

CITY OF STAUNTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2022

Prepared By:
Department of Finance

CITY OF STAUNTON, VIRGINIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2022**

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INTRODUCTORY SECTION

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

As of June 30, 2022

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

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

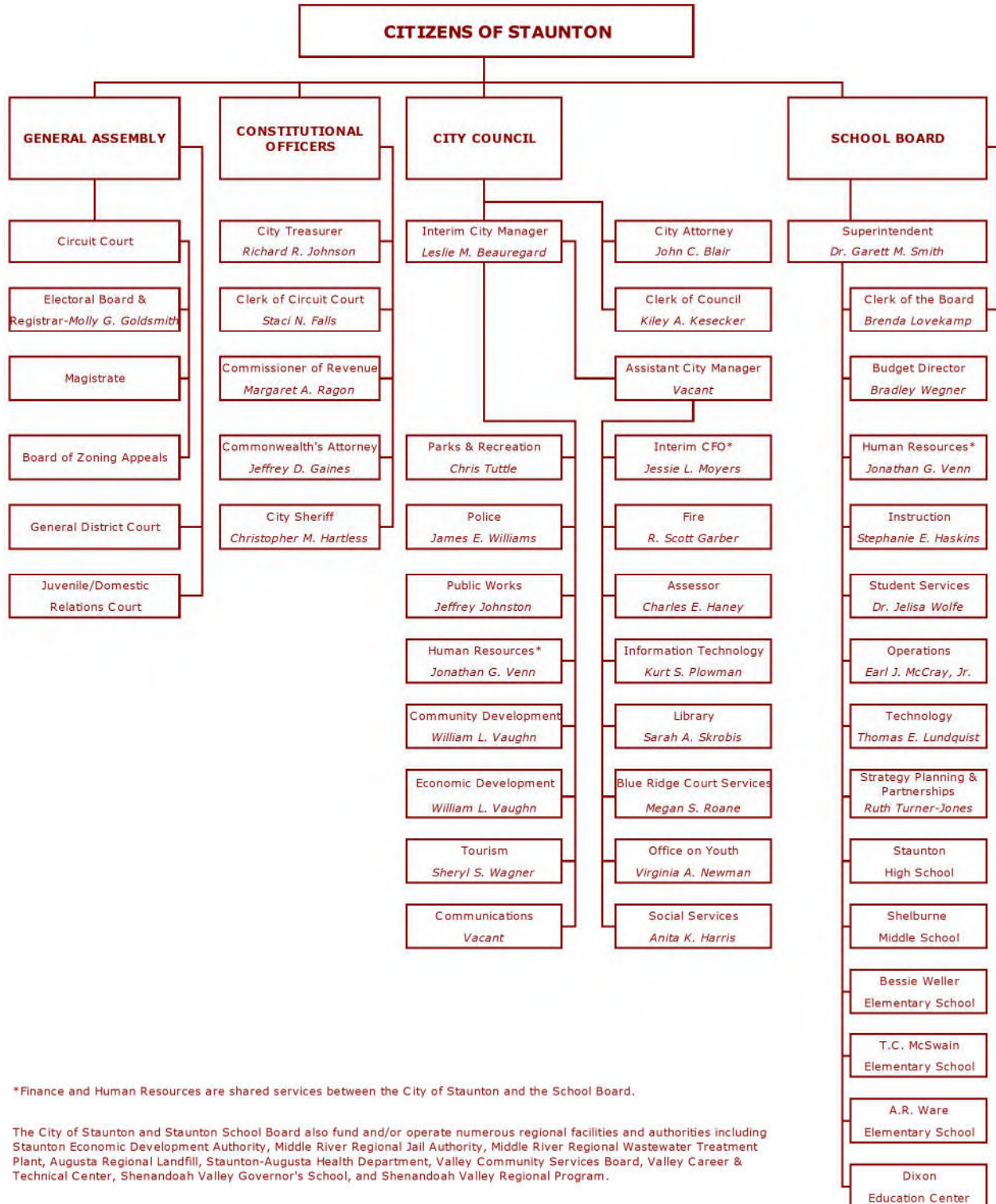
SCHOOL BOARD

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



City of Staunton, Virginia

Organization Chart: FY 2022



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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Staunton
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



December 8, 2022

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

We are pleased to submit the City of Staunton's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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 Staunton for fiscal year ending June 30, 2022. 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 Staunton 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. Staunton was incorporated as a city in 1871. Staunton is the birthplace of the city manager form of government. Staunton 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 Staunton 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 24,660.

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, Assistant 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 23% of its funding for school operations and the issuance of all general obligation bonds. All members of the Board are elected by the City voters.

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

LOCAL ECONOMY

The City's overall financial health is determined by several economic factors based on retail sales volume, consumer-based taxes, new residential and commercial construction permits, and property values and transactions. Other financial factors include state revenues, population trends, the unemployment rate, and the local tourism industry. The 2022 total taxable real estate assessed values increased approximately 1%, as 2022 was not an assessment year. Any increase in the real estate assessed value would have been from new construction. Other local consumer-based tax revenue sources performed well compared to both the prior year and the 2022 budget. Meals tax on prepared foods increased 23.2% from 2021, lodging taxes increased 69.4% from 2021 and sales tax increased by 9.3%. The local unemployment rate for June 2022 was 2.4%, which is below the national average of 3.8% and the statewide average of 2.3%. Unemployment rates in Staunton continue to look good as the country rebounds from the COVID 19 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.

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 16.5% of the City's total general fund operating budget as a cash safety net reserve, reported as committed fund balance in the general fund. The primary government reserve is currently \$10,756,835. 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

FY2022 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 2022 budget was adopted at \$131.2 million, an increase of 14.8% or \$16.9 million from the previous year. The January 1, 2022 taxable real estate assessment reflected an increase of almost 1%. Real estate values were not reassessed during 2022, so any new increase in real estate taxes was due to new construction. Personal property tax revenue was projected to increase by \$.3 million. By the end of the fiscal year, actual property tax revenues exceeded budget by 14.7% or \$.8 million due to an increase in used vehicle values post pandemic. Other local taxes, including meal and sales tax were budgeted for a 16.9% or \$2.2 million increase and actual other local taxes exceeded budget by \$3.8 million.

Economic Development

Staunton Crossing Development Park

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

In September, 2016 the EDA sold approximately 25 acres of the Staunton Crossing development property for \$1.25 million. Construction began on the first phase of the development site in November, 2016. The development includes a Marriott Fairfield Inn and Suites and a Tru by Hilton hotel. Both hotels were open in November 2018. A 7-11 convenience store with Liberty gas station opened during fiscal year 2021. Construction concluded in fiscal year 2022 on a 5,745 square foot retail structure with three tenant spaces which included Jersey Mike's and Chipotle Mexican Grill.

Construction began during fiscal year 2022 on the second phase of a shopping center in the development that will house a Wendy's and Waffle House restaurants. The City has gained additional jobs and approximately \$1.1 million annually from property, meals, sales, and lodging tax revenues.

The City was 99% complete with the demolition and asbestos abatement at the Staunton Crossing site at the end of the fiscal year. Total cost of the demolition and asbestos abatement is expected to be \$2.4 million. The City was awarded a Virginia Business Ready Sites Program grant in the amount of \$851,000 for a land survey, a traffic impact study, floodplain studies, environmental services and design work relating to water and sewer infrastructure. The improvements to Staunton Crossing will allow the property to compete nationally as a Tier 4 site for major industrial development for jobs and an increase the City's tax base.

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 and road construction has already begun.

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 in the near future. 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 \$344,000 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. Visit Staunton was the Bronze Award Winner at the 30th Annual North American Travel Journalists Association Awards Competition for the Staunton Visitor's Guide. This awards competition honors the best of the best in travel journalism, photography and destination marketing that cover all aspects of the travel industry.

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:

- The 9 Best Towns in the Shenandoah Valley – TripSavvy
- Staunton, VA: The Perfect Place (for Me) to Retire – Kiplinger
- America's Most Beautiful Streets – MSN
- Small-Town Getaways in Driving Distance of Washington, DC - Washingtonian
- 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 2022- Southern Living
- 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 2022, the Parks and Recreation department, with support of outside donations, continued improvements at the Gypsy Hill Park duck pond with a generous donation from the Lion's club.

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 26th year the City has achieved this award recognizing municipalities with active tree care and replacement programs.

Public Safety

Police Department- The Staunton Police Department is accredited by the Commission on Law Enforcement Accreditation, Inc. The department received its first accreditation award in 1985 as one of the first ten law enforcement agencies in the world accredited by CALEA. Accreditation ensures that police departments operate under a set of nationally accepted standards that are designed to provide citizens with professional law enforcement services. Citizens of the City of Staunton benefit from the accreditation process with the assurance that the police department maintains procedures to encourage, listen and respond to citizen requests, needs, complaints and inquiries. The Department goes through the accreditation process every four years. Chief J.E. Williams has previously been honored with CALEA's prestigious Egon Bittner award for excellence in leadership of a law enforcement agency.

Staunton's Police Department's K-9 Team of Office Jessica Owens and Wilson recently won three awards from the Virginia Police Canine Association. The awards are for the 2021 Narcotics Case of the Year, 2021 Tracking Case of the Year, and the 2021 Article Search Case of the Year.

Finally, the City's FY22-FY26 Capital Improvement Plan will be addressing operational space issues as the City commissioned a study in fiscal year 2022 to ensure adequate facilities are provided for its public safety personnel. The space study will wrap up in fiscal year 2023. Addressing these space issues will assist the department in serving the citizens of Staunton.

Fire Department

City of Staunton Fire and Rescue Chief Scott Garber was named the 2022 SEAFRC Career Fire Chief of the Year. Chief Garber was also recognized by Governor Glenn Youngkin as a Career Fire Chief of the Year for the 2021 Governor's Fire Service Awards.

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 19 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 2022 budget.

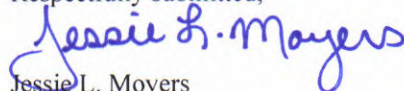
The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State 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 2021. 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,



Jessie L. Moyers
Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Staunton, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents 55%, 47%, 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.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brown, Edwards & Company, L.L.P." in a cursive script.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2022

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, 2022. 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 \$145.5 million (*net position*). Of this amount, \$51.8 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's deferred inflows increased \$11.4 million over the previous fiscal year due to increases in the deferred inflows related to pensions and OPEB.
- The City's total net position increased \$1.2 million due to a combination of factors including increases in tax revenues.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$41.6 million, an increase of \$2.8 million in comparison with the prior year. The high school renovation completed in 2021 and therefore did not affect the 2022 results. Approximately 15.6% of the combined fund balances (\$6.5 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 \$20.0 million, or approximately 37% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$4.2 million due to a combination of factors, including normal scheduled debt reduction as well as refunding of our 2019B refunding bond issue with the 2021C refunding issue, which resulted in a lower outstanding debt balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses 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 13-16 of this report.

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

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

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

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

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

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 102-115 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, 2022 and 2021						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	*2021	2022	*2021	2022	*2021
Assets:						
Current and other assets	\$ 86,962,040	\$ 79,685,526	\$ 26,508,680	\$ 24,393,181	\$ 113,470,720	\$ 104,078,707
Capital assets	93,935,202	98,717,198	68,368,611	70,625,828	162,303,813	169,343,026
Total assets	180,897,242	178,402,724	94,877,291	95,019,009	275,774,533	273,421,733
Total deferred outflows of resources	6,042,476	6,743,165	913,866	963,354	6,956,342	7,706,519
Liabilities:						
Long-term liabilities	84,208,836	98,756,986	16,573,793	18,758,836	100,782,629	117,515,822
Other liabilities	17,197,286	11,030,122	1,158,914	1,658,353	18,356,200	12,688,475
Total liabilities	101,406,122	109,787,108	17,732,707	20,417,189	119,138,829	130,204,297
Total deferred inflows of resources	16,274,525	6,456,821	1,813,381	185,181	18,087,906	6,642,002
Net Position:						
Invested in capital assets	36,403,416	44,822,381	57,000,996	57,887,928	93,404,412	102,710,309
Restricted	265,442	237,570	15,407	-	280,849	237,570
Unrestricted	32,590,213	23,842,009	19,228,666	17,492,065	51,818,879	41,334,074
Total net position	\$ 69,259,071	\$ 68,901,960	\$ 76,245,069	\$ 75,379,993	\$ 145,504,140	\$ 144,281,953

*Prior year amounts have been restated to include items related to the implementation of GASB 87, *Leases*. Government-wide capital assets and long-term liabilities increased \$267,880 and \$240,330 respectively, to recognize right to use assets and related lease obligations, which resulted in a net increase of \$27,550 to net position invested in capital assets. Business-type capital assets and long-term liabilities increased \$6,129 and \$6,237 respectively, to recognize right to use assets and related lease obligations, which resulted in a net decrease of \$108 to net position invested in capital assets. See Notes 5, 6, and 18 in the notes to the financial statements for more information.

At the close of fiscal year 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$145.5 million.

