ 7,000
Arcadia Project	-	50,000	(50,000)
HUD Entitlement	860,803	246,074	614,729
VIDA Program	176,200	40,330	135,870
Total Community Development Fund	\$ 1,049,453	\$ 341,854	\$ 707,599
Total Special Revenue Funds	\$ 2,314,776	\$ 1,554,455	\$ 760,321
Grand Total - Expenditures -Primary Government- General and special revenue	\$ 60,325,728	\$ 55,329,552	\$ 4,996,176

(Continued)

CITY OF STAUNTON, VIRGINIA

GENERAL AND SPECIAL REVENUE FUNDS
 PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
 Year Ended June 30, 2021

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD:			
Education Fund:			
Instructional Costs	\$ 25,636,195	\$ 22,903,894	\$ 2,732,301
Administration, Attendance & Health	2,515,997	2,115,429	400,568
Pupil Transportation	1,657,478	1,201,518	455,960
Operations and Maintenance	4,598,383	4,164,184	434,199
Technology	3,485,111	2,276,757	1,208,354
Facility	63,000	58,785	4,215
Total Education Fund	<u>\$ 37,956,164</u>	<u>\$ 32,720,567</u>	<u>\$ 5,235,597</u>
School Cafeteria Fund:			
Food Service	<u>\$ 1,693,409</u>	<u>\$ 1,580,479</u>	<u>\$ 112,930</u>
Total School Cafeteria Fund	<u>\$ 1,693,409</u>	<u>\$ 1,580,479</u>	<u>\$ 112,930</u>
Textbook Fund:			
Education:			
Instructional costs	<u>\$ 277,273</u>	<u>\$ 34,832</u>	<u>\$ 242,441</u>
Total Textbook Fund	<u>\$ 277,273</u>	<u>\$ 34,832</u>	<u>\$ 242,441</u>
State Operated Programs Fund			
Education:			
Instructional costs	<u>\$ 3,032,249</u>	<u>\$ 2,784,122</u>	<u>\$ 248,127</u>
Total State Operated Programs Fund	<u>\$ 3,032,249</u>	<u>\$ 2,784,122</u>	<u>\$ 248,127</u>
Student Activity Funds:			
Education:			
Instructional costs	<u>\$ -</u>	<u>\$ 216,999</u>	<u>\$ (216,999)</u>
Total Student Activity Funds	<u>\$ -</u>	<u>\$ 216,999</u>	<u>\$ (216,999)</u>
Total Special Revenue Funds	<u>\$ 5,002,931</u>	<u>\$ 4,616,432</u>	<u>\$ 386,499</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 42,959,095</u>	<u>\$ 37,336,999</u>	<u>\$ 5,622,096</u>

STATISTICAL SECTION

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

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

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

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

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

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

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

TABLE 1

CITY OF STAUNTON, VIRGINIA

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 44,794,831	\$ 43,376,129	\$ 41,909,936	\$ 43,232,721	\$ 45,372,360	\$ 43,963,323	\$ 32,734,112	\$ 32,253,859	\$ 31,074,300	\$ 31,321,359
Restricted	237,570	261,168	265,941	31,265	41,469	27,466	117,646	122,452	120,217	184,868
Unrestricted	<u>23,842,009</u>	<u>19,787,231</u>	<u>15,995,982</u>	<u>8,386,181</u>	<u>9,292,048</u>	<u>6,545,657</u>	<u>6,839,895</u>	<u>21,671,005</u>	<u>20,530,870</u>	<u>17,813,098</u>
Total governmental activities net position	<u>\$ 68,874,410</u>	<u>\$ 63,424,528</u>	<u>\$ 58,171,859</u>	<u>\$ 51,650,167</u>	<u>\$ 54,705,877</u>	<u>\$ 50,536,446</u>	<u>\$ 39,691,653</u>	<u>\$ 54,047,316</u>	<u>\$ 51,725,387</u>	<u>\$ 49,319,325</u>
Business-type activities										
Net investment in capital assets	\$ 57,888,036	\$ 58,466,643	\$ 57,742,860	\$ 57,260,176	\$ 55,688,479	\$ 54,599,310	\$ 53,499,079	\$ 51,946,042	\$ 51,646,845	\$ 51,212,802
Unrestricted	<u>17,492,065</u>	<u>15,208,793</u>	<u>14,228,629</u>	<u>13,252,492</u>	<u>13,842,399</u>	<u>12,535,217</u>	<u>12,545,752</u>	<u>15,594,582</u>	<u>15,253,532</u>	<u>16,101,004</u>
Total business-type activities net position	<u>\$ 75,380,101</u>	<u>\$ 73,675,436</u>	<u>\$ 71,971,489</u>	<u>\$ 70,512,668</u>	<u>\$ 69,530,878</u>	<u>\$ 67,134,527</u>	<u>\$ 66,044,831</u>	<u>\$ 67,540,624</u>	<u>\$ 66,900,377</u>	<u>\$ 67,313,806</u>
Primary government										
Net investment in capital assets	\$ 102,682,867	\$ 101,842,772	\$ 99,652,796	\$ 100,492,897	\$ 101,060,839	\$ 98,562,633	\$ 86,233,191	\$ 82,721,145	\$ 82,721,145	\$ 79,868,567
Restricted	237,570	261,168	265,941	31,265	41,469	27,466	117,646	120,217	120,217	103,639
Unrestricted	<u>41,334,074</u>	<u>34,996,024</u>	<u>30,224,611</u>	<u>21,638,673</u>	<u>23,134,447</u>	<u>19,080,874</u>	<u>19,385,647</u>	<u>35,784,402</u>	<u>35,784,402</u>	<u>35,990,035</u>
Total primary net position	<u>\$ 144,254,511</u>	<u>\$ 137,099,964</u>	<u>\$ 130,143,348</u>	<u>\$ 122,162,835</u>	<u>\$ 124,236,755</u>	<u>\$ 117,670,973</u>	<u>\$ 105,736,484</u>	<u>\$ 118,625,764</u>	<u>\$ 118,625,764</u>	<u>\$ 115,962,241</u>