By far, the largest portion of the City's net position (\$93.4 million or 64.2%) 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 \$51.8 million or 35.6% 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, 2022 and 2021

The City's overall net position increased \$1.2 million from the prior fiscal year. The reasons for the overall increase for fiscal year 2022 are discussed in the following sections for governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	*2021	2022	*2021	2022	*2021
Revenues:						
Program Revenues						
Charges for services	\$ 7,689,155	\$ 6,731,224	\$ 13,019,306	\$ 13,323,893	\$ 20,708,461	\$ 20,055,117
Operating grants and contributions	12,704,274	13,097,805	97,732	70,392	12,802,006	13,168,197
Capital grants and contributions	732,190	1,555,416	126,800	-	858,990	1,555,416
General revenues						
Property taxes	29,245,433	28,445,542	-	-	29,245,433	28,445,542
Other taxes	18,939,371	16,631,337	-	-	18,939,371	16,631,337
Unrestricted intergovernmental	2,946,726	7,189,047	-	-	2,946,726	7,189,047
Interest and investment earnings	(73,084)	83,775	(188,556)	4,616	(261,640)	88,391
Other	21,553	57,036	-	-	21,553	57,036
Total revenues	72,205,618	73,791,182	13,055,282	13,398,901	85,260,900	87,190,083
Expenses:						
General government	12,730,220	11,567,499	-	-	12,730,220	11,567,499
Judicial administration	2,547,762	2,459,042	-	-	2,547,762	2,459,042
Public safety	14,068,664	14,559,944	-	-	14,068,664	14,559,944
Public works	8,438,127	6,842,748	-	-	8,438,127	6,842,748
Health and welfare	6,088,157	7,195,615	-	-	6,088,157	7,195,615
Education (includes payment to Schools)	18,182,718	14,915,576	-	-	18,182,718	14,915,576
Parks, recreation and culture	3,846,110	3,424,889	-	-	3,846,110	3,424,889
Community Development (includes payment to EDA)	3,297,835	5,225,688	-	-	3,297,835	5,225,688
Interest on long-term debt	2,567,257	2,026,010	-	-	2,567,257	2,026,010
Water	-	-	3,492,651	3,410,582	3,492,651	3,410,582
Sewer	-	-	3,690,751	3,587,277	3,690,751	3,587,277
Storm Water	-	-	1,015,056	995,695	1,015,056	995,695
Environmental	-	-	3,383,158	2,956,277	3,383,158	2,956,277
Parking	-	-	690,247	768,935	690,247	768,935
Total expenses	71,766,850	68,217,011	12,271,863	11,718,766	84,038,713	79,935,777
Increase (Decrease) in net assets before transfers	438,768	5,574,171	783,419	1,680,135	1,222,187	7,254,306
Transfers	(81,657)	(24,528)	81,657	24,528	-	-
Increase (decrease) in net assets	357,111	5,549,643	865,076	1,704,663	1,222,187	7,254,306
Net assets - Beginning of year	68,901,960	63,352,317	75,379,993	73,675,330	144,281,953	137,027,647
Net assets - end of year	\$ 69,259,071	\$ 68,901,960	\$ 76,245,069	\$ 75,379,993	\$ 145,504,140	\$ 144,281,953

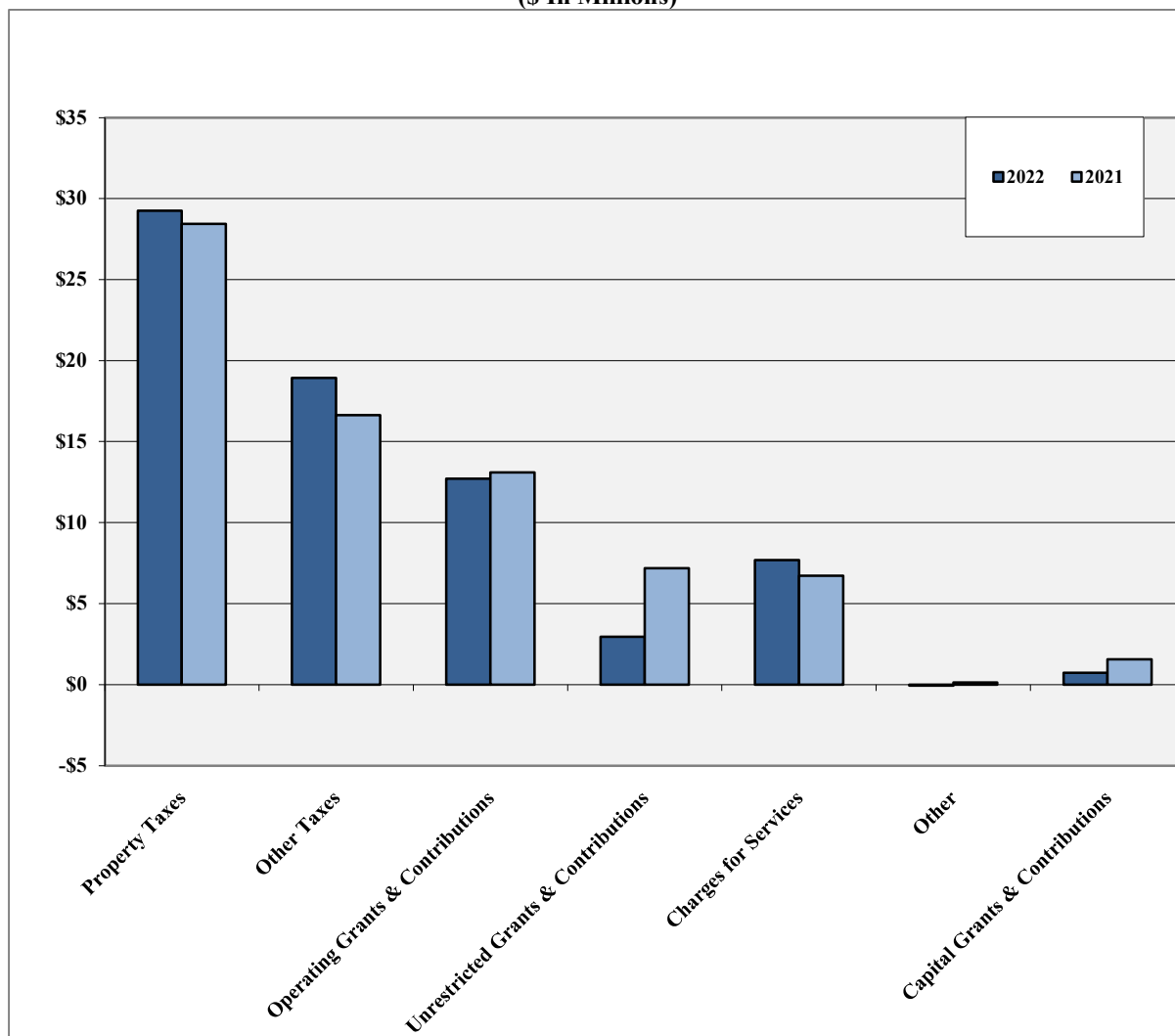
* Amounts reported for 2021 have been restated to include items related to the implementation of GASB 87, *Leases*.

Governmental Activities - Revenues

- The City's total revenues from governmental activities were \$72.2 million for the fiscal year ended June 30, 2022, a decrease of \$1.6 million over the previous year.
- Property taxes, the largest source of general revenue, accounted for \$29.2 million or 40.5% of revenue in 2022. Assessed values of real estate increased 1% over 2021. The real estate tax rate remained at \$.92/\$100 between 2021 and 2022.
- Other tax revenue increased \$2.3 million over 2021 due to increases in sales, meals and BPOL taxes.
- Unrestricted grants and contributions decreased \$4.2 million due to CARES act funding received in 2021 and not 2022.
- Capital grants and contributions decreased by \$.8 million due to a decrease in VDOT funding with completion of the Central Avenue project. The decrease in grant revenue related to this project was \$.4 million. In addition, there was a \$.4 million transfer from the school CIP fund in 2021 that did not repeat in 2022.

Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2022 and 2021
(\$ In Millions)



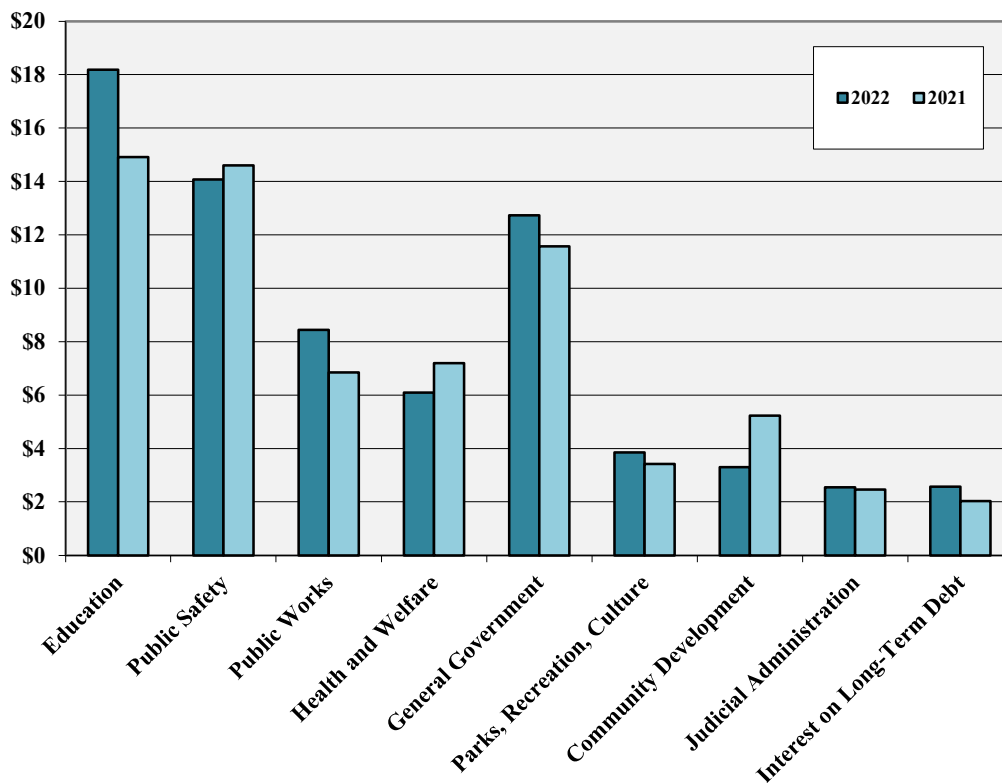
Governmental Activities - Expenses

- The total expenses from governmental activities were \$71.8 million for the year, an increase of \$3.5 million over the prior fiscal year.
- Education is the largest expense for the city at \$18.2 million or 25.3% of total governmental activities. Education expense increased significantly over 2021 by \$3.3 million. The increase consists of several items: the transfer back of assets with a net book value of \$2.2 million because the debt was fully paid on the assets; the transfer of \$.4 million to assist in the tennis court project and a \$.7 million increase in depreciation expense related to the new high school.
- Public Works increased \$1.6 million from the prior fiscal year mainly due to an overall increase in operations slowly resuming during fiscal year 2022. Streets spending increased \$1 million, mostly due to increases in paving expenses.
- Community Development costs decreased \$1.9 million over 2021 due to decrease of \$.7 million in costs associated with the Staunton Crossing property and a decrease in development agreement costs of \$.3 million. In addition, there were \$.5 million of small business grants and \$.3 million of non-profit grants issued in 2021 using COVID related funding that did not reoccur in 2022.
- Health and Welfare cost decreased \$1.1 million over 2021 due to decrease in the expenditures associated with social service and CSA programs.

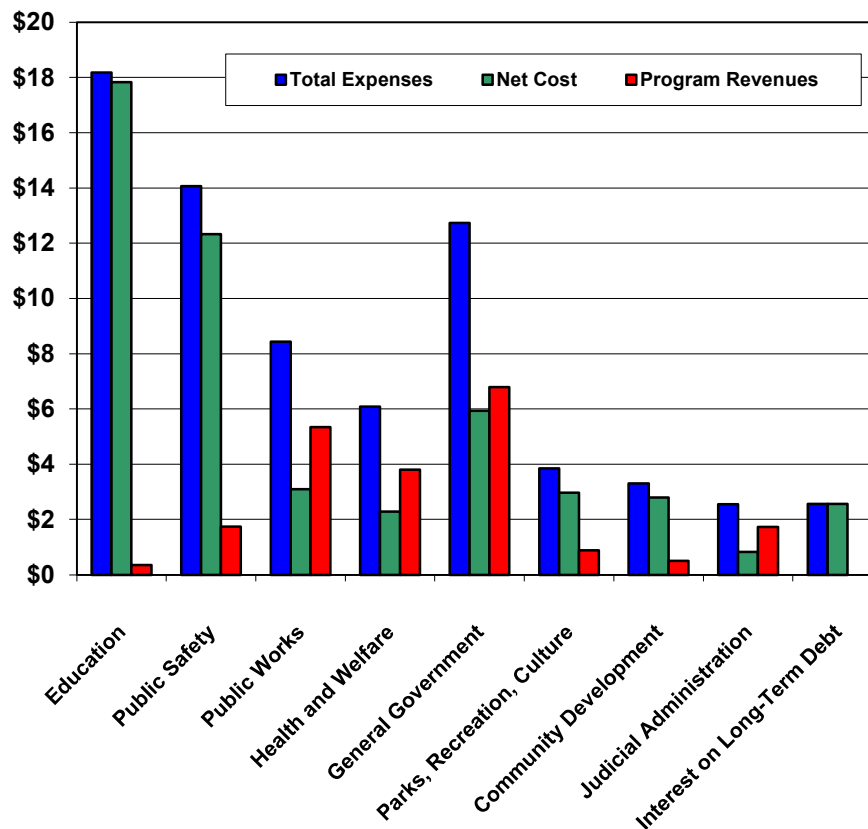
Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2022 and 2021

(\$ 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 \$21.1 million and general revenues totaled \$51.1 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 35.2%, an increase of \$3.6 million over the previous year. The increase in net cost was due to the transferring of a school building and related assets back to education and an increase in depreciation expense. Public works net cost of service increased \$1.7 million due to an increase in spending of \$.8 million for paving and sidewalks and \$.3 million for other operating costs. Community Development net costs of service decreased \$1.8 million over 2021 due to a decrease in the demolition cost at Staunton Crossing of \$.7 million and a \$.8 million decrease in CARES related grants that occurred in 2021, but not in 2022. Interest costs increased \$.5 million over 2021 due to the first interest payment due on the 2021C refunding bond issue.

Net Cost of the City of Staunton's Governmental Activities				
	2022		2021(adjusted for GASB 87 Leases)	
	Total Cost	Net Cost	Total Cost	Net Cost
Education	18,182,718	17,834,000	\$ 14,915,576	\$ 14,282,950
Public Safety	14,068,664	12,331,282	14,559,944	12,692,907
Public Works	8,438,127	3,098,752	6,842,748	1,442,881
Health and Welfare	6,088,157	2,283,418	7,195,615	2,643,799
General Government	12,730,220	5,935,842	11,567,499	5,523,801
Parks, Recreation, Culture	3,846,110	2,967,355	3,424,889	2,665,304
Community Development	3,297,835	2,798,678	5,225,688	4,624,440
Judicial Administration	2,547,762	824,647	2,459,042	930,474
Interest on Long-Term Debt	2,567,257	2,567,257	2,026,010	2,026,010
	\$ 71,766,850	\$ 50,641,231	\$ 68,217,011	\$ 46,832,566

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 \$76.2 million. During fiscal year 2022, revenues exceed expenditures by \$.9 million.

During fiscal year 2022, the service rates for all services remained flat. Revenues decreased \$.3 million from 2021 mainly due to insurance proceeds received in 2021 for flood repairs to parking facilities that were not received in 2022. Total expenses were \$.6 million more than the prior fiscal year due to an increase in operating costs.

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, 2022, the City's governmental funds reported combined ending fund balances of \$41.6 million, an increase of \$2.8 million in comparison with the prior year. The increase is due mainly to the increase in other local taxes of \$2.3 million, which includes increases in meals, lodging and BPOL taxes. Approximately 15.6% of the total combined ending fund balance amount (\$6.5 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 (\$1 million); *committed* for particular purposes (\$10.8 million); or *assigned* for particular purposes (\$23.2 million).