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
General government	\$ 11,567,499	\$ 9,856,062	\$ 9,410,713	\$ 8,613,523	\$ 8,881,755	\$ 9,063,531	\$ 6,639,656	\$ 4,744,935	\$ 4,524,704	\$ 4,372,745
Judicial administration	2,459,042	2,219,700	1,795,684	1,844,938	1,882,696	1,774,669	1,753,470	1,750,740	1,703,187	1,734,157
Public safety	14,601,208	13,311,595	12,042,436	11,829,002	11,718,559	10,622,194	10,864,551	11,088,236	10,869,981	10,137,714
Public works	6,842,744	7,937,417	8,339,556	6,647,903	7,688,195	7,195,893	6,975,749	6,645,051	7,053,141	6,262,440
Health and welfare	7,195,615	7,230,640	6,917,916	7,051,987	6,236,892	5,975,631	6,438,253	6,075,695	5,642,143	5,587,112
Education	14,915,576	14,402,769	14,139,047	16,566,371	12,895,304	12,792,065	12,245,921	12,136,856	11,597,335	11,199,889
Parks, recreation and culture	3,424,883	3,657,310	3,600,576	3,420,386	3,488,880	3,354,852	3,368,301	3,115,119	3,091,574	2,905,849
Community development	5,225,688	2,414,891	2,066,747	1,541,098	2,243,574	1,621,715	1,682,092	1,672,001	1,508,661	2,067,996
Interest on long-term debt	2,026,010	2,821,996	1,153,272	1,017,723	1,111,334	1,207,248	1,290,984	1,360,734	1,333,627	1,198,129
Total governmental activities expenses	68,258,265	63,852,380	59,465,947	58,532,931	56,147,189	53,607,798	51,258,977	48,589,367	47,324,353	45,466,031
Business-Type Activities:										
Water	3,410,581	3,575,079	3,410,244	3,886,966	3,425,966	3,611,452	3,421,897	3,610,302	3,595,525	3,557,493
Sewer	3,587,276	3,667,705	3,711,562	3,917,693	3,534,495	3,556,814	3,629,070	3,532,854	3,908,777	3,984,420
Stormwater	995,695	808,357	1,068,398	966,907	806,458	785,238	724,382	749,025	781,975	710,250
Environmental	2,956,277	3,193,550	2,653,356	2,790,626	2,456,118	2,207,342	2,210,477	2,362,161	2,431,257	2,594,453
Golf	-	-	-	146,068	152,966	151,865	155,309	158,691	167,950	191,022
Parking	768,935	676,676	523,631	506,123	460,136	414,275	430,555	411,135	421,934	468,930
Total business-type activities expenses	11,718,764	11,921,367	11,367,191	12,214,383	10,836,139	10,726,986	10,571,690	10,824,168	11,307,418	11,506,568
Total primary government expenses	\$ 79,977,029	\$ 75,773,747	\$ 70,833,138	\$ 70,747,314	\$ 66,983,328	\$ 64,334,784	\$ 61,830,667	\$ 59,413,535	\$ 58,631,771	\$ 56,972,599
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 1,217,260	\$ 1,137,510	\$ 1,233,959	\$ 1,246,761	\$ 1,220,130	\$ 1,034,202	\$ 980,711	\$ 1,035,568	\$ 1,083,122	\$ 1,056,120
Public safety	447,179	387,061	398,704	425,342	433,289	558,495	391,728	317,028	291,172	309,363
Parks and recreation	336,721	341,168	503,846	421,828	395,378	371,053	329,414	315,569	336,266	354,003
Other activities	4,730,064	4,946,877	4,802,989	4,649,306	4,856,611	4,753,222	3,115,420	562,709	480,508	512,293
Operating grants and contributions	13,097,805	12,968,537	13,514,588	11,748,393	11,227,647	16,839,852	11,676,827	10,694,950	9,759,857	10,003,989
Capital grants and contributions	1,555,416	1,805,565	39,868	1,356,628	2,215,355	1,105,977	546,586	683,527	471,852	274,810
Total governmental activities program revenues	21,384,445	21,586,718	20,493,954	19,848,258	20,348,410	24,662,801	17,040,686	13,609,351	12,422,777	12,510,578

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ -	\$ 90,398	\$ 103,868	\$ 118,900	\$ 120,931	\$ 137,413	\$ 147,255	\$ 147,371
Water	4,766,119	4,563,592	4,438,199	4,285,464	4,146,683	3,744,712	3,590,380	3,598,658	3,610,812	4,036,110
Sewer	4,110,682	3,929,505	4,154,640	3,976,558	3,918,835	3,946,570	3,908,059	3,908,330	3,544,433	3,423,605
Stormwater	772,573	765,821	766,487	767,497	781,950	760,611	788,237	715,878	689,179	709,206
Environmental	3,202,367	2,912,708	2,655,567	2,660,459	2,510,471	2,397,526	2,312,748	1,953,912	2,064,570	1,740,587
Parking	472,152	358,004	422,709	444,622	431,015	407,383	396,382	302,234	315,158	241,846
Operating grants and contributions	70,392	5,928	6,359	6,092	9,704	14,389	65,031	13,374	5,044	13,341
Capital grants and contributions	-	826,387	-	785,443	252,436	139,445	686,595	-	65,871	925,347
Total business-type activities program revenues	13,394,285	13,361,945	12,443,961	13,016,533	12,154,962	11,529,536	11,868,363	10,629,799	10,442,322	11,237,413
Total primary government program revenues	<u>\$ 34,778,730</u>	<u>\$ 34,948,663</u>	<u>\$ 32,937,915</u>	<u>\$ 32,864,791</u>	<u>\$ 32,503,372</u>	<u>\$ 36,192,337</u>	<u>\$ 28,909,049</u>	<u>\$ 24,239,150</u>	<u>\$ 22,865,099</u>	<u>\$ 23,747,991</u>
Net (expense)/revenue										
Governmental activities	\$ (46,873,820)	\$ (42,265,662)	\$ (38,971,993)	\$ (38,684,673)	\$ (35,798,779)	\$ (28,944,997)	\$ (34,218,291)	\$ (34,980,016)	\$ (34,901,576)	\$ (32,955,453)
Business-type activities	1,675,521	1,440,578	1,076,770	802,150	1,318,823	802,550	1,296,673	(194,369)	(865,096)	(269,155)
Total primary government net expense	<u>\$ (45,198,299)</u>	<u>\$ (40,825,084)</u>	<u>\$ (37,895,223)</u>	<u>\$ (37,882,523)</u>	<u>\$ (34,479,956)</u>	<u>\$ (28,142,447)</u>	<u>\$ (32,921,618)</u>	<u>\$ (35,174,385)</u>	<u>\$ (35,766,672)</u>	<u>\$ (33,224,608)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 28,445,542	\$ 27,354,266	\$ 26,405,015	\$ 25,335,057	\$ 24,281,660	\$ 23,798,051	\$ 22,339,862	\$ 22,333,005	\$ 20,076,871	\$ 20,296,688
Sales tax	5,018,212	4,855,331	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,729,201	3,588,738	3,381,018
Hotel and meals tax	5,429,170	5,333,457	5,602,271	4,796,184	4,032,180	3,651,814	3,546,923	3,141,504	2,988,497	2,794,600
Business license	2,619,066	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,197,306	2,113,160	1,925,106
Utility tax	1,178,438	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,123,536	1,102,556	1,120,868
Local communication tax	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,430,821	1,427,036	1,456,638
Other taxes	1,357,054	1,168,090	1,210,199	1,135,829	1,026,652	1,023,050	1,000,048	728,998	763,722	741,910
Unrestricted investment earnings	83,775	958,576	385,545	155,183	133,649	68,532	11,241	11,370	18,196	26,298
Grants and contributions not restricted to a specific program	7,189,047	2,994,099	2,910,432	2,881,272	2,862,470	2,805,667	2,805,165	2,827,514	2,526,975	2,527,349
Miscellaneous	57,036	23,865	21,942	18,684	57,572	29,086	25,089	8,783	27,765	52,673
Transfers	(24,528)	-	(189,316)	(1,066,603)	(1,041,073)	(236,488)	12,752	(224,400)	(641,360)	(224,400)
Total governmental activities	52,382,209	47,459,824	45,493,685	42,038,900	39,968,210	39,789,790	38,397,131	37,307,638	33,992,156	34,098,748

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Business-type activities:										
Unrestricted investment earnings	\$ 4,616	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192	\$ 39,790	\$ 57,073	\$ 80,782
Transfers	24,528	-	189,316	1,066,603	1,041,073	236,488	(12,752)	224,400	641,360	224,400
Total business-type activities	<u>29,144</u>	<u>263,369</u>	<u>460,505</u>	<u>1,158,784</u>	<u>1,077,528</u>	<u>287,146</u>	<u>16,440</u>	<u>264,190</u>	<u>698,433</u>	<u>305,182</u>
Total primary government	<u>\$ 52,411,353</u>	<u>\$ 47,723,193</u>	<u>\$ 45,954,190</u>	<u>\$ 43,197,684</u>	<u>\$ 41,045,738</u>	<u>\$ 40,076,936</u>	<u>\$ 38,413,571</u>	<u>\$ 37,571,828</u>	<u>\$ 34,690,589</u>	<u>\$ 34,403,930</u>
Change in Net Position										
Governmental activities	\$ 5,508,389	\$ 5,194,162	\$ 6,521,692	\$ 3,354,227	\$ 4,169,431	\$ 10,844,793	\$ 4,178,840	\$ 2,327,622	\$ (909,420)	\$ 1,143,295
Business-type activities	<u>1,704,665</u>	<u>1,703,947</u>	<u>1,537,275</u>	<u>1,960,934</u>	<u>2,396,351</u>	<u>1,089,696</u>	<u>1,313,113</u>	<u>69,821</u>	<u>(166,663)</u>	<u>36,027</u>
Total primary government	<u>\$ 7,213,054</u>	<u>\$ 6,898,109</u>	<u>\$ 8,058,967</u>	<u>\$ 5,315,161</u>	<u>\$ 6,565,782</u>	<u>\$ 11,934,489</u>	<u>\$ 5,491,953</u>	<u>\$ 2,397,443</u>	<u>\$ (1,076,083)</u>	<u>\$ 1,179,322</u>

Table 3

CITY OF STAUNTON, VIRGINIA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nonspendable	\$ 103,947	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252	\$ 78,126	\$ 95,561	\$ 58,666	\$ 61,789
Restricted	230,914	242,949	250,953	15,219	25,401	15,825	117,646	122,452	120,217	149,868
Committed	9,571,866	8,738,079	8,891,250	8,489,250	8,137,500	7,295,960	6,607,250	5,777,532	5,178,250	4,540,000
Assigned	2,792,804	2,118,052	2,346,271	2,221,017	2,516,915	2,790,139	2,762,575	2,152,899	2,089,799	1,857,022
Unassigned	<u>9,587,197</u>	<u>6,366,059</u>	<u>4,630,500</u>	<u>4,605,965</u>	<u>2,632,596</u>	<u>2,106,836</u>	<u>2,364,510</u>	<u>3,386,768</u>	<u>3,472,715</u>	<u>2,647,250</u>
Total General Fund	<u>\$ 22,286,728</u>	<u>\$ 17,565,187</u>	<u>\$ 16,216,604</u>	<u>\$ 15,529,941</u>	<u>\$ 13,787,510</u>	<u>\$ 12,312,012</u>	<u>\$ 11,930,107</u>	<u>\$ 11,535,212</u>	<u>\$ 10,919,647</u>	<u>\$ 9,255,929</u>
All Other Governmental Funds										
Nonspendable	\$ 33,058	\$ -	\$ -	\$ -	\$ 49,571	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,656	18,219	14,987	16,046	16,068	11,641	3,490	-	-	35,000
Assigned	16,474,390	25,660,708	57,540,218	10,561,334	10,109,522	9,415,644	10,561,433	9,453,593	9,910,873	9,414,308
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,308)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 16,514,104</u>	<u>\$ 25,678,927</u>	<u>\$ 57,555,205</u>	<u>\$ 10,577,380</u>	<u>\$ 10,175,161</u>	<u>\$ 9,427,285</u>	<u>\$ 10,564,923</u>	<u>\$ 9,453,593</u>	<u>\$ 9,905,565</u>	<u>\$ 9,449,308</u>