General Fund

The General Fund is the chief operating fund of the City of Staunton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 12% of total general fund expenditures, while total fund balance represents approximately 39% of that same amount.

The fund balance of the City's general fund decreased \$1.2 million during the current fiscal year. Property tax revenues increased \$.5 million due to increased assessed value on personal property. Other local taxes increased \$2.3 million due to increases in sales, meals and BPOL taxes. Other revenues decreased from the previous years, including a \$4.5 million decrease in federal CARES revenue.

General Fund actual expenditures were \$54.1 million versus the revised budget totaling \$63.7 million. The contribution to the Component Unit School Board was the largest budgeted expenditure at \$13.7 million. Expenditure savings of \$9.6 million was spread through each governmental function. \$.7 million in expenditure savings in public safety was due to grant funds budgeted but not spent as well as personnel and fringe benefit vacancy savings; \$.8 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 \$1.6 million in health and welfare was due to reductions in costs of the children's services act program and other social services program costs; \$.5 million in expenditure savings in parks and recreation was due to personnel and benefit vacancy savings; the remaining expenditure savings of \$6.0 million in general government, judicial and community development was due mainly to budgeted ARPA expenditures that were not spent in 2022.

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 \$7.3 million in fiscal year 2022 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 increased \$4.8 million during the current fiscal year due to funds transferred from the General fund that had not been spent.

CAPITAL PROJECTS IN PROGRESS AT JUNE 30, 2022	BUDGET - PROJECT TO		FY2022 EXPENDITURES	PROJECT EXPENDITURES TO DATE		PROJECT BALANCE
	DATE					
FINANCIAL SOFTWARE	\$ 1,332,482	\$ -	\$ 1,273,429	\$ 59,053		
COMPUTER NETWORK EQUIPMENT	195,137	9,600	192,404	2,733		
TELEPHONE REPLACEMENT	1,000,000	267,394	359,994	640,006		
POLICE AUTO EQUIPMENT	331,000	184,160	184,160	146,840		
E911 TELEPHONE EQUIPMENT	4,912,273	145,198	884,015	4,028,258		
FIRE TRUCK RESERVE	2,004,384	-	2,439,294	(434,910)		
SELF CONTAINED BREATHING APPARATUS	30,000	-	-	30,000		
CARDIAC MONITORS	10,000	-	-	10,000		
REGIONAL JAIL RESERVE	6,076,286	-	5,057,286	1,019,000		
REGIONAL ANIMAL SHELTER	125,000	-	82,192	42,808		
STREET IMPROVEMENT PROJECTS	1,505,250	-	1,269,701	235,549		
URBAN STREET CONSTRUCTION 2% MATCH	886,478	-	465,395	421,083		
STATLER/RICHMOND RD PROJ	50,000	-	-	50,000		
RICHMOND RD/GREENVILLE AVE	35,000	-	-	35,000		
CENTRAL AVE STREET SCAPE	2,647,015	984,415	2,364,053	282,962		
STATE ROUTE 1426	2,110,000	-	1,789,303	320,697		
NEW SIDEWALKS	800,000	-	-	800,000		
BESSIE WELLER SAFE ROUTE TO SCHOOL	659,838	277,482	279,556	380,282		
RICHMOND RD/COCHRAN PARKWAY	2,883,747	-	2,860,887	22,860		
BRICK SIDEWALK PROJECTS	185,167	-	85,162	100,005		
MLK MEMORIAL SIGN	41,450	-	40,940	510		
PUBLIC WORKS EQUIPMENT RESERVE	600,000	-	282,975	317,025		
RT 11/ RT 262 INTERSECTION TRUCK LANE IMPROVEME	50,000	-	-	50,000		
ADAPTIVE TRAFFIC CONTROL	300,000	-	-	300,000		
PEDESTRIAN SIGNALS N COALTER/BEVERLEY	200,000	-	-	200,000		
PW MAINTENANCE AUTO EQUIPMENT	175,000	-	-	175,000		
CITY HALL HVAC SYSTEM	583,139	-	148,519	434,620		
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	400,000	-	156,366	243,634		
BLUE RIDGE COMMUNITY COLLEGE	591,786	41,048	591,784	2		
SCHOOL OP/TRANSPORTATION PROJECT	2,500,000	-	-	2,500,000		
SCHOOL CIP RESERVE	258,962	-	-	258,962		
HIGH SCHOOL PROJECT	400,000	-	-	400,000		
TRANSFER TO SCHOOL CIP	836,700	361,700	836,700	-		
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	198,200	-		
GHP POOL RENOVATIONS	500,000	-	492,565	7,435		
MHP BATHROOM/WATER PARK	275,000	-	274,317	683		
GHP FENCE	111,115	-	71,115	40,000		
GREENWAYS PROJECT	600,000	-	-	600,000		
FOOTBALL STADIUM ADA IMPROVEMENTS	100,000	-	87,682	12,318		
GHP RESTROOM REPLACEMENT	350,000	41,869	41,869	308,131		
GHP TOT PLAYGROUND	75,000	-	40,000	35,000		
CORRIDOR OVERLAY INCENTIVES	25,000	-	1,350	23,650		
BIKE & PEDESTIRAN PATH	375,000	11,750	11,750	363,250		
COUNTY COURTS PROJECT	127,452	-	99,060	28,392		
PLANNING AND INSPECTION SOFTWARE	150,000	-	-	150,000		
ECONOMIC DEVELOPMENT RESERVE	1,243,811	2,855	1,222,465	21,346		
ENTERPRISE ZONE PROGRAM	360,521	-	262,834	97,687		
STAUNTON CROSSING DEVELOPMENT	3,806,200	951,746	3,534,081	272,119		
STAUNTON CROSSING DEVELOPMENT-VDEP	85,000	-	-	85,000		
FRONTIER CULTURE PROJECT	100,000	-	88,051	11,949		
CIP UNDESIGNATED	286,457	-	-	286,457		
HIGH SCHOOL RENOVATION PROJECT	48,547,773	16,112	48,535,288	12,485		
COMPLETED PROJECTS	12,547,277	-	12,547,273	4		
TOTALS	\$ 106,504,672	\$ 3,493,529	\$ 90,084,232	\$ 16,420,440		

General Fund Budgetary Highlights

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

- Budget Amendment Number 1 - \$6,543,777. This amendment appropriated \$6,477,913 for ARPA revenue and \$65,864 for various other departments.
- Budget Amendment Number 2 - \$194,995. This amendment appropriated \$73,686 for the compensation board, \$21,309 for the Library ARPA grant, and \$100,000 from prior year fund balance for overlay software.
- Budget Amendment Number 3 - \$8,173,568. This amendment appropriated \$7,515,454 from prior year reserves for the following: \$375,557 for Contingency, \$25,000 for Software Rental, \$80,789 for Forfeited assets, \$45,000 for the sign shop, \$36,000 for Duck Pond Renovation donation, \$200,000 for flood repairs, \$275,000 for economic development costs, \$3,776,000 for the city CIP, \$2,500,000 for the school warehouse/Shelburne project, \$125,000 for the Juvenile Detention Center, and \$77,108 for various other restricted uses. This amendment also appropriated \$508,472 for Highway maintenance, \$60,000 for ARPA Tourism grant, and \$89,642 for various other small grants and department transfers.
- Budget Amendment Number 4 – (\$1,938,814). This amendment included a corrective action to move \$2,000,000 of ARPA funds previously appropriated in the general fund to the CIP fund for the emergency communication project and an appropriation for \$61,186 for various grants and insurance reimbursements.
- Budget Amendment Number 5 - \$7,280. This amendment appropriated an additional \$7,280 for the Virginia Ready Sites Program Grant for Staunton Crossing.

CAPITAL ASSETS

The City of Staunton's investment in capital assets for its governmental activities and business-type activities as of June 30, 2022 amounts to \$162.3 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 \$93.9 million for the governmental activities, and \$68.4 million for the business-type activities. The total decrease in capital assets for the current fiscal year was \$7.1 million or 4.2%.

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

- Transfer of Bessie Weller school and related assets net book value of \$2.2 million back to the education fund due to the debt being satisfied.

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. In addition, construction in progress increased \$.3 million due to the Gardener Springs project.

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

<u>City of Staunton Capital Assets Net of Depreciation</u>						
	2022			2021		
	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	-	833,888	833,888	-	963,174	963,174
Buildings	56,488,893	23,860,462	80,349,355	60,384,733	24,807,814	85,192,547
Leased assets-Buildings	192,479	-	192,479	232,082	-	232,082
Improvements	4,844,915	3,328,699	8,173,614	4,768,754	3,541,426	8,310,180
Leased assets-Improvements	-	83,516	83,516	-	-	-
Equipment	8,212,988	4,428,457	12,641,445	8,721,819	4,458,307	13,180,126
Leased assets-Equipment	34,217	4,108	38,325	35,798	6,129	41,927
Infrastructure	18,760,176	32,282,944	51,043,120	18,432,192	33,651,136	52,083,328
Construction in Progress	639,353	1,393,958	2,033,311	1,379,639	1,045,263	2,424,902
Total	\$ 93,935,202	\$ 68,368,611	\$ 162,303,813	\$ 98,717,198	\$ 70,625,828	\$ 169,343,026

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 \$228 million for the City. The City currently has net bonded debt payable of \$76.4 million. The current legal margin for creating additional debt for the City of Staunton is \$151.4 million.
- Additional information regarding outstanding debt can be found in Note 6 in the notes to the financial statements.

<u>City of Staunton Outstanding Debt (net of premium)</u>						
	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 44,400,707	\$ -	\$ 44,400,707	\$ 67,894,141	\$ -	\$ 67,894,141
Virginia Revolving Loan	20,608,506	11,362,373	31,970,879	-	12,486,112	12,486,112
Literary Loans	-	-	-	200,000	-	200,000
Leases	214,960	88,868	303,828	240,330	6,237	246,567
Total	\$ 65,224,173	\$ 11,451,241	\$ 76,675,414	\$ 68,334,471	\$ 12,492,349	\$ 80,826,820

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The fiscal year 2023 general fund budget was adopted at \$65.2 million, an increase of \$3.4 million from the \$61.2 million budget for fiscal year 2022. 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. There was no reassessment of real estate during 2022 nor was there a change in the rate. Any increase in real estate revenues was due to new construction. The next real estate assessment will take place in 2023.
- Meals and sales tax are projected to increase 19% compared to fiscal year 2022 and lodging tax is projected to increase by 27.4%. The result of these adjustments equals an overall expected increase of \$1.9 million.
- Intergovernmental revenue constitutes 22% of the total general fund budget and is projected to increase just \$.6 million over 2022, from \$14.2 million to \$14.8 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 2023 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 5% pay increase effective October 1, 2022 to help the City remain market competitive as an employer in the Shenandoah Valley.
- City Council approved the Capital Improvement Plan for fiscal years 2022-2026 on February 10, 2022. The transfer of \$1,371,050 to the City Capital Improvement Fund for FY23 was suspended to balance the 2023 budget. Staff will propose to fund this amount with FY22 reserves.
- The General Fund transfer to the Education Fund totals \$15.1 million, or 10.6% of the total general fund budget. This is an increase of \$1.4 million over the prior fiscal year.
- As of September 2022, the unemployment rate for the City of Staunton was 2.4%. Staunton's rate is slightly less than the state's average unemployment rate of 2.6% and well below the national average of 3.3%.

All these factors were considered in preparing the fiscal year 2023 budget to finance the cost of programs and services provided to citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 57,398,221	\$ 12,442,924	\$ 69,841,145	\$ 8,382,794	\$ 87,095
Investments (Note 2)	4,316,703	7,186,797	11,503,500	-	-
Receivable (net of allowances for uncollectibles):					
Taxes, including penalties (Note 13)	5,415,408	-	5,415,408	-	-
Accounts	1,850,046	2,080,082	3,930,128	85,806	488,889
Interest	8,350	14,000	22,350	-	-
Lease receivable (Note 18)	371,871	260,682	632,553	-	497,303
Due from other governments (Note 3)	4,384,169	-	4,384,169	4,999,859	-
Due from component unit (Note 17)	12,750,000	-	12,750,000	-	-
Inventory (Notes 1, 17)	326,412	-	326,412	-	12,970,053
Prepaid items	133,860	3,725	137,585	10,212	-
Restricted assets: (Notes 2, 14)					
Cash and cash equivalents	7,000	3,009,059	3,016,059	28,294	-
Due from other governments (Note 3)	-	1,496,004	1,496,004	-	-
Net pension asset (Notes 7 and 11)	-	15,407	15,407	66,243	-
Capital assets: (Note 5)					
Nondepreciable	5,401,534	3,546,537	8,948,071	236,000	793,946
Depreciable, net	88,533,668	64,822,074	153,355,742	11,871,059	5,687,336
Total assets	180,897,242	94,877,291	275,774,533	25,680,267	20,524,622
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Notes 7, 8, and 11)	4,707,922	686,634	5,394,556	6,245,746	-
Deferred outflows related to OPEB (Notes 9, 10, and 11)	1,334,554	191,744	1,526,298	1,187,671	-
Deferred charges on refunding	-	35,488	35,488	-	-
Total deferred outflows of resources	6,042,476	913,866	6,956,342	7,433,417	-
LIABILITIES					
Accounts payable	2,157,848	516,917	2,674,765	511,524	505,557
Retainage payable	121,848	6,713	128,561	-	-
Accrued liabilities	1,928,704	218,889	2,147,593	1,981,727	-
Due to primary government (Note 17)	-	-	-	-	12,750,000
Unearned revenue (Note 1)	12,955,826	47,000	13,002,826	-	-
Amounts held for others	26,060	-	26,060	6,269	-
Deposits payable	7,000	369,395	376,395	-	-
Noncurrent liabilities:					
Due within one year (Note 6)	5,479,278	1,348,640	6,827,918	264,228	-
Due in more than one year:					
Net OPEB liability (Notes 9, 10, and 11)	4,828,289	707,681	5,535,970	4,918,659	-
Net pension liability (Notes 7, 8, and 11)	11,222,180	1,537,838	12,760,018	15,736,575	-
Other debt (Note 6)	62,679,089	12,979,634	75,658,723	597,130	-
Total liabilities	101,406,122	17,732,707	119,138,829	24,016,112	13,255,557
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Notes 7, 8, and 11)	8,948,273	1,302,618	10,250,891	12,713,814	-
Deferred inflows related to OPEB (Notes 9, 10, and 11)	1,773,525	250,081	2,023,606	1,954,151	-
Lease related (Note 18)	371,871	260,682	632,553	-	497,303
Property taxes (Note 13)	5,180,856	-	5,180,856	-	-
Total deferred inflows of resources	16,274,525	1,813,381	18,087,906	14,667,965	497,303
NET POSITION					
Net investment in capital assets	36,403,416	57,000,996	93,404,412	12,034,764	6,481,282
Restricted for:					
Programs	243,399	-	243,399	36,934	-
Donor purposes	22,043	-	22,043	143,435	-
Pensions	-	15,407	15,407	66,243	-
Unrestricted (deficit)	32,590,213	19,228,666	51,818,879	(17,851,769)	290,480
Total net position	\$ 69,259,071	\$ 76,245,069	\$ 145,504,140	\$ (5,570,393)	\$ 6,771,762