Notes:

Includes only the primary government

TABLE 4

CITY OF STAUNTON, VIRGINIA

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
General property taxes	\$ 28,526,046	\$ 27,227,252	\$ 26,357,304	\$ 25,439,640	\$ 24,368,117	\$ 23,036,507	\$ 22,789,212	\$ 22,544,761	\$ 21,767,074	\$ 20,073,697
Sales and use tax	5,018,212	4,855,330	4,434,974	4,123,862	4,039,658	4,079,919	3,988,839	3,760,505	3,729,202	3,588,738
Meals tax	4,715,726	4,547,853	4,727,323	4,118,267	3,391,337	3,203,638	3,099,130	2,868,910	2,732,598	2,599,776
Utility taxes	1,178,438	1,168,267	1,172,913	1,164,277	1,144,504	1,125,214	1,125,737	1,406,473	1,123,537	1,102,556
Business license tax	2,619,066	2,444,937	2,353,732	2,216,754	2,111,282	2,092,035	2,147,291	2,092,817	2,197,306	2,113,198
Local communication tax	1,029,397	1,158,936	1,185,978	1,278,401	1,319,656	1,352,910	1,394,184	1,127,910	1,430,821	1,427,036
Other local taxes	2,070,498	1,953,694	2,085,147	1,813,746	1,667,495	1,471,226	1,447,840	1,178,087	1,137,304	1,151,406
Permits, privilege fees, and regulatory licenses	229,999	210,011	254,962	287,878	204,627	340,019	194,875	157,536	192,509	211,744
Fines and forfeitures	139,437	201,199	254,056	134,887	94,155	97,667	96,231	102,876	61,682	71,616
Charges for services	1,906,357	1,777,240	2,004,950	1,946,372	1,954,079	1,728,423	1,608,212	1,622,035	1,606,586	1,620,194
Intergovernmental	20,908,074	16,855,771	15,628,576	14,605,541	15,077,113	14,217,692	13,964,649	14,003,453	12,562,122	12,579,801
Investment earnings	83,506	872,221	359,855	152,529	124,450	74,703	11,826	9,238	14,607	28,659
Other revenues	1,558,210	1,604,833	1,488,076	2,066,758	3,264,835	1,191,662	1,189,448	693,820	665,595	681,836
Total revenues	69,982,966	64,877,544	62,307,846	59,348,912	58,761,308	54,011,615	53,057,474	51,568,421	49,220,943	47,250,257
EXPENDITURES										
General government administration	6,408,267	5,898,682	5,639,449	5,491,832	5,323,924	5,256,366	4,995,152	4,612,315	4,200,956	4,074,848
Judicial administration	2,324,509	2,204,747	1,991,569	1,986,549	1,887,175	1,908,434	1,819,367	1,741,001	1,717,714	1,720,680
Public safety	14,232,738	14,321,917	12,416,082	11,988,429	11,840,326	10,983,509	10,995,906	10,921,912	10,692,670	9,151,531
Public works	5,285,259	6,702,453	7,120,877	6,783,337	6,545,773	6,406,425	6,048,808	5,467,440	5,532,890	5,126,188
Health and welfare	7,178,788	7,199,240	6,906,155	6,973,721	6,217,517	5,953,836	6,418,179	6,063,427	5,636,446	5,582,630
Education	13,687,550	13,905,956	13,449,048	12,799,048	12,570,848	12,188,148	11,896,270	11,780,170	11,004,427	10,715,366
Parks, recreation and cultural	3,117,194	3,556,916	3,602,905	3,462,734	3,386,445	3,495,384	3,235,318	3,107,917	2,964,000	2,860,619
Community development	5,156,963	2,340,385	2,217,450	1,601,234	1,954,345	1,639,414	1,723,742	1,778,665	1,510,259	2,263,642
Capital outlay	11,290,409	34,611,823	3,691,767	2,050,884	1,798,102	2,969,485	339,235	1,868,965	533,126	2,900,387
Debt service:										
Principal retirement	3,491,743	2,684,965	2,597,575	2,877,922	2,827,195	2,546,046	2,500,449	2,466,353	1,783,845	1,785,018
Interest and fiscal charges	2,228,732	2,050,800	964,810	1,024,272	1,117,284	1,205,009	1,289,295	1,372,263	1,203,682	1,220,736
Bond issue costs	-	92,920	114,508	-	-	-	-	-	96,553	-
Total expenditures	74,402,152	95,570,804	60,712,195	57,039,962	55,468,934	54,552,056	51,261,721	51,180,428	46,876,568	47,401,645
Excess (deficiency) of revenues over (under) expenditures	(4,419,186)	(30,693,260)	1,595,651	2,308,950	3,292,374	(540,441)	1,795,753	387,993	2,344,375	(151,388)

(Continued)

CITY OF STAUNTON, VIRGINIA

TABLE 4

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	-	43,760,000	-	-	-	-	-	-	-
Refunding bonds issued	-	14,660,000	-	-	-	-	-	15,000,000	-	-
Debt Service - Principal pd on refunded bonds	-	(14,494,435)	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	2,329,862	-	-	-	-	-	-	-
Sale of building and equipment	-	-	-	-	-	-	-	-	-	17,848
Payment to refunding bond escrow agent*	-	-	-	-	-	-	-	(15,000,000)	-	-
Transfers in	8,359,415	7,030,058	8,538,800	5,065,250	6,491,550	5,391,619	5,992,012	8,933,104	9,296,443	5,945,984
Transfers out	(8,383,511)	(7,030,058)	(8,559,825)	(5,229,550)	(7,560,550)	(5,606,911)	(6,281,540)	(9,157,504)	(9,471,443)	(6,170,384)
Total other financing sources (uses)	(24,096)	165,565	46,068,837	(164,300)	(1,069,000)	(215,292)	(289,528)	(224,400)	(175,000)	(206,552)
Net change in fund balance	\$ (4,443,282)	\$ (30,527,695)	\$ 47,664,488	\$ 2,144,650	\$ 2,223,374	\$ (755,733)	\$ 1,506,225	\$ 163,593	\$ 2,169,375	\$ (357,940)
Debt service as a percentage of noncapital expenditures	9.19%	8.02%	6.30%	7.20%	7.40%	7.40%	7.57%	7.92%	6.47%	6.71%

Notes:

Includes only the primary government

* in 2013 \$15,000,000 was paid to the Commonwealth of Virginia to settle debt on the Staunton Crossing property. See note 17.

TABLE 5

CITY OF STAUNTON, VIRGINIA

Financial Trends Information
Assessed Value and Actual Value of Taxable Property
Last Ten Calendar Years
UNAUDITED

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Taxable and Actual Assessed Value</u>	<u>Total Direct Tax Rate</u>
2021	\$ 1,820,534,547	\$ 371,298,912	\$ 68,478,417	\$ 2,260,311,876	\$ 0.92
2020	1,644,769,211	340,675,697	66,389,723	2,051,834,631	0.95
2019	1,621,878,694	336,856,775	66,235,743	2,024,971,212	0.95
2018	1,492,968,667	319,767,739	64,834,593	1,877,570,999	0.97
2017	1,480,970,446	317,552,066	64,858,693	1,863,381,205	0.97
2016	1,441,318,317	309,192,006	55,452,633	1,805,962,956	0.95
2015	1,431,614,975	309,735,756	52,469,958	1,793,820,689	0.95
2014	1,423,202,760	311,476,860	53,212,038	1,787,891,658	0.95
2013	1,417,105,412	311,919,138	53,212,038	1,782,236,588	0.90
2012	1,465,244,126	313,111,572	52,355,253	1,830,710,951	0.90

Sources:

City of Staunton Assessor's Office.

Notes:

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

TABLE 6

CITY OF STAUNTON, VIRGINIA

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

Taxpayer Name	2021			2012		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
One Industry Way Co-Owners	\$ 14,217,600	1	0.63%	\$ 14,014,000	1	0.77%
Wal-Mart Real Estate Business	11,638,200	2	0.51%	11,638,200	2	0.64%
Staunton Station LLC	11,406,200	3	0.50%	-		-
ETCL Staunton LLC	11,081,600	4	0.49%	-		-
Statler Station LLC	10,683,300	5	0.47%	-		-
Big Sky LLC	10,163,100	6	0.45%	9,628,200	5	0.53%
Big Sky II LLC	9,991,100	7	0.44%	-		-
BH Brightview Baldwin Park LLC	9,022,300	8	0.40%	-		-
LRC Willow View LP	8,820,700	9	0.39%	-		-
Woodcrest Properties	8,073,200	10	0.36%	-		-
FAP Properties	-		-	11,517,275	3	0.63%
Gypsy Hill Investments LLC	-		-	10,846,300	4	0.59%
SHP III Baldwin Park LLC	-		-	9,305,870	6	0.51%
RCC Statler Square LLC	-		-	9,257,800	7	0.51%
Staunton Plaza LLC	-		-	9,096,980	8	0.50%
North Augusta LLC	-		-	8,367,060	9	0.46%
Land'Or Williamsburg LLC	-		-	8,344,950	10	0.46%
Totals	<u>\$ 105,097,300</u>		<u>4.65%</u>	<u>\$ 102,016,635</u>		<u>5.60%</u>

Source: City Assessor

Notes:

Real Estate Only

TABLE 7

CITY OF STAUNTON, VIRGINIA

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

Calendar Year	Taxes Levied for the Calendar Year		Collected within the		Collections in Subsequent Calendar Years	Total Collections		
			Calendar Year of the Levy			To Date		
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy		
2021	(1) \$	20,634,866	(2) \$	-	0.00%	\$	-	0.00%
2020		19,325,700		18,621,456	96.36%		18,621,456	96.36%
2019		19,261,803		18,481,911	95.95%	250,962	18,732,873	97.25%
2018		18,239,912		17,452,121	95.68%	391,240	17,843,361	97.83%
2017		18,025,255		17,170,918	95.26%	510,862	17,681,780	98.09%
2016		17,097,175		16,281,518	95.23%	516,675	16,798,193	98.25%
2015		16,968,376		16,082,688	94.78%	609,304	16,691,992	98.37%
2014		16,887,817		15,988,802	94.68%	643,993	16,632,795	98.49%
2013		16,782,813		15,819,093	94.26%	722,114	16,541,207	98.56%
2012		16,261,738		15,280,479	93.97%	758,533	16,039,012	98.63%

Sources: City of Staunton Assessor and Finance Department

Includes real estate and downtown service district taxes

(1) Taxes levied for the current calendar year are levied in May and are due 75% in June and 25% in December.

(2) Collections made during the current calendar year for any tax year are not shown because the calendar year is not complete.