CITY OF STAUNTON, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 12,730,220	\$ 6,435,910	\$ 358,468	\$ -
Judicial administration	2,547,762	281,048	1,442,067	-
Public safety	14,068,664	333,784	1,403,598	-
Public works	8,438,127	-	4,617,535	721,840
Health and welfare	6,088,157	-	3,804,739	-
Education	18,182,718	-	348,718	-
Parks, recreation, and culture	3,846,110	619,936	248,469	10,350
Community development	3,297,835	18,477	480,680	-
Interest on long-term debt	2,567,257	-	-	-
Total governmental activities	71,766,850	7,689,155	12,704,274	732,190
Business-type activities:				
Water	3,492,651	4,740,183	41,006	33,720
Sewer	3,690,751	3,868,588	48,466	93,080
Storm Water	1,015,056	784,682	-	-
Environmental	3,383,158	3,296,529	8,260	-
Parking	690,247	329,324	-	-
Total business-type activities	12,271,863	13,019,306	97,732	126,800
Total primary government	\$ 84,038,713	\$ 20,708,461	\$ 12,802,006	\$ 858,990
Component Units:				
School Board	\$ 40,060,557	\$ 429,775	\$ 19,208,595	\$ 164,582
Economic Development Authority	767,888	19,485	513,668	-
Total component units	\$ 40,828,445	\$ 449,260	\$ 19,722,263	\$ 164,582

General revenues:

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

Change in net position
Net position - 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		
\$ (5,935,842)		\$ (5,935,842)		
(824,647)		(824,647)		
(12,331,282)		(12,331,282)		
(3,098,752)		(3,098,752)		
(2,283,418)		(2,283,418)		
(17,834,000)		(17,834,000)		
(2,967,355)		(2,967,355)		
(2,798,678)		(2,798,678)		
(2,567,257)		(2,567,257)		
(50,641,231)		(50,641,231)		
-	\$ 1,322,258	1,322,258		
-	319,383	319,383		
-	(230,374)	(230,374)		
-	(78,369)	(78,369)		
-	(360,923)	(360,923)		
-	971,975	971,975		
(50,641,231)	971,975	(49,669,256)		
			\$ (20,257,605)	\$ -
			-	(234,735)
			(20,257,605)	(234,735)
29,245,433	-	29,245,433	-	-
5,484,719	-	5,484,719	-	-
7,018,241	-	7,018,241	-	-
2,741,890	-	2,741,890	-	-
1,183,396	-	1,183,396	-	-
999,140	-	999,140	-	-
1,511,985	-	1,511,985	-	-
(73,084)	(188,556)	(261,640)	1,676	17,328
2,946,726	-	2,946,726	11,533,429	-
21,553	-	21,553	-	-
-	-	-	16,226,024	-
(81,657)	81,657	-	-	-
50,998,342	(106,899)	50,891,443	27,761,129	17,328
		-		
357,111	865,076	1,222,187	7,503,524	(217,407)
68,901,960	75,379,993	144,281,953	(13,073,917)	6,989,169
\$ 69,259,071	\$ 76,245,069	\$ 145,504,140	\$ (5,570,393)	\$ 6,771,762

CITY OF STAUNTON, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2022**

		Capital Projects Fund	Debt Service Fund	Nonmajor Governmental	Total Governmental
	General	Capital Improvements	Debt Service		
Assets					
Cash and cash equivalents	\$ 29,977,225	\$ 16,918,945	\$ 4,968,261	\$ 494,009	\$ 52,358,440
Investments	4,316,703	-	-	-	4,316,703
Receivables (net of allowances for uncollectibles):					
Taxes	5,415,408	-	-	-	5,415,408
Accounts	1,107,506	-	-	38,645	1,146,151
Interest	8,350	-	-	-	8,350
Lease receivable	371,871	-	-	-	371,871
Due from other governments	3,649,153	653,717	-	81,299	4,384,169
Prepaid items	111,400	-	-	-	111,400
Restricted assets:					
Cash and cash equivalents	7,000	-	-	-	7,000
Total assets	<u>\$ 44,964,616</u>	<u>\$ 17,572,662</u>	<u>\$ 4,968,261</u>	<u>\$ 613,953</u>	<u>\$ 68,119,492</u>
Liabilities					
Accounts payable	\$ 1,593,398	\$ 359,683	\$ -	\$ 152,358	\$ 2,105,439
Retainage payable	-	121,848	-	-	121,848
Accrued liabilities	1,049,537	-	-	35,691	1,085,228
Unearned revenue	10,955,826	2,000,000	-	-	12,955,826
Amounts held for others	26,060	-	-	-	26,060
Deposits payable	7,000	-	-	-	7,000
Total liabilities	<u>13,631,821</u>	<u>2,481,531</u>	<u>-</u>	<u>188,049</u>	<u>16,301,401</u>
Deferred Inflows of Resources					
Lease related	371,871	-	-	-	371,871
Unavailable revenue-other	2,001,386	-	-	-	2,001,386
Unavailable revenue-property taxes	7,884,304	-	-	-	7,884,304
Total deferred inflows of resources	<u>10,257,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,257,561</u>
Fund Balances					
Nonspendable	111,400	-	-	-	111,400
Restricted	1,002,931	-	-	-	1,002,931
Committed	10,756,835	-	-	-	10,756,835
Assigned	2,724,344	15,091,131	4,968,261	425,904	23,209,640
Unassigned	6,479,724	-	-	-	6,479,724
Total fund balances	<u>21,075,234</u>	<u>15,091,131</u>	<u>4,968,261</u>	<u>425,904</u>	<u>41,560,530</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,964,616</u>	<u>\$ 17,572,662</u>	<u>\$ 4,968,261</u>	<u>\$ 613,953</u>	<u>\$ 68,119,492</u>

CITY OF STAUNTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total Fund Balances - Governmental Funds		\$ 41,560,530
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	\$ 173,789,724	
Less: accumulated depreciation	<u>(79,854,522)</u>	
		93,935,202
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)		(5,119,213)
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.		
		5,083,026
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	8,350	
Miscellaneous reimbursement	44,234	
Jail buy in	1,928,593	
Real estate taxes	<u>2,706,990</u>	
		17,454,834
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 4,707,922	
Deferred inflows	(8,948,273)	
Net pension liability	<u>(11,222,180)</u>	
		(15,462,531)
Financial statement elements related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows	\$ 1,334,554	
Deferred inflows	(1,773,525)	
Net OPEB liability	<u>(4,828,289)</u>	
		(5,267,260)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds and VRA loans	\$ (59,890,000)	
Lease obligations (net of amount reported in internal service fund \$2,113)	(212,847)	
Accrued interest payable	(876,467)	
Claims payable (net of amount reported as accrued liability in funds \$3,404 and amount reported as claims payable in internal service fund \$955,000)	(192,786)	
Compensated absences (net of amount reported as accrued liability in funds \$29,587)	<u>(1,753,417)</u>	
		(62,925,517)
Total Net Position - Governmental Activities		<u>\$ 69,259,071</u>

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total Governmental
Revenues					
General property taxes	\$ 29,012,709	\$ -	\$ -	\$ -	\$ 29,012,709
Other local taxes	18,939,371	-	-	-	18,939,371
Permits, privilege fees, and regulatory licenses	209,732	-	-	-	209,732
Fines and forfeitures	209,021	-	-	-	209,021
Revenues from use of money and property	23,828	1,427	722	40	26,017
Charges for services	1,904,844	-	-	130,953	2,035,797
Miscellaneous	143,080	-	-	88,831	231,911
Recovered costs	1,204,133	-	-	-	1,204,133
Intergovernmental:					
Federal	1,363,144	778,784	-	264,204	2,406,132
Commonwealth	11,970,025	284,394	-	875,730	13,130,149
Total revenues	64,979,887	1,064,605	722	1,359,758	67,404,972
Expenditures					
Current:					
General government administration	6,240,603	276,994	-	-	6,517,597
Judicial administration	2,643,015	-	-	-	2,643,015
Public safety	13,134,548	329,358	-	1,110,543	14,574,449
Public works	6,534,366	-	-	-	6,534,366
Health and welfare	6,080,600	-	-	-	6,080,600
Education	13,639,476	41,048	-	-	13,680,524
Parks, recreation, and cultural	3,673,965	240,069	-	-	3,914,034
Community development	2,141,128	966,351	-	260,871	3,368,350
Capital projects	-	1,639,709	-	-	1,639,709
Debt service:					
Principal retirement	11,597	-	1,691,000	23,796	1,726,393
Interest and fiscal charges	746	-	2,517,087	3,097	2,520,930
Bond issuance costs	-	-	268,887	-	268,887
Total expenditures	54,100,044	3,493,529	4,476,974	1,398,307	63,468,854
Excess (deficiency) of revenues over expenditures	10,879,843	(2,428,924)	(4,476,252)	(38,549)	3,936,118
Other financing sources (uses)					
Issuance of lease	12,485	-	-	-	12,485
Issuance of debt	-	-	17,625,000	-	17,625,000
Premium on issuance	-	-	3,113,224	-	3,113,224
Payment to escrow agent for refunding of bonds	-	-	(21,924,772)	-	(21,924,772)
Transfers in	-	7,257,050	4,844,415	-	12,101,465
Transfers out	(12,103,822)	-	-	-	(12,103,822)
Total other financing sources (uses)	(12,091,337)	7,257,050	3,657,867	-	(1,176,420)
Net change in fund balance	(1,211,494)	4,828,126	(818,385)	(38,549)	2,759,698
Fund balance - beginning of year , as adjusted	22,286,728	10,263,005	5,786,646	464,453	38,800,832
Fund balance - end of year	<u>\$ 21,075,234</u>	<u>\$ 15,091,131</u>	<u>\$ 4,968,261</u>	<u>\$ 425,904</u>	<u>\$ 41,560,530</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, 2022

Net changes in fund balances - Governmental Funds \$ 2,759,698

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	\$ (4,383,644)	
Capital expenditures	1,873,642	
Transfer school building back to education	(2,233,848)	
Contributed Capital-to Stormwater	(79,300)	
Contributed Capital-Donated assets	<u>106,598</u>	(4,716,552)

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset. (58,431)

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

Property taxes	\$ 232,724	
Interest	(10,928)	
Other operating revenues	<u>4,321</u>	226,117

Payments on loans receivable are revenues in the governmental funds, but decrease long term assets in Jail buy in (615,752)

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

Proceeds from the issuance of refunding debt	\$ (17,625,000)	
Payoff of refunded debt	21,924,772	
GO bond payments	1,491,000	
Literary loan payments	200,000	
Premium on refunding debt	(3,113,224)	
Proceeds from the issuance of lease	(12,485)	
Lease payments (net of amount reported in internal service fund \$2,462)	<u>35,393</u>	2,900,456

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. 15,293

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	\$ 371,139	
OPEB expense	<u>247,607</u>	618,746

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 Employer pension contributions

Pension expense	\$ (1,147,641)	
	<u>1,649,166</u>	501,525

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	\$ 89,114	
Amortization of bond premium	<u>207,380</u>	296,494

The net income of internal service funds is reported within governmental activities on the statement of activities. (1,570,483)

Change in net position - Governmental Activities	<u>\$ 357,111</u>	
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CITY OF STAUNTON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2022

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
Assets							
Current assets:							
Cash and cash equivalents	\$ 5,463,324	\$ 2,569,042	\$ 2,934,044	\$ 1,058,755	\$ 417,759	\$ 12,442,924	\$ 5,039,781
Investments	3,375,082	2,498,552	-	1,313,163	-	7,186,797	-
Receivable:							
Accounts (net of allowance for uncollectibles)	756,159	660,524	116,906	525,457	21,036	2,080,082	703,895
Interest	6,734	4,536	-	2,730	-	14,000	-
Lease Receivable	256,567	-	-	-	4,115	260,682	-
Inventory	-	-	-	-	-	-	326,412
Prepaid items	-	-	-	3,725	-	3,725	22,460
Restricted assets:							
Cash and cash equivalents	209,044	-	155,000	2,639,664	5,351	3,009,059	-
Due from other governments	-	87,612	-	-	-	87,612	-
Total current assets	10,066,910	5,820,266	3,205,950	5,543,494	448,261	25,084,881	6,092,548
Noncurrent assets:							
Restricted assets:							
Due from other governments	-	1,408,392	-	-	-	1,408,392	-
Net pension asset	-	-	-	15,407	-	15,407	-
Total restricted assets	-	1,408,392	-	15,407	-	1,423,799	-
Capital assets:							
Nondepreciable	1,247,268	109,049	329,500	826,471	1,034,249	3,546,537	-
Depreciable, net	19,576,316	31,051,249	7,175,234	1,959,189	5,060,086	64,822,074	56,991
Total capital assets, net	20,823,584	31,160,298	7,504,734	2,785,660	6,094,335	68,368,611	56,991
Total noncurrent assets	20,823,584	32,568,690	7,504,734	2,801,067	6,094,335	69,792,410	56,991
Total assets	30,890,494	38,388,956	10,710,684	8,344,561	6,542,596	94,877,291	6,149,539
Deferred outflows of resources							
Deferred outflows related to pensions	346,549	18,517	33,507	288,061	-	686,634	-
Deferred outflows related to other postemployment benefits	98,075	4,756	9,244	79,669	-	191,744	-
Deferred charge on refunding	24,966	10,522	-	-	-	35,488	-
Total deferred outflows of resources	469,590	33,795	42,751	367,730	-	913,866	-
Liabilities							
Current liabilities:							
Accounts payable	62,954	253,254	10,135	184,607	5,967	516,917	52,409
Retainage payable	6,713	-	-	-	-	6,713	-
Accrued liabilities	96,674	37,036	6,358	55,111	23,710	218,889	-
Unearned revenue	-	-	47,000	-	-	47,000	-
Deposits payable	209,044	-	155,000	-	5,351	369,395	-
Total current liabilities	375,385	290,290	218,493	239,718	35,028	1,158,914	52,409
Noncurrent liabilities:							
Due within one year:							
Bonds, leases, claims, compensated absences	353,796	745,958	2,592	75,814	127,886	1,306,046	957,113
Landfill closure/postclosure	-	-	-	42,594	-	42,594	-
Due in more than one year:							
Net OPEB liability	354,807	17,189	33,430	302,255	-	707,681	-
Net pension liability	826,084	44,150	79,878	587,726	-	1,537,838	-
Bonds, leases, claims, compensated absences	2,736,136	5,849,096	-	7,302	1,803,805	10,396,339	-
Landfill closure/postclosure	-	-	-	2,583,295	-	2,583,295	-
Total noncurrent liabilities	4,270,823	6,656,393	115,900	3,598,986	1,931,691	16,573,793	957,113
Total liabilities	4,646,208	6,946,683	334,393	3,838,704	1,966,719	17,732,707	1,009,522
Deferred Inflows of Resources							
Lease related	256,567	-	-	-	4,115	260,682	-
Deferred inflows related to pensions	658,689	35,198	63,691	545,040	-	1,302,618	-
Deferred inflows related to other post employment benefits	130,342	6,327	12,290	101,122	-	250,081	-
Total deferred inflows of resources	1,045,598	41,525	75,981	646,162	4,115	1,813,381	-
Net Position							
Net investment in capital assets	17,903,175	24,570,456	7,498,504	2,785,660	4,243,201	57,000,996	56,991
Restricted for pensions	-	-	-	15,407	-	15,407	-
Unrestricted	7,765,103	6,864,087	2,844,557	1,426,358	328,561	19,228,666	5,083,026
Total net position	\$ 25,668,278	\$ 31,434,543	\$ 10,343,061	\$ 4,227,425	\$ 4,571,762	\$ 76,245,069	\$ 5,140,017