TABLE 8

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Governmental Activities				Business - type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Contractual Obligations	Literary Loans	Capital Leases	General Obligation Bonds	VRA Loans			
2021	\$ 67,894,141	\$ -	\$ 200,000	\$ -	\$ -	\$12,486,112	\$ 80,580,253	6.98%	\$ 3,298
2020	71,263,546	-	400,000	-	-	14,580,113	86,243,659	6.32%	3,527
2019	66,043,499	-	8,100,000	-	-	16,580,246	90,723,745	5.71%	3,738
2018	21,161,511	-	9,050,000	-	540,047	18,441,805	49,193,363	10.52%	2,030
2017	23,080,231	-	10,000,000	-	772,426	17,897,090	51,749,747	9.29%	2,124
2016	24,947,870	-	10,950,000	-	996,003	19,570,861	56,464,734	8.25%	2,293
2015	26,534,048	-	11,900,000	-	1,211,072	21,433,518	61,078,638	7.37%	2,489
2014	28,074,301	-	12,850,000	-	1,723,328	23,469,544	66,117,173	6.63%	2,692
2013	29,596,293	-	13,800,000	-	2,217,443	25,427,880	71,041,616	5.80%	2,944
2012	15,435,709	15,000,000	14,750,000	-	2,693,605	27,324,698	75,204,012	5.33%	3,096

Notes:

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

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

TABLE 9

CITY OF STAUNTON, VIRGINIA

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Literary Loans	VRA Loans	Net Bonded Debt		
2021	\$ 67,894,141	\$ 200,000	\$ 12,486,112	\$ 80,580,253	3.57%	\$ 3,298
2020	71,263,546	400,000	14,580,113	86,243,659	4.20%	3,527
2019	66,043,499	8,100,000	16,580,246	90,723,745	4.48%	3,738
2018	21,701,558	9,050,000	18,441,805	49,193,363	2.62%	2,030
2017	23,852,657	10,000,000	17,897,090	51,749,747	2.78%	2,124
2016	25,943,873	10,950,000	19,570,861	56,464,734	3.10%	2,293
2015	27,745,120	11,900,000	21,433,518	61,078,638	3.40%	2,489
2014	29,797,629	12,850,000	23,469,544	66,117,173	3.67%	2,692
2013	31,813,736	13,800,000	25,427,880	71,041,616	3.95%	2,944
2012	18,129,314	14,750,000	27,324,698	60,204,012	3.25%	2,473

Notes:

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

(a) Property values data can be found in Table 5.

(b) Population data can be found in Table 11.

TABLE 10

CITY OF STAUNTON, VIRGINIA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 226,031,188	\$ 205,183,463	\$ 202,497,121	\$ 187,757,100	\$ 186,338,121	\$ 180,596,296	\$ 179,382,069	\$ 178,789,166	\$ 178,223,659	\$ 183,071,095
Total net debt applicable to limit	<u>80,580,253</u>	<u>86,243,659</u>	<u>90,723,745</u>	<u>49,193,363</u>	<u>51,749,747</u>	<u>55,997,284</u>	<u>61,078,638</u>	<u>66,117,173</u>	<u>71,041,616</u>	<u>60,204,012</u>
Legal debt margin	<u>\$ 145,450,935</u>	<u>\$ 118,939,804</u>	<u>\$ 111,773,376</u>	<u>\$ 138,563,737</u>	<u>\$ 134,588,374</u>	<u>\$ 124,599,012</u>	<u>\$ 118,303,431</u>	<u>\$ 112,671,993</u>	<u>\$ 107,182,043</u>	<u>\$ 122,867,083</u>
Legal debt margin as a percentage of the debt limit	64.35%	57.97%	55.20%	73.80%	72.23%	68.99%	65.95%	63.02%	60.14%	67.11%

TABLE 11

CITY OF STAUNTON, VIRGINIA

Demographic and Economic Information
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median age (1)	School enrollment (3)	Unemployment rate (4)
2021	24,432	\$ 5,621,379	\$ 45,658	42.8	2,435	4.2%
2020	24,453	5,151,146	44,316	42.5	2,595	8.4%
2019	24,273	5,177,207	42,436	42.0	2,578	2.9%
2018	24,234	5,177,207	42,436	44.2	2,563	3.2%
2017	24,363	4,808,881	40,000	44.0	2,534	3.8%
2016	24,416	4,620,405	38,579	43.4	2,535	3.9%
2015	24,538	4,501,809	37,664	42.3	2,590	5.1%
2014	24,350	4,343,540	36,597	42.3	2,535	5.6%
2013	23,921	4,085,833	34,442	42.9	2,522	6.3%
2012	24,067	3,969,481	33,502	42.9	2,605	6.3%

Sources:

- (1) U. S. Census
- (2) Bureau of Economic Analysis - Regional Data for the County of Augusta and the Cities of Staunton and Waynesboro. The most recent data is for 2019.
- (3) Staunton City School Board
- (4) Va Employment Commission

TABLE 12

CITY OF STAUNTON, VIRGINIA

Demographic and Economic Information
Principal Employers
Current Year
UNAUDITED

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	6.43%	500-999	1	4.97%
Staunton City School Board	250-499	2	3.22%	500-999	2	4.97%
City of Staunton	250-499	3	3.22%	250-499	5	3.39%
Mary Baldwin College	250-499	4	3.22%	250-499	3	3.39%
Walmart	250-499	5	3.22%	250-499	4	3.39%
Federated Auto Parts	100-249	6	1.50%	250-499	6	3.39%
Brightview Senior Living LLC	100-249	7	1.50%			
Best Buy	100-249	8	1.50%			
VDOT	100-249	9	1.50%	100-249	10	0.68%
Graphic Packaging	100-249	10	1.50%			
Alphastaff Inc				250-499	7	3.39%
Home Instead Senior Care				100-249	8	0.68%
Virginia School for the Deaf and Blind				100-249	9	0.68%
Total	2000-4240		26.79%	2550-5240		28.93%

Source: Virginia Employment Commission (VEC)

Notes:

Percentage of Total City employment (2021) is based on the midpoints in the ranges given.

TABLE 13

CITY OF STAUNTON, VIRGINIA

Operating Information
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	Full Time Equivalent Employees authorized as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	38	38	38	33	33	35	35	32	33	31
Judicial	26	25	22	22	22	22	21	21	21	21
Public Safety	109	109	109	103	103	103	99	99	99	99
Public Works	42	42	41	41	40	40	40	38	38	38
Parks, Recreation, and Culture	28	28	27	25	24	24	24	24	23	23
Community Development	9	9	9	8	8	7	7	7	7	7
Blue Ridge Courts	13	12	12	12	12	12	12	11	11	11
Golf Fund	0	0	0	1	1	1	1	1	1	1
Water Fund	28	28	26	26	26	26	25	25	25	25
Sewer Fund	5	5	5	5	5	5	5	5	5	5
Environmental Fund	18	18	18	18	18	18	18	18	18	18
Stormwater Fund	1	1	1	1	1	1	1	1	1	1
Total	317	315	308	295	290	291	285	279	279	277

na-not available

Source: Finance Department-fiscal year budget document

Notes:

A full time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).