CITY OF STAUNTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor- Parking	Total	Internal Service
OPERATING REVENUES							
Parking fines	\$ -	\$ -	\$ -	\$ -	\$ 24,422	\$ 24,422	\$ -
Charges for services	4,590,126	3,854,314	784,682	3,260,898	300,594	12,790,614	9,698,430
Rental of property	94,019	-	-	673	4,308	99,000	-
Operating grants	41,006	48,466	-	8,260	-	97,732	-
Miscellaneous	50,738	1,373	-	5,650	-	57,761	13,162
Total operating revenues	4,775,889	3,904,153	784,682	3,275,481	329,324	13,069,529	9,711,592
OPERATING EXPENSES							
Personal services	800,585	509,928	147,304	1,687,366	98,536	3,243,719	-
Claims paid	-	-	-	-	-	-	8,267,732
Rental of property	2,641	1,919	104	105	-	4,769	-
Administrative fees	-	-	-	-	-	-	759,493
Stop loss fees	-	-	-	-	-	-	1,306,700
Repairs and maintenance	386,882	27,859	184	49,235	33	464,193	-
Contractual services	196,270	1,436,557	44,806	562,583	44,034	2,284,250	9,943
Materials and supplies	221,430	39,056	120,288	117,553	849	499,176	52,697
Depreciation	1,028,657	1,347,706	483,521	403,585	310,814	3,574,283	7,013
Utilities	219,615	5,640	-	903	30,424	256,582	-
Other expenses	545,748	208,250	218,849	322,585	140,288	1,435,720	879,294
Landfill closure/post-closure	-	-	-	239,243	-	239,243	-
Total operating expenses	3,401,828	3,576,915	1,015,056	3,383,158	624,978	12,001,935	11,282,872
Operating income (loss)	1,374,061	327,238	(230,374)	(107,677)	(295,654)	1,067,594	(1,571,280)
NONOPERATING REVENUES (EXPENSES)							
Investment earnings (loss)	(89,112)	(71,712)	458	(28,284)	94	(188,556)	908
Interest and fiscal charges	(90,823)	(148,447)	-	-	(65,269)	(304,539)	(111)
Gain on disposal of assets	5,300	12,901	-	29,308	-	47,509	-
Debt service recovery	-	34,611	-	-	-	34,611	-
Total nonoperating revenues (expenses)	(174,635)	(172,647)	458	1,024	(65,175)	(410,975)	797
Income (loss) before transfers and capital contributions	1,199,426	154,591	(229,916)	(106,653)	(360,829)	656,619	(1,570,483)
Capital Contributed-Developer	33,720	93,080	79,300	-	-	206,100	-
Transfers in	1,640	372	94	251	-	2,357	-
Change in net position	1,234,786	248,043	(150,522)	(106,402)	(360,829)	865,076	(1,570,483)
Total net position - beginning of year, as adjusted	24,433,492	31,186,500	10,493,583	4,333,827	4,932,591	75,379,993	6,710,500
Total net position - end of year	<u>\$ 25,668,278</u>	<u>\$ 31,434,543</u>	<u>\$ 10,343,061</u>	<u>\$ 4,227,425</u>	<u>\$ 4,571,762</u>	<u>\$ 76,245,069</u>	<u>\$ 5,140,017</u>

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities – Enterprise Funds						Governmental Activities –
	Water	Sewer	Stormwater	Environmental	Nonmajor	Total	Internal Service
OPERATING ACTIVITIES							
Cash received from customers and users	\$ 4,622,056	\$ 3,947,507	\$ 924,061	\$ 3,319,485	\$ 317,878	\$ 13,130,987	\$ 9,118,844
Cash paid to suppliers	(1,618,877)	(1,859,129)	(403,759)	(1,125,601)	(216,757)	(5,224,123)	(1,021,622)
Cash paid to employees	(815,639)	(542,825)	(142,508)	(1,568,108)	(98,588)	(3,167,668)	-
Claims paid	-	-	-	-	-	-	(8,419,745)
Administrative and stop loss fees	-	-	-	-	-	-	(2,058,833)
Operating grants received	41,006	48,466	-	8,260	-	97,732	-
Net cash provided by (used in) operating activities	2,228,546	1,594,019	377,794	634,036	2,533	4,836,928	(2,381,356)
NONCAPITAL FINANCING ACTIVITIES							
Transfers to/from other funds	1,640	372	94	251	-	2,357	-
Net cash provided by noncapital financing activities	1,640	372	94	251	-	2,357	-
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(634,066)	(484,003)	(17,181)	(208,019)	-	(1,343,269)	-
Principal paid on long-term debt	(221,602)	(555,311)	-	-	(100,000)	(876,913)	(2,462)
Interest paid on long-term debt	(131,909)	(145,478)	-	-	(78,419)	(355,806)	(111)
Principal paid on lease liabilities	(1,637)	(405)	-	-	(8,124)	(10,166)	-
Interest paid on lease liabilities	(80)	(25)	-	-	(2,876)	(2,981)	-
Income received on leases	58,208	-	-	-	4,308	62,516	-
Interest received on leases	10,353	-	-	-	12	10,365	-
Proceeds from sale of capital assets	5,300	12,901	-	29,308	-	47,509	-
Net cash used by capital and related financing activities	(915,433)	(1,172,321)	(17,181)	(178,711)	(185,099)	(2,468,745)	(2,573)
INVESTING ACTIVITIES							
Interest received	716	365	458	6,911	82	8,532	908
Net cash provided by investing activities	716	365	458	6,911	82	8,532	908
Net increase (decrease) in cash and cash equivalents	1,315,469	422,435	361,165	462,487	(182,484)	2,379,072	(2,383,021)
CASH AND CASH EQUIVALENTS							
Beginning of year	4,356,899	2,146,607	2,727,879	3,235,932	605,594	13,072,911	7,422,802
End of year	\$ 5,672,368	\$ 2,569,042	\$ 3,089,044	\$ 3,698,419	\$ 423,110	\$ 15,451,983	\$ 5,039,781
Cash and cash equivalents at end of year is composed of the following:							
Cash and cash equivalents	\$ 5,463,324	\$ 2,569,042	\$ 2,934,044	\$ 1,058,755	\$ 417,759	\$ 12,442,924	\$ 5,039,781
Restricted cash and cash equivalents	209,044	-	155,000	2,639,664	5,351	3,009,059	-
Total	\$ 5,672,368	\$ 2,569,042	\$ 3,089,044	\$ 3,698,419	\$ 423,110	\$ 15,451,983	\$ 5,039,781

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, 2022

	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 (used in) operating activities							
Operating income (loss)	\$ 1,374,061	\$ 327,238	\$ (230,374)	\$ (107,677)	\$ (295,654)	\$ 1,067,594	\$ (1,571,280)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation	1,028,657	1,347,706	483,521	403,585	310,814	3,574,283	7,013
Inflows from leases	(58,208)	-	-	-	(4,308)	(62,516)	-
Pension and OPEB expense net of employer contributions	(59,190)	(31,651)	5,273	100,108	-	14,540	-
Expense of previous construction in progress	-	-	72,998	-	-	72,998	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	19,609	91,820	9,381	52,264	(7,036)	166,038	(592,748)
(Increase) decrease in prepaid items	-	-	-	(3,725)	-	(3,725)	(8,970)
(Increase) decrease in inventory	-	-	-	-	-	-	(80,679)
Increase (decrease) in accounts payable	(46,291)	(139,848)	(19,528)	(26,319)	(1,128)	(233,114)	17,321
Increase (decrease) in accrued liabilities	14,270	(961)	843	8,615	(52)	22,715	-
Increase (decrease) in unearned revenue	(68,546)	-	47,000	-	-	(21,546)	-
Increase (decrease) in deposits payable	(5,682)	-	10,000	-	(103)	4,215	-
Increase (decrease) in compensated absences	29,866	(285)	(1,320)	10,535	-	38,796	-
Increase (decrease) in claims payable	-	-	-	-	-	-	(152,013)
Increase (decrease) in landfill closure/postclosure liabilities	-	-	-	196,650	-	196,650	-
Net cash provided by operating activities	<u>\$ 2,228,546</u>	<u>\$ 1,594,019</u>	<u>\$ 377,794</u>	<u>\$ 634,036</u>	<u>\$ 2,533</u>	<u>\$ 4,836,928</u>	<u>\$ (2,381,356)</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from developers	\$ -	\$ 93,080	\$ -	\$ -	\$ -	\$ 93,080	\$ -
Right of Use lease asset	-	-	-	-	92,796	-	-
Lease Liability	-	-	-	-	(92,796)	-	-
Capital assets purchased on account	16,792	6,879	6,230	-	-	29,901	-
Total noncash activities	<u>\$ 16,792</u>	<u>\$ 99,959</u>	<u>\$ 6,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,981</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, 2022

	OPEB Trust Fund	Custodial Fund VASAP
ASSETS		
Cash and cash equivalents	\$ -	\$ 94,589
Assets held in trust, Investment in pooled funds, at fair value	4,558,844	-
Total assets	\$ 4,558,844	\$ 94,589
LIABILITIES		
Accounts Payable	\$ -	\$ 3,079
Total liabilities	-	3,079
NET POSITION		
Restricted for:		
Other post-employment benefits	4,558,844	-
Other agencies	-	91,510
Total net position	\$ 4,558,844	\$ 91,510

CITY OF STAUNTON, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2022

	OPEB Trust Fund	Custodial Fund VASAP
ADDITIONS		
Contributions:		
Employer	\$ 1,144,765	\$ -
Plan members	103,666	-
Transfer from previous fiscal agent	-	78,768
Fees	-	294,761
Total contributions	1,248,431	373,529
Investment income (loss)		
Interest income	-	11
Net increase in fair value of investments	(443,978)	-
Investment expenses	(5,579)	-
Net investment income (loss)	(449,557)	11
Total additions	798,874	373,540
DEDUCTIONS		
Benefit payments	922,396	-
Administrative expenses	132,035	-
VASAP expenses	-	282,030
Total deductions	1,054,431	282,030
Change in net position	(255,557)	91,510
Total net position - beginning of year	4,814,401	-
Total net position - end of year	\$ 4,558,844	\$ 91,510

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2022

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 \$2,747,490 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, 2022

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, 2022

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.

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.

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.

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

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

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

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

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

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

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

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

Fiduciary Funds account for assets held by the City in a trustee capacity or as a custodian for individuals, other governmental units, or other funds. **The OPEB Trust Fund** accounts for the assets held for, and costs of, other post-employment benefits (OPEB). The **VASAP Fund** is a custodial fund, reporting funds held in a custodial capacity for the Valley Alcohol Safety Action Program. These funds are accounted for in the same manner as a proprietary fund type with the measurement focus upon determination of the change in net position.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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)	\$ 886,871
General Fund (other local taxes)	4,239
Water Fund (charges for services)	45,793
Sewer Fund (charges for services)	42,822
Stormwater Fund (charges for services)	19,431
Parking Fund (charges for services)	755
Environmental Fund (charges for services)	48,607
	<hr/>
	\$ 1,048,518
	<hr/>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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.

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

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

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

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

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

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Compensated Absences

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 of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences (Continued)

City Employees

City employees earn general leave based on length of service. In the event of resignation or retirement, a City employee is compensated at his or her then current rate of pay for accumulated general leave, up to a 480 hour maximum (640 hour maximum for fire personnel). 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.

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 Stormwater fund, unearned revenue consists of utility fees paid in advance, which apply to subsequent periods.

In the General and Capital Improvements funds, unearned revenue consists of American Rescue Plan Act funds, 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2022

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 \$5,570,393 at June 30, 2022 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, 2022

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 16.5% of the subsequent fiscal year's adopted expenditure budget for the general fund and all other major operating funds, including water, sewer, storm water, and environmental. In the adopted resolution, the safety net reserve is to be reported as committed fund balance. The safety net reserve at June 30, 2022 for the general fund is \$10,756,835. 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, 2022

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, 2022

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	\$ 31,639	Not Rated
Federal Agency Bonds and Notes	8,624,030	AA+
US Treasury Bills/Notes	2,847,832	AA+
Local Government Investment Pool (LGIP)	<u>1,689,638</u>	AAAm
Total primary government	<u>13,193,139</u>	
<u>Component Unit School Board</u>		
US Treasury Bills/Notes	17,000	AA+
Local Government Investment Pool (LGIP)	<u>372,217</u>	AAAm
Total Component Unit School Board	<u>389,217</u>	
Grand total	<u>\$ 13,582,356</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	28.54%
Federal Farm Credit Bank	21.55%
Federal Home Loan Home Mortgage	13.41%

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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	\$ 31,639	N/A
Federal Agency Notes and Bonds	8,624,030	.02
US Treasury Bills	2,864,832	.08
Local Government Investment Pool (LGIP)	2,061,855	N/A
	<u>\$ 13,582,356</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	\$ 12,354	\$ 175	\$ -
Deposits	71,155,211	8,021,696	87,095
Investments	13,193,139	389,217	-
	<u>\$ 84,360,704</u>	<u>\$ 8,411,088</u>	<u>\$ 87,095</u>
Statement of net position:			
Cash and cash equivalents	\$ 69,841,145	\$ 8,382,794	\$ 87,095
Investments	11,503,500	-	-
Restricted-cash and cash equivalents	3,016,059	28,294	-
	<u>\$ 84,360,704</u>	<u>\$ 8,411,088</u>	<u>\$ 87,095</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, 2022:

	Level 2
Debt securities	
U.S. Agency securities	<u>\$ 11,488,862</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, 2022

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	\$ 2,455,576	\$ -	\$ 4,999,859
Virginia revolving loans	-	1,496,004	-
Regional jail buy-in	1,928,593	-	-
	<u>\$ 4,384,169</u>	<u>\$ 1,496,004</u>	<u>\$ 4,999,859</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	\$ 175,979	\$ 24,992
Amount receivable within 2 to 5 years	926,583	78,272
Amount receivable beyond 5 years	393,442	8,500
	<u>\$ 1,496,004</u>	<u>\$ 111,764</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	\$ 629,114	\$ 41,850
Amount receivable within 2 to 5 years	1,299,479	42,449
	<u>\$ 1,928,593</u>	<u>\$ 84,299</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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	\$ 7,257,050	\$ 4,844,415	\$ 2,357	\$12,103,822

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 increased telephone costs.

Component Unit School Board:

Transfers Out	Transfers In		
	Education Fund	Nonmajor Governmental Funds	Total
Education fund	\$ -	\$ 207,290	\$ 207,290
Nonmajor governmental funds	309,399	-	309,399
Total	<u>\$ 309,399</u>	<u>\$ 207,290</u>	<u>\$ 516,689</u>

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

Interfund Advances:

In the School Board Component Unit, the Education Fund has a receivable in the amount of \$666,536 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, 2022

Note 5. Capital Assets

Primary Government:

Capital asset activity for the primary government is as follows:

	Beginning Balance As Restated*	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 4,762,181	\$ -	\$ -	\$ 4,762,181
Construction in progress	1,379,639	639,353	1,379,639	639,353
Total capital assets, not depreciated	6,141,820	639,353	1,379,639	5,401,534
Capital assets, depreciated:				
Buildings	13,401,305	38,760	-	13,440,065
Leased assets-buildings	232,082	-	-	232,082
Improvements	4,762,608	319,260	-	5,081,868
School assets*	70,882,456	-	4,000,000	66,882,456
Equipment	19,001,380	905,297	1,003,452	18,903,225
Leased assets-equipment	35,798	12,485	-	48,283
Infrastructure	62,434,787	1,365,424	-	63,800,211
Total capital assets, depreciated	170,750,416	2,641,226	5,003,452	168,388,190
Less accumulated depreciation for:				
Buildings	7,656,328	293,454	-	7,949,782
Leased assets-buildings	-	39,603	-	39,603
Improvements	3,023,948	134,049	-	3,157,997
School assets**	9,553,824	1,890,535	1,766,152	9,678,207
Equipment	13,938,343	981,510	945,021	13,974,832
Leased assets-equipment	-	14,066	-	14,066
Infrastructure	44,002,595	1,037,440	-	45,040,035
Total accumulated depreciation	78,175,038	4,390,657	2,711,173	79,854,522
Total capital assets, depreciated, net	92,575,378	(1,749,431)	2,292,279	88,533,668
Total capital assets, net, governmental activities	\$ 98,717,198	\$ (1,110,078)	\$ 3,671,918	\$ 93,935,202

*Amounts have been restated to include items related to the implementation of GASB 87, *Leases*. For more information, see Note 18.

**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.

During fiscal year 2022, the City transferred back assets with a net book value of \$2,233,848 because the debt was fully paid during the year.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 5. Capital Assets (Continued)

Primary Government: (Continued)

	Beginning Balance As Restated*	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not depreciated:				
Land (including easements)	\$ 2,152,579	\$ -	\$ -	\$ 2,152,579
Construction in progress	1,045,263	772,813	424,118	1,393,958
Total capital assets, not depreciated	3,197,842	772,813	424,118	3,546,537
Capital assets, depreciated:				
Landfill	3,521,076	-	30,925	3,490,151
Buildings	42,339,772	-	-	42,339,772
Improvements	5,294,670	-	-	5,294,670
Leased assets-improvements	-	92,796	-	92,796
Equipment	14,630,228	652,918	236,267	15,046,879
Leased assets-equipment	6,129	-	-	6,129
Utility lines	66,021,320	222,657	-	66,243,977
Total capital assets, depreciated	131,813,195	968,371	267,192	132,514,374
Less accumulated depreciation				
Landfill	2,557,902	129,286	30,925	2,656,263
Buildings	17,531,958	947,352	-	18,479,310
Improvements	1,753,244	212,727	-	1,965,971
Leased assets-improvements	-	9,280	-	9,280
Equipment	10,171,921	682,768	236,267	10,618,422
Leased assets-equipment	-	2,021	-	2,021
Utility lines	32,370,184	1,590,849	-	33,961,033
Total accumulated depreciation	64,385,209	3,574,283	267,192	67,692,300
Total capital assets, depreciated, net	67,427,986	(2,605,912)	-	64,822,074
Total capital assets, net, business-type activities	\$ 70,625,828	\$ (1,833,099)	\$ 424,118	\$ 68,368,611

*Amounts have been restated to include items related to the implementation of GASB 87, *Leases*. For more information, see Note 18.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 5. Capital Assets (Continued)

Component Unit – School Board

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

	Beginning Balance As Restated*	Additions	Deletions	Ending Balance
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	261,000	-	25,000	236,000
Buildings	81,291,045	131,568	-	81,422,613
Improvements	3,712,510	-	-	3,712,510
School assets allocated to the City**	(70,882,456)	-	(4,000,000)	(66,882,456)
Lease assets-equipment	116,955	8,076	-	125,031
Equipment	11,458,625	613,116	267,928	11,803,813
Total capital assets, depreciated	25,696,679	752,760	(3,732,072)	30,181,511
Less accumulated depreciation				
Buildings	18,682,016	1,911,583	-	20,593,599
Improvements	570,781	122,136	-	692,917
School assets allocated to the City*	(9,553,824)	(1,890,535)	(1,766,152)	(9,678,207)
Leased assets-equipment	-	55,363	-	55,363
Equipment	6,186,662	726,085	265,967	6,646,780
Total accumulated depreciation	15,885,635	924,632	(1,500,185)	18,310,452
Total capital assets, depreciated, net	9,811,044	(171,872)	(2,231,887)	11,871,059
Total capital assets, net	\$ 10,072,044	\$ (171,872)	\$ (2,206,887)	\$ 12,107,059

*Amounts have been restated to include items related to the implementation of GASB 87, *Leases*. For more information, see Note 18.

**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.

During fiscal year 2022, the City transferred back assets with a net book value of \$2,233,848 because the debt was fully paid during the year.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 5. Capital Assets (Continued)

Component Unit – EDA

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

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit – EDA:				
Capital assets, not depreciated:				
Land	\$ 793,946	\$ -	\$ -	\$ 793,946
Total capital assets, not depreciated	<u>793,946</u>	<u>-</u>	<u>-</u>	<u>793,946</u>
Capital assets, depreciated:				
Buildings	8,305,640	-	-	8,305,640
Equipment	<u>1,990,831</u>	<u>-</u>	<u>-</u>	<u>1,990,831</u>
Total capital assets, depreciated	<u>10,296,471</u>	<u>-</u>	<u>-</u>	<u>10,296,471</u>
Less accumulated depreciation				
Buildings	2,663,102	164,744	-	2,827,846
Equipment	<u>1,716,813</u>	<u>64,476</u>	<u>-</u>	<u>1,781,289</u>
Total accumulated depreciation	<u>4,379,915</u>	<u>229,220</u>	<u>-</u>	<u>4,609,135</u>
Total capital assets, depreciated, net	<u>5,916,556</u>	<u>(229,220)</u>	<u>-</u>	<u>5,687,336</u>
Total capital assets, net	<u>\$ 6,710,502</u>	<u>\$ (229,220)</u>	<u>\$ -</u>	<u>\$ 6,481,282</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 214,574
Judicial administration	26,055
Public safety	469,650
Public works	1,473,915
Health and welfare	18,582
Education	1,890,534
Parks, recreation, and culture	289,846
Community development	488
Total depreciation/amortization-governmental funds	<u>4,383,644</u>
Internal service fund*	7,013
Total depreciation/amortization expense – governmental activities	<u><u>\$ 4,390,657</u></u>

Business-type activities:

Water	\$ 1,028,657
Sewer	1,347,706
Storm water	483,521
Environmental	403,585
Parking	<u>310,814</u>
Total depreciation expense – business-type	<u><u>\$ 3,574,283</u></u>

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

Instruction	\$ 659,327
Administration, attendance and health	56,165
Pupil transportation	104,009
School food service	30,157
Operation and maintenance	<u>74,974</u>
Total depreciation expense – School Board	<u><u>\$ 924,632</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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*Depreciation/amortization of capital assets held by the City's inventory internal service fund is charged to general government administration.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 6. Long-Term Liabilities

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

Primary Government:

	Beginning Balance, As Restated*	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
General Obligation bonds	\$ 65,680,772	\$ -	\$ 23,415,772	\$ 42,265,000	\$ 805,000
Virginia revolving loan	-	17,625,000	-	17,625,000	2,200,000
Literary fund loans	200,000	-	200,000	-	-
Premium	2,213,369	3,113,224	207,380	5,119,213	337,097
Leases	240,330	12,485	37,855	214,960	37,877
Compensated absences	1,740,627	1,226,442	1,184,065	1,783,004	1,126,614
Claims payable	1,402,724	8,031,508	8,283,042	1,151,190	972,690
Total long-term liabilities	<u>\$ 71,477,822</u>	<u>\$ 30,008,659</u>	<u>\$ 33,328,114</u>	<u>\$ 68,158,367</u>	<u>\$ 5,479,278</u>

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

	Beginning Balance, As Restated*	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Virginia revolving loans	\$ 11,703,829	\$ -	\$ 1,046,807	\$ 10,657,022	\$ 1,060,749
Premium	782,283	-	76,932	705,351	76,931
Leases	6,237	92,796	10,165	88,868	10,011
Compensated absences	212,348	204,741	165,945	251,144	158,355
Landfill closure/post closure liability	2,429,239	239,244	42,594	2,625,889	42,594
Total long-term liabilities	<u>\$ 15,133,936</u>	<u>\$ 536,781</u>	<u>\$ 1,342,443</u>	<u>\$ 14,328,274</u>	<u>\$ 1,348,640</u>

Component Unit – School Board

Other liabilities:					
Compensated absences	\$ 776,521	\$ 171,760	\$ 159,218	\$ 789,063	\$ 206,395
Leases	119,922	8,076	55,703	72,295	57,833
Total long-term liabilities	<u>\$ 896,443</u>	<u>\$ 179,836</u>	<u>\$ 214,921</u>	<u>\$ 861,358</u>	<u>\$ 264,228</u>

*Amounts have been restated to include items related to the implementation of GASB 87, *Leases*. For more information, see Note 18.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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>						
2019A VPSA Spring Pool – Staunton High School	3.05-5.05%	05/2019	7/2049	43,760,000	\$ 42,265,000	\$ -
					<u>\$ 42,265,000</u>	<u>\$ -</u>
<u>Virginia Revolving Loan Funds:</u>						
Middle River Wastewater Phase IIIA improvements	1.721%*	01/2008	03/2030	9,309,033	\$ -	\$ 4,386,831
Middle River Wastewater Phase IIIB improvements	1.721%*	09/2008	03/2030	2,066,747	-	975,191
2017C Water and Sewer Refunding Bonds	4.829-5.125%	11/2017	10/2030	3,940,000	-	3,625,000
2018A VRA Parking Bonds-renovation of parking garages	3.125-5.125%	05/2018	10/2033	1,955,000	-	1,670,000
2021C Refunding-refunding 2012/2013 Staunton Crossing, 2005 PI hotel and golf, McSwain and Ware literary loans	5.13%	11/2021	10/2033	17,625,000	17,625,000	-
					<u>\$ 17,625,000</u>	<u>\$ 10,657,022</u>

*Interest rate modification 9/2021

Annual debt service requirements to maturity are as follows:

Governmental Activities						
General Obligation Bonds		Virginia Revolving Loan		Leases		
Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 805,000	\$ 1,548,512	\$ 2,200,000	\$ 833,056	\$ 37,877	\$ 3,092
2024	850,000	1,506,724	2,285,000	718,128	39,577	2,535
2025	890,000	1,462,789	2,385,000	598,459	49,971	2,144
2026	940,000	1,416,581	2,150,000	482,250	49,023	1,237
2027	985,000	1,367,975	2,240,000	369,756	38,512	382
2028-2032	5,745,000	6,019,756	5,165,000	683,741	-	-
2033-2037	7,120,000	4,654,899	1,200,000	47,138	-	-
2038-2042	8,370,000	3,399,439	-	-	-	-
2043-2047	9,835,000	1,937,749	-	-	-	-
2048-2052	6,725,000	337,673	-	-	-	-
	<u>\$ 42,265,000</u>	<u>\$ 23,652,097</u>	<u>\$ 17,625,000</u>	<u>\$ 3,732,528</u>	<u>\$ 214,960</u>	<u>\$ 9,390</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 6. Long-Term liabilities (Continued)

Business-Type Activities				
	Virginia Revolving Loan		Leases	
	Principal	Interest	Principal	Interest
2023	\$ 1,060,749	\$ 334,997	\$ 10,011	\$ 2,920
2024	1,096,651	302,567	9,258	2,602
2025	1,127,741	267,646	9,573	2,286
2026	1,164,023	231,380	9,686	1,960
2027	1,205,499	193,510	9,369	1,631
2028-2032	4,657,359	387,847	40,971	3,030
2033-2037	345,000	11,761	-	-
	<u>\$ 10,657,022</u>	<u>\$ 1,729,708</u>	<u>\$ 88,868</u>	<u>\$ 14,429</u>

Component Unit-School Board			
	Leases		
	Principal	Interest	
2023	\$ 57,833	\$ 3,594	
2024	10,762	100	
2025	1,630	41	
2026	1,653	18	
2027	417	1	
	<u>\$ 72,295</u>	<u>\$ 3,754</u>	

Current Refunding of Debt

In November 2021, the City issued the 2021C bonds to refund the outstanding principal amount of the series 2005 Public Improvement bonds, the 2012 and 2013 bank qualified debt for Staunton Crossing, and the 2019B Refunding bonds (that refunded the 2007 hotel/golf debt and the McSwain/Ware literary loans). This refunding was undertaken to reduce total debt service payments by \$509,898, resulting in a net present value savings of \$467,299. The amount outstanding as of June 30, 2022 was \$17,625,000.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan

Plan Description

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

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

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

The disclosures for the City of Staunton (City) do not include data for the City’s share of the August Regional Landfill (Landfill), a hybrid undivided/joint interest venture, since the Landfill is not part of the City’s covered employment in VRS. The City does, however, include it’s share of the Landfill net pension liability, deferred outflows, and deferred inflows in the financial statements. For more information, see Note 11.