Full time equivalent employment is calculated by dividing total labor hours by 2,088. City firefighters' time is based on 2,766 hours per year.

TABLE 14

CITY OF STAUNTON, VIRGINIA

Operating Information
Operating Indicators by Function/Program
Last Ten Fiscal Years
UNAUDITED

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety:										
Police:										
Arrests	2,421	2,568	2,671	2,660	2,560	2,542	2,363	2,438	2,429	2,415
Parking tickets	3,829	3,735	4,674	5,269	4,618	4,855	4,813	4,931	5,036	5,548
Traffic citations	3,348	3,811	4,831	3,381	2,541	3,143	3,066	4,263	2,982	3,809
Fire:										
Incident responses	2,619	3,089	3,681	3,245	2,693	3,200	3,176	3,087	3,450	2,640
Fires extinguished	43	63	64	67	65	50	78	50	55	56
Inspections	972	1,571	1,921	1,910	1,611	1,311	1,250	1,193	918	424
Inspections:										
Building permits issued	1,100	843	1,035	945	588	960	907	957	881	1,010
Building inspections conducted	2,805	2,902	3,302	3,339	2,615	3,054	2,352	2,353	2,772	2,592
Public Works:										
Refuse:										
Recycling collected (tons per day)	1.10	1.81	2.34	2.20	2.26	2.28	2.73	2.27	2.16	2.12
Refuse collected (tons per day)	68.1	67.8	68.4	64.9	59.6	61.0	57.4	59.6	61.8	63.7
Other public works:										
Lane miles paved	9.86	13.4	18.17	6.42	10.5	12	13.7	11.1	10.2	12.3
Parks and Recreation:										
Total membership	23	26	59	62	45	63	na	na	na	na
Rounds of golf	7,520	8,334	7,101	6,133	6,871	7,796	8,555	9,040	9,698	9,731
Library:										
Volumes in collection	111,840	112,577	119,763	130,039	145,943	163,930	172,836	174,577	177,957	177,037
Total volumes borrowed	132,989	171,426	378,818	373,359	401,074	388,795	379,306	393,416	389,551	397,243
Utility:										
New connections-water	25	17	10	11	13	4	8	8	8	9
Active customers-water	9,604	9,653	9,612	9,572	9,520	9,454	9,401	9,351	9,347	9,358

Sources: Various city departments; regional landfill

na- data not available

TABLE 15

CITY OF STAUNTON, VIRGINIA

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	24	23	24	21	21	18	18	19	19	19
Units-unmarked	31	31	29	26	26	20	20	18	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	7	7	7	7	7	7	8	8	10	8
Recycling trucks	3	4	3	3	3	3	3	3	3	4
Other Public Works										
Lane miles of streets	300.57	300.57	300.57	300.57	300.52	300.19	300.28	299.72	298.7	298.7
Traffic Signals-signals and flashers	65	65	65	65	65	65	65	65	65	65
Parks and Recreation										
Acreage	482	482	482	482	482	482	482	482	482	482
Number of Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
# of baseball/softball games played	200	198	1,452	820	1,580	1,670	1,798	1,619	1,614	1,585
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	100	98	376	350	195	385	196	211	220	212
Water										
Miles of water mains	184.76	184.52	184.09	183.44	181.97	181.41	181.27	181.11	181.4	179.41
Fire Hydrants	1111	1094	1086	1072	1065	1062	964	957	919	912
Storage capacity (thousands of gal)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Sewer										
Miles of sanitary sewers	135.13	135.10	134.62	134.47	133.85	133.41	133.39	132.8	132.84	132.84

Sources: Various City departments
na - data not available.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Specifications for Audits of Counties, Cities, and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2021.

Our report includes reference to other auditors who audited the financial statements of the Augusta Regional Landfill as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2021-001.**

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 3, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Staunton, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Staunton, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 3, 2021

CITY OF STAUNTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

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

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Sheriff Internal Controls

Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education

Urban Highway Maintenance

Stormwater Management Program

Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

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

Name of Program	Assistance Listing Number
COVID-19 Coronavirus Relief Fund	21.019
Highway Planning and Construction Cluster	20.205
COVID-19 Governor's Emergency Education Relief Fund	84.425C
COVID-19 Elementary and Secondary School Emergency Relief	84.425D

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Conflict of Interest Statements - City

Condition:

Four of 43 conflict of interest disclosure statements were not filed timely.

Recommendation:

We recommend implementing procedures to ensure that all conflict of interest statements are filed timely for the annual filing requirement in February and for any incoming members that took positions after the deadline.

Views of Responsible Officials and Planned Corrective Action:

We concur with this condition, and have implemented the following procedures: First, new board and commission members are notified that completed conflict of interest disclosure statements are required to be filed by February 1 every year of their term on the board. Second, new board and commission members are advised that they will be notified at least 20 days prior to the deadline and provided with the correct forms to complete. Third, new board and commission members appointed after the filing deadline are provided the appropriate instructions and form(s) to complete, upon their appointment, in order to meet the filing requirements. Fourth, potential board and commission members will be advised that filing the conflict of interest disclosure statements in a timely manner is a requirement of accepting the position of the board or commission.

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Forestry:</u>				
Cooperative Forestry Assistance	10.664	20VTCW09; 20ARR06	\$	5,124
<u>Virginia Department of Agriculture:</u>				
<u>Child Nutrition Cluster:</u>				
National School Lunch Program - Non Cash Commodities	10.555	N/A		101,732
<u>Virginia Department of Education:</u>				
<u>Child Nutrition Cluster:</u>				
COVID-19 School Breakfast Program	10.553	202020N850341	4,797	
National School Lunch Program	10.555	202020N850341		
COVID-19 National School Lunch Program	10.555	202020N850341	7,436	
Summer Food Service Program for Children	10.559	202121N109941; 202120N119941	834,378	
COVID-19 Summer Food Service Program for Children	10.559	202020N850341	194,366	
Total Child Nutrition Cluster				1,040,977
Child and Adult Care Food Program	10.558	202121N109941; 202121N202041	178,156	
COVID-19 Child and Adult Care Food Program	10.558	202020N850341	23,655	201,811
<u>Virginia Department of Social Services:</u>				
<u>Food Stamp Cluster:</u>				
<u>State Administrative Matching Grants for the</u>				
<u>Food Stamp Program:</u>				
SNAPET	10.561	86501		3,858
Cost Allocations - Food Stamps	10.561	84322		1,225
Total Department of Agriculture				1,354,727
<u>DEPARTMENT OF EDUCATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Education:</u>				
Title 1 Grants to Local Educational Agencies	84.010	S010A:180046, 190046, 200046		923,991
Title 1 State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A190046; A013A200046		113,279
<u>Special Education Cluster (IDEA)</u>				
Special Education Grants to States	84.027	H027A:180107, 190107	536,839	
Special Education Preschool Grants	84.173	H173A:180112, 190112	23,915	
Total Special Education Cluster				560,754
Career and Technical Education -- Basic Grants to States-Perkins	84.048	V048A:180046, 190046, 200046		62,617
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)-Title II	84.367	S367A19044; A367A20044		84,469
School Improvement Grants	84.377	S377A160047		12,327
Student Support and Academic Enrichment Program-Title IV	84.424	S424A:190048, 200048		64,591
COVID-19 Education Stabilization Fund-GEER	84.425C	S425C200042		236,527
COVID-19 Education Stabilization Fund-ESSR I and II	84.425D	S425D200008; S425D210008		1,494,640
COVID-19 Coronavirus Relief Fund	21.019	SLT0218		467,163
<u>Virginia Polytechnic Institute:</u>				
Title III ESEA - Limited English Proficient	84.365	na		5,107
Total Department of Education				4,025,465

(Continued)

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Social Services:</u>				
Temporary Assistance for Needy Families:	93.558			
TANF-Manual checks		80801	\$	(818)
VIEW Component and Component-Related Activities		87201		
VIEW-Supportive Services		87202		1,295
VIEW- Transitional Transportation		87204		2,189
VIEW-Transportation		87207		6,820
VIEW-TET		87210		89
VIEW-Transitional Support		87211		11
Child Care and Development Block Grant:	93.575			
Discretionary Recoupment for VACMS		88801	(1,042)	
Fee child care 100%		88302		
Total CCDF Cluster				(1,042)
Child Care and Development Fund:-Mandatory and Matching Funds	93.596			
Fee child care 100%		88302		(86)
Foster Care - Title IV-E:	93.658			
Children's Residential Facility		81107		315,298
Licensed Child Placing Agency-Basic Maintenance		81108		69,865
Local Agency Foster Home-Basic Maintenance		81110		38,661
Licensed Child Placing Agency-Enhanced Maintenance for Additional Daily Supervision		81112		121,865
Local agency		81113		1,576
Fostering Futures LCP Basic Maintenance		81401		52
Fostering Futures IL Basic Maintenance		81403		16,819
Fostering Futures LCP Enhanced Maintenance		81404		33
Central Service Cost Allocation - IV-E serv		84319		1,359
Adoption Assistance:	93.659			
Subsidized Adoption Assistance-Basic Maintenance		81201		346,270
Nonrecurring Adoption Assistance		81202		4,536
Federal Adoption Assistance-Enhanced Maintenance for Additional Daily Supervision		81203		367,803
Central Service Cost Allocation-IVE Adoption		84324		166
Social Services Block Grant:	93.667			
State Adoption Assistance Purchase of Service		81701		15,474
Home Based Homemaker (State Supplement)		83304		6,643
Prevention Services		83306		671
Adult Protective Services		89501		5,721
Medical Assistance Program (Title XIX)	93.778			
Central Service Cost Allocation-Medicaid		84323	3,032	
Total Medicaid Cluster				3,032
<u>Comprehensive Services for At Risk Youth and Families</u>				
Social Services Block Grant:	93.667	na		159,441
Total Department of Health and Human Services				1,483,743

(Continued)

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>DEPARTMENT OF HOMELAND SECURITY:</u>				
<u>Direct Programs:</u>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMH-2016-FH-00549		61,200
Total Department of Homeland Security				61,200
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass-Through Programs:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	20-X9264VW18		48,429
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-A4883AD16		1,088
Coronavirus Emergency supplemental Funding Program	16.034	20A5114CE20; 20A5161CE20		24,364
Total Department of Justice				73,881
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Motor Vehicles</u>				
Selective Enforcement - Speed	20.600	FSC-2021-51016-21016		5,115
<u>Virginia Department of Transportation:</u>				
Highway Planning and Construction	20.205	UPC 80485	873,021	
Total Highway planning and Construction Cluster				873,021
Total Department of Transportation				878,136
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>Direct Programs:</u>				
Community Development Block Grants: Entitlement Grants	14.218	na	246,074	
Total CDBG Entitlement Grants Cluster				246,074
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
Community Development Block Grant - VIDA Program	14.228	18-LI22		40,330
Total Department of Housing and Urban Development				286,404
<u>DEPARTMENT OF THE TREASURY</u>				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Accounts</u>				
COVID-19 Coronavirus Relief Fund	21.019	na		4,313,243
<u>Virginia Department of Elections</u>				
COVID-19 Coronavirus Relief Fund	21.019	na		31,406
Total Department of the Treasury				4,344,649
Total Expenditures of Federal Awards				\$ 12,508,205

(Continued)

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

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

Note 1. Basis of Presentation

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

Note 2. Indirect Cost Rate

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

Note 3. Outstanding Loan Balances

At June 30, 2021, the City had no outstanding loan balances requiring continuing disclosure.