Employees Covered by Benefit Terms

As of the June 30, 2020 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>315</u>
Inactive members:	
Vested inactive members	44
Non-vested inactive members	84
Inactive members active elsewhere in VRS	<u>134</u>
Total inactive members	262
Active members	<u>292</u>
Total covered employees	<u><u>869</u></u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan (Continued)

	School Non- Professional
Inactive members or their beneficiaries currently receiving benefits	45
Inactive members:	
Vested inactive members	9
Non-vested inactive members	33
Inactive members active elsewhere in VRS	16
Total inactive members	58
Active members	44
Total covered employees	147

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, 2022 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 \$2,403,574 and \$2,289,915 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the pension plan from the school division were \$103,430 and \$87,770 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2020, 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, 2021.

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 fair 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 Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, no change to salary scale, no change to discount rate.

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

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.39 %

- * The above allocation provides for a one-year return of 7.39%. 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 6.94%, 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 at that time, providing a median return of 7.11%.

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, 2021, 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, 2021 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, 2022

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, 2020	\$ 88,061,168	\$ 63,802,070	\$ 24,259,098
Changes for the year:			
Service cost	1,716,732	-	1,716,732
Interest	5,782,576	-	5,782,576
Differences between expected and actual experience	(2,422,691)	-	(2,422,691)
Changes in assumptions	3,576,169	-	3,576,169
Contributions – employer	-	2,203,260	(2,203,260)
Contributions – employee	-	712,807	(712,807)
Net investment income	-	17,277,784	(17,277,784)
Benefit payments, including refunds of employee contributions	(4,786,764)	(4,786,764)	-
Administrative expenses	-	(43,608)	43,608
Other changes	-	1,623	(1,623)
Net changes	3,866,022	15,365,102	(11,499,080)
Balances at June 30, 2021	\$ 91,927,190	\$ 79,167,172	\$ 12,760,018

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability (Asset)-School Nonprofessionals

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2020	\$ 4,598,291	\$ 4,084,551	\$ 513,740
Changes for the year:			
Service cost	104,071	-	104,071
Interest	298,501	-	298,501
Differences between expected and actual experience	61,551	-	61,551
Change in assumptions	175,002	-	175,002
Contributions – employer	-	77,792	(77,792)
Contributions – employee	-	53,818	(53,818)
Net investment income	-	1,090,247	(1,090,247)
Benefit payments, including refunds of employee contributions	(352,114)	(352,114)	-
Administrative expenses	-	(2,851)	2,851
Other changes	-	102	(102)
Net changes	287,011	866,994	(579,983)
Balances at June 30, 2021	\$ 4,885,302	\$ 4,951,545	\$ (66,243)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's net pension liability	\$ 24,333,399	\$ 12,760,018	\$ 3,178,047
School nonprofessional employees net pension liability (asset)	\$ 432,167	\$ (66,243)	\$ (488,196)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2022, the City recognized pension expense of \$1,875,160. At June 30, 2022, 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	\$ 496,126	\$ 1,606,970
Change in assumptions	2,453,367	-
Net difference between projected and actual earnings on pension plan investments	-	8,567,528
Employer contributions subsequent to the measurement date	2,403,574	-
	<u>2,403,574</u>	<u>-</u>
Total	<u>\$ 5,353,067</u>	<u>\$ 10,174,498</u>

For the year ended June 30, 2022, the school division recognized pension expense of \$58,486 for nonprofessional employees. At June 30, 2022, 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	\$ 40,367	\$ -
Change in assumptions	91,668	-
Net difference between projected and actual earnings on pension plan investments	-	536,014
Employer contributions subsequent to the measurement date	103,430	-
	<u>103,430</u>	<u>-</u>
Total	<u>\$ 235,465</u>	<u>\$ 536,014</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan (Continued)

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

The \$2,403,574 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2023	\$ (1,065,279)
2024	(1,556,386)
2025	(1,996,199)
2026	(2,607,142)
2027	-

The \$103,430 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2023	\$ (4,379)
2024	(110,410)
2025	(124,775)
2026	(164,415)
2027	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, approximately \$200,627 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 7. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan-School Division

At June 30, 2022, approximately \$5,879 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

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

General Information about the Teacher Cost Sharing Plan

Plan Description

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

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, 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, 2022 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 \$3,253,274 and \$ 2,973,803 and for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2022, the school division reported a liability of \$15,736,575 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .20271% as compared to .20542% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(146,703). 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, 2022, 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	\$ -	\$ 1,340,347
Change in assumptions	2,757,007	9,916,768
Changes in proportionate share	-	920,685
Employer contributions subsequent to the measurement date	3,253,274	-
Total	<u>\$ 6,010,281</u>	<u>\$ 12,177,800</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$3,253,274 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. 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 Ended June 30,	Increase (Reduction) to Pension Expense
2023	\$ (2,358,612)
2024	(2,041,845)
2025	(2,156,647)
2026	(2,865,668)
2027	1,979

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,618,044</u>
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,097</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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, 2022

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	\$ 30,370,737	\$ 15,736,575	\$ 3,698,022

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, approximately \$83,963 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 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.

The disclosures for the City of Staunton (City) do not include data for the City's share of the August Regional Landfill (Landfill), a hybrid undivided/joint interest venture, since the Landfill is not part of the City's health plan or Trust. The City does, however, include its share of the Landfill net OPEB liability, deferred outflows, and deferred inflows in the financial statements. For more information, see Note 11.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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. The City and School Board OPEB Trust is 100% invested in an external investment pool and is thus excluded concentration of credit risk disclosure.

Rate of return. For the year ended June 30, 2022 the annual money-weighted rate of return on investments, net of investment expense, was -9.04% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The average long-term rate of return assumed in calculations is 7.5% with inflation calculated at 2.75%.

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

Plan Description

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

Plan Membership-City

Inactive members or their beneficiaries currently receiving benefits	49
Active members	281
Total covered employees	330

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	17
Active members	405
Total covered employees	422

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 2022, 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, 2022, the City contributed \$736,000 to the City's healthcare plan for health insurance and contributed \$103,000 to the Virginia Pooled OPEB Trust. The contribution to the trust and the City contributions to the healthcare plan combine to over fund the actuarially determined contribution (ADC) of \$628,000 for fiscal year 2022 by \$211,000. It is the City's intent to fully fund the ADC each year.

School Board

The contribution requirements of the School Board healthcare plan members and School Board are established and may be amended by the School Board. During fiscal year 2022, the School Board paid approximately 73% of the existing rate for subscriber only coverage and the retiree paid the remaining 27% plus any additional premium for spouse or dependent coverage.

For the fiscal year ended June 30, 2022, the School Board contributed \$319,000 to the School Board's healthcare plan for health insurance and contributed \$91,000 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 \$266,000 for fiscal year 2022 by \$144,000. It is the School Board's intent to fully fund the ADC each year.

Net OPEB Liability

The City and School Board's total OPEB liabilities of \$4,638,000 and \$1,165,000, respectively, were measured as of July 1, 2021 and was determined by an actuarial valuation performed as of July 1, 2021.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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	6.0% for fiscal year 2022, then decreasing .25% per year to an ultimate rate of 5.0%
Mortality rates	RP-2014 Mortality table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

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, 2022

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, 2020	\$ 7,023,000	\$ 1,744,000	\$ 5,279,000
Changes for the year:			
Service cost	164,000	-	164,000
Interest	527,000	-	527,000
Difference between expected and actual			
Experience	(346,000)	-	(346,000)
Assumption changes	190,000	-	190,000
Contributions – employer	-	599,000	(599,000)
Contributions – employee	-	55,000	(55,000)
Net investment income	-	524,000	(524,000)
Benefit payments	(325,000)	(325,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	210,000	851,000	(641,000)
Balances at June 30, 2021	<u>\$ 7,233,000</u>	<u>\$ 2,595,000</u>	<u>\$ 4,638,000</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, 2020	\$ 3,390,000	\$ 1,633,000	\$ 1,757,000
Changes for the year:			
Service cost	110,000	-	110,000
Interest	256,000	-	256,000
Difference between expected and actual			
Experience	(299,000)	-	(299,000)
Assumption changes	97,000	-	97,000
Contributions – employer	-	214,000	(214,000)
Contributions – employee	-	53,000	(53,000)
Net investment income	-	491,000	(491,000)
Benefit payments	(170,000)	(170,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	(6,000)	586,000	(592,000)
Balances at June 30, 2021	<u>\$ 3,384,000</u>	<u>\$ 2,219,000</u>	<u>\$ 1,165,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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

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

The following presents the net OPEB liability using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
City's net OPEB liability	\$ 5,281,000	\$ 4,638,000	\$ 4,070,000
School Board net OPEB liability	\$ 1,453,000	\$ 1,165,000	\$ 904,000

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 6.0%, 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 (5.0%) or one percentage point higher (7.0%) than the current rate:

	1.00% Decrease (5.0%)	Current Healthcare Cost Trend Rates Rate (6.0%)	1.00% Increase (7.0%)
City's net OPEB liability	\$ 4,003,000	\$ 4,638,000	\$ 5,373,000
School Board net OPEB liability	\$ 846,000	\$ 1,165,000	\$ 1,532,000

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$249,000. At June 30, 2022, 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	\$ -	\$ 959,000
Change in assumptions	425,000	447,000
Net difference between projected and actual earnings on OPEB plan investments	-	247,000
Employer contributions subsequent to the measurement date	839,000	-
Total	<u>\$ 1,264,000</u>	<u>\$ 1,653,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 \$839,000 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2023	\$ (313,000)
2024	(309,000)
2025	(302,000)
2026	(244,000)
2027	(42,000)
Thereafter	(18,000)

For the year ended June 30, 2022, the School Board recognized OPEB expense of \$5,000. At June 30, 2022, 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	\$ -	\$ 687,000
Change in assumptions	159,000	330,000
Net difference between projected and actual earnings on OPEB plan investments	-	235,000
Employer contributions subsequent to the measurement date	410,000	-
Total	<u>\$ 569,000</u>	<u>\$ 1,252,000</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 \$410,000 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2023	\$ (251,000)
2024	(247,000)
2025	(251,000)
2026	(219,000)
2027	(85,000)
Thereafter	(40,000)

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, 2022

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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Number
Inactive members or their beneficiaries currently receiving benefits	20
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	21
Active members	44
Total covered employees	65

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2020 (general employee HIC program) and June 30, 2019 (GLI and teacher HIC program). 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</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% 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, 2022 Contribution	\$85,865
June 30, 2021 Contribution	\$81,008

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% 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, 2022 Contribution	\$113,354
June 30, 2021 Contribution	\$103,010

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2022 Contribution	\$236,851
June 30, 2021 Contribution	\$216,504

General Employee Health Insurance Credit Program – School Division

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.69% of covered employee compensation.
June 30, 2022 Contribution	\$9,618
June 30, 2021 Contribution	\$8,162

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2022 proportionate share of liability	\$845,959
June 30, 2021 proportion	.07266%
June 30, 2020 proportion	.07516%
June 30, 2022 expense	\$32,196

Group Life Insurance Program-School Division Professional employees

June 30, 2022 proportionate share of liability	\$1,008,957
June 30, 2021 proportion	.08666%
June 30, 2020 proportion	.08787%
June 30, 2022 expense	\$23,033

Group Life Insurance Program-School Division Non-professional employees

June 30, 2022 proportionate share of liability	\$66,713
June 30, 2021 proportion	.00573%
June 30, 2020 proportion	.00575%
June 30, 2022 expense	\$2,232

Teacher Health Insurance Credit Program

June 30, 2022 proportionate share of liability	\$2,596,917
June 30, 2021 proportion	.20232%
June 30, 2020 proportion	.20589%
June 30, 2022 expense	\$177,265

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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, 2020	\$ 107,185	\$ 20,289	\$ 86,896
Changes for the year:			
Service cost	1,826	-	1,826
Interest	6,834	-	6,834
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(4,156)	-	(4,156)
Changes in assumptions	2,402	-	2,402
Contributions – employer	-	8,162	(8,162)
Net investment income	-	4,614	(4,614)
Benefit payments, including refunds of employee contribution	(11,889)	(11,889)	-
Administrative expenses	-	(46)	46
Other changes	-	-	-
Net changes	(4,983)	841	(5,824)
Balances at June 30, 2021	\$ 102,202	\$ 21,130	\$ 81,072

The School Division recognized OPEB expense of \$7,986 related to the General Employee Health Insurance Credit Program.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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

At June 30, 2022, 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	\$ 96,485	\$ 6,446
Change in assumptions	46,638	115,745
Net difference between projected and actual earnings on OPEB plan investments	-	201,912
Changes in proportion	22,853	37,422
Employer contributions subsequent to the measurement date	85,865	-
Total	<u>\$ 251,841</u>	<u>\$ 361,525</u>

Group Life Insurance Program-School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,684	\$ 8,196
Change in assumptions	59,302	147,175
Net difference between projected and actual earnings on OPEB plan investments	-	256,740
Changes in proportion	-	58,943
Employer contributions subsequent to the measurement date	113,354	-
Total	<u>\$ 295,340</u>	<u>\$ 471,054</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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	\$ -	\$ 45,316
Change in assumptions	70,199	10,437
Net difference between projected and actual earnings on OPEB plan investments	-	34,209
Changes in proportion	-	135,614
Employer contributions subsequent to the measurement date	236,851	-
Total	<u>\$ 307,050</u>	<u>\$ 225,576</u>

General Employee Health Insurance Credit Program – School Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,045	\$ 3,525
Change in assumptions	2,618	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,996
Employer contributions subsequent to the measurement date	9,618	-
Total	<u>\$ 16,281</u>	<u>\$ 5,521</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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

The deferred outflows of resources related to OPEB resulting from the political subdivision and school division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. 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 Ended June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (44,137)
2024	(32,894)
2025	(33,262)
2026	(67,346)
2027	(17,910)
Thereafter	-

Group Life Insurance Program-School Division

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (71,794)
2024	(58,372)
2025	(53,863)
2026	(86,524)
2027	(18,515)
Thereafter	-

Teacher Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (37,410)
2024	(37,799)
2025	(33,641)
2026	(26,756)
2027	(11,948)
Thereafter	(7,823)

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	\$ 1,094
2024	823
2025	166
2026	(941)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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%
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* Administrative expenses as a percent of the fair 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 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 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, 2022

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, 2021, 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	\$ 3,577,346	\$ 1,477,874
Plan fiduciary net position	\$ 2,413,074	\$ 194,305
Employers' net OPEB liability (asset)	\$ 1,164,372	\$ 1,283,569
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	13.15%

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, 2022

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<i>Asset Class (Strategy)</i>	<i>Target Allocation</i>	<i>Arithmetic Long-Term Expected Rate of Return</i>	<i>Weighted Average Long-Term Expected Rate of Return</i>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.39 %

- * The above allocation provides for a one-year return of 7.39%. 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 6.94%, 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 at that time, providing a median return of 7.11%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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	\$ 1,235,977	\$ 845,959	\$ 531,002
GLI Net OPEB liability-School division nonprofessional	\$ 97,470	\$ 66,713	\$ 41,875
GLI Net OPEB liability-School division professional	\$ 1,474,123	\$ 1,008,957	\$ 633,315
Teacher HIC Net OPEB liability	\$ 2,923,409	\$ 2,596,917	\$ 2,320,627
General Employee HIC Net OPEB liability – School Division	\$ 90,092	\$ 81,072	\$ 73,243

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

• Group Life Insurance-political subdivision	\$ 7,107
• Group Life Insurance-school division-nonprofessional	428
• Group Life Insurance-school division-professional	2,728
• Teacher Employee Health Insurance Credit	6,113
• General Employee Health Insurance Credit	547

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 11. Summary of Pension and other Postemployment Benefit Elements

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

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit (School Board)
Deferred outflows of resources - Related to Pensions:				
VRS-City	\$ 4,707,922	\$ 645,145	\$ 5,353,067	\$ -
Net deferred Outflows from Augusta County Service Authority	-	41,489	41,489	-
VRS-School Non-professional	-	-	-	235,465
VRS-School Professional	-	-	-	6,010,281
Total deferred outflows of resources - Pensions	<u>\$ 4,707,922</u>	<u>\$ 686,634</u>	<u>\$ 5,394,556</u>	<u>\$ 6,245,746</u>
Deferred outflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,113,416	\$ 150,584	\$ 1,264,000	\$ 569,000
Net OPEB Outflows from Augusta Regional Landfill	-	10,457	10,457	-
VRS Group Life plan	221,138	30,703	251,841	295,340
VRS Health insurance credit plan-Professional	-	-	-	307,050
VRS Health insurance credit plan-Non-professional	-	-	-	16,281
Total deferred outflows of resources - OPEB	<u>\$ 1,334,554</u>	<u>\$ 191,744</u>	<u>\$ 1,526,298</u>	<u>\$ 1,187,671</u>
Net pension (asset) liability:				
VRS-City	\$ 11,222,180	\$ 1,537,838	\$ 12,760,018	\$ -
Net Pension liability from Augusta County Service Authority	-	(15,407)	(15,407)	-
VRS-School Non-professional	-	-	-	(66,243)
VRS-School Professional	-	-	-	15,736,575
Total net pension (asset) liability	<u>\$ 11,222,180</u>	<u>\$ 1,522,431</u>	<u>\$ 12,744,611</u>	<u>\$ 15,670,332</u>
Net OPEB liability:				
OPEB Local Health plan	\$ 4,085,461	\$ 552,539	\$ 4,638,000	\$ 1,165,000
Net OPEB Liability from Augusta Regional Landfill	-	52,011	52,011	-
VRS Group Life plan	742,828	103,131	845,959	1,075,670
VRS Health insurance credit plan-Professional	-	-	-	2,596,917
VRS Health insurance credit plan-Non-professional	-	-	-	81,072
Total net OPEB liability	<u>\$ 4,828,289</u>	<u>\$ 707,681</u>	<u>\$ 5,535,970</u>	<u>\$ 4,918,659</u>
Deferred inflows of resources - Related to Pensions:				
VRS-City	\$ 8,948,273	\$ 1,226,225	\$ 10,174,498	\$ -
Net deferred inflow from Augusta County Service Authority	-	76,393	76,393	-
VRS-School Non-professional	-	-	-	536,014
VRS-School Professional	-	-	-	12,177,800
Total deferred inflows of resources - Pensions	<u>\$ 8,948,273</u>	<u>\$ 1,302,618</u>	<u>\$ 10,250,891</u>	<u>\$ 12,713,814</u>
Deferred inflows of resources - OPEB:				
OPEB Local Health plan	\$ 1,456,074	\$ 196,926	\$ 1,653,000	\$ 1,252,000
Net OPEB inflow from Augusta Regional Landfill	-	9,081	9,081	-
VRS Group Life plan	317,451	44,074	361,525	471,054
VRS Health insurance credit plan-Professional	-	-	-	225,576
VRS Health insurance credit plan-Non-professional	-	-	-	5,521
Total deferred inflows of resources - OPEB	<u>\$ 1,773,525</u>	<u>\$ 250,081</u>	<u>\$ 2,023,606</u>	<u>\$ 1,954,151</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 11. Summary of Pension and other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit (School Board)</u>
Pension Expense (income):				
VRS-City	\$ 1,649,166	\$ 225,994	\$ 1,875,160	\$ -
Pension expense from Augusta Regional Landfill	-	(1,307)	(1,307)	-
VRS-School Non-professional	-	-	-	58,486
VRS-School Professional				(146,703)
Total pension expense (income)	<u>\$ 1,649,166</u>	<u>\$ 224,687</u>	<u>\$ 1,873,853</u>	<u>\$ (88,217)</u>
OPEB expense:				
Local OPEB	\$ 219,336	\$ 29,664	\$ 249,000	\$ 5,000
OPEB expense from Augusta Regional Landfill	-	2,406	2,406	-
VRS OPEB - City	28,271	3,925	32,196	-
VRS OPEB School Non-professional	-	-	-	10,218
VRS OPEB School Professional	-	-	-	200,298
Total OPEB expense	<u>\$ 247,607</u>	<u>\$ 35,995</u>	<u>\$ 283,602</u>	<u>\$ 215,516</u>

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.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 12. Commitments and Contingencies (Continued)

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 \$1,209,099 that will be financed from operating funds. Other significant commitments include the encumbrances outstanding for the general fund and nonmajor governmental funds as shown below.

	Construction Commitments	Encumbrances
Water fund	\$ 469,865	\$ 48,764
Sewer fund	290,855	4,386
Storm Water fund	215,622	63,984
Environmental fund	-	245,646
General fund	12,000	957,028
Capital Improvements Fund	220,757	658,876
Nonmajor governmental funds	-	363,426
	<u>\$ 1,209,099</u>	<u>\$ 2,342,110</u>

Note 13. General Property Taxes

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

Real estate taxes are billed in semiannual installments, 75% due June 20 and 25% due December 5. For the current fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements include those assessed as of January 1, 2021 and due December 5, 2021 as well as the portion of the January 1, 2022 assessment due June 20, 2022 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, 2021 and 2022 levies were \$.92 and \$.92 per \$100 of assessed value, respectively. Real estate taxes receivable, assessed as of January 1, 2022 and due December 5, 2022, are reflected in the accompanying financial statements as a receivable and are offset by deferred inflows of resources, in the amount of \$2,358,093, which is consistent with the City's budget ordinance. Real estate taxes paid in advance as of June 30, 2022 are also included in deferred inflows of resources, in the amount of \$2,822,763 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 2022, the personal property taxes budgeted for and reported as revenue in the fund financial statements include the January 1, 2021 assessment due December 5, 2021, less an allowance for uncollectibles, plus collections on previously delinquent taxes. The 2021 tax rate for machinery and tools was \$1.24 per \$100 of assessed value. The 2021 tax rate for all other personal property was \$2.90 per \$100 of assessed value.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities-	School Board
Customer deposits	\$ 7,000	\$ 369,395	\$ -
Landfill sinking fund*	-	2,639,664	-
Student activity funds	-	-	28,294
Receivable for share of debt	-	1,496,004	-
Pensions	-	15,407	66,243
Total restricted assets	<u>\$ 7,000</u>	<u>\$ 4,520,470</u>	<u>\$ 94,537</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 2022. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended levels.

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

As of June 1, 2003, the City discontinued its self-insured worker's compensation arrangement and began insurance coverage with the Virginia Municipal League. As of June 30, 2022, 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 \$3,403 and is reported in the General Fund. The long-term liability is estimated to be \$192,786.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 15. Risk Management (Continued)

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 \$955,000. Changes in the claims liability amounts in fiscal years 2020, 2021 and 2022 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>
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
2022	\$ 1,402,724	\$ 8,031,508	\$ 8,283,042	\$ 1,151,190

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 24.39% of such costs for Permit 585. The cost sharing percentage of Permit 585 is adjusted each year based on usage by each locality. The remainder of the Permit 585 costs will be borne by the County and the City of Waynesboro. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year ending date.

The \$1,653,882 reported as landfill closure liability at June 30, 2022 represents the cumulative amount reported to date based on the use of 90.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 62.0% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$972,007 reported as post-closure monitoring liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill and 90.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 62.0% 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, 2022 for both joint ventures are \$2,625,889.

The City will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$155,294 for Permit #585 (phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$141,536 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 2021.

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, \$2,639,664, as restricted cash and cash equivalents in the Environmental fund.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 debt was refunded in November 2021. Of the refunded debt, approximately \$6,165,000 was attributable to the Staunton Crossing property.

The land was recorded as inventory by the EDA at its estimated fair value of \$14,000,000 at the time of its acquisition. 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, 2022.

In fiscal year 2022, 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. Leases

During 2022, the City implemented the guidance of GASBS NO. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating and capital leases. In instances where the City and School Board are the lessee, the right-to-use asset information can be found in Note 5, and the corresponding liabilities and maturity schedules are provided in Note 6. Detail of significant leases are described below.

City as Lessee

On November 1, 2012, the City entered a lease for office space with a 15-year term. Minimum monthly lease payments at inception were \$2,241. The City imputed an interest rate of 2.12%. Terms of the agreement call for the monthly rental amount to increase each year based on the average of the increase in the previous 3-year CPI index, not to exceed 2%. For 2022, the monthly rental payment was \$3,097. During fiscal year 2022, \$19,135 was recognized as an outflow of resources for payments not included in the measurement of the lease liability.

School Board as Lessee

On September 1, 2019, the School Board entered a lease for a variety of copiers for a term of 48 months. Minimum monthly lease payments are \$4,595. For purposes of discounting future payments, the School Board imputed an interest rate of 3.12%.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 18. Leases (Continued)

City as Lessor

The City leases space on water tanks and other land to telecommunication companies and other entities for the purpose of placing their equipment on the towers to transmit and receive communications signals. The City also leases retail space in the New Street garage. The City uses its estimated incremental borrowing rate as the discount rate for the leases. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized for the year ended June 30, 2022 was \$36,354 in governmental activities and \$68,560 in business-type activities. As of June 30, 2022, the City's lease receivable for these payments in governmental activities totals \$371,871 and in business-type activities totals \$260,682.

EDA as Lessor

In May 2004, the EDA entered into a lease agreement for facility rental for the conference center portion of Hotel 24, which was renovated as part of a public-private partnership agreement between the EDA, the City and a private developer. The lease term is for 50-years. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized for the year ended June 30, 2022 was \$25,000. As of June 30, 2022, the Authority's lease receivable for these payments totals \$ 497,303.

The agreement specified the EDA as the lessor and is responsible for carrying out the responsibilities set forth in the lease, however, the EDA and the City have a contribution agreement where any revenue generated by the project is turned over to the City. The obligation arises when payments are received, therefore no long-term obligations have been recorded for amounts to be transferred between the EDA and the City.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 19. Fund Balance

The following schedule provides details for the categories of fund balance for governmental funds as of June 30, 2022:

	General	Capital Projects	Nonmajor Governmental	School Board Component Unit
Nonspendable				
Prepays	\$ 111,400	\$ -	\$ -	\$ 10,212
Restricted:				
Donor purposes	\$ 22,043	\$ -	\$ -	\$ 143,435
Programs	980,888	-	-	36,934
Total restricted	\$ 1,002,931	\$ -	\$ -	\$ 180,369
Committed:				
Stabilization arrangement	\$ 10,756,835	\$ -	\$ -	\$ -
Assigned:				
Accrued leave	\$ 1,753,417	\$ -	\$ -	\$ -
Capital projects	-	14,136,706	-	1,834,989
Debt service	-	-	4,968,261	-
General government	440,531	227,488	-	-
Judicial administration	11,524	-	-	-
Public safety	217,856	218,720	227,919	-
Public works	161,763	220,757	-	-
Parks and recreation	18,544	-	-	-
Community development	120,709	205,036	197,985	-
Education	-	82,424	-	6,830,138
Textbooks	-	-	-	1,168,414
Food service	-	-	-	790,670
Total assigned	\$ 2,724,344	\$ 15,091,131	\$ 5,394,165	\$ 10,624,211
Unassigned	\$ 6,479,724	\$ -	\$ -	\$ -

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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>Fiscal Year 2022 Taxes Abated</u>
Economic Development Incentive Programs	
Incremental taxes-Staunton Frontier	\$ 366,763
Incremental taxes-Villages	49,669
Real estate tax abatement-Villages	97,236
Total	<u>\$ 513,668</u>

Note 21. Subsequent Events

On October 13, 2022, the City issued \$8,500,000 in bank qualified general obligation bonds to finance the Gardner Springs pump station project. The bonds were issued at a bank interest rate of 3.54%, payable in semi-annual installments commencing April 1, 2023 through final maturity on October 1, 2042.

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. \$9,070,000 of such conduit bonds were outstanding at June 30, 2022.

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

Note 23. Restatement of Beginning Net Position

For the year ended June 30, 2022, the City adopted GASB Statement No. 87, *Leases*, which requires reporting an intangible right-to-use asset and a lease liability for leases the City had previously reported as operating leases.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 87:

	Governmental Activities	Business- Type Activities	School Board
Net position, July 1, 2021, as previously reported	\$68,874,410	\$75,380,101	\$(13,070,950)
Effect of adopting GASB Statement No. 87	27,550	(108)	(2,967)
Net position, July 1, 2021, as restated	<u>\$68,901,960</u>	<u>\$75,379,993</u>	<u>\$(13,073,917)</u>

	Water Fund	Sewer Fund	Internal Service
Net position, July 1, 2021, as previously reported	\$24,433,599	\$31,186,501	\$6,710,711
Effect of adopting GASB Statement No. 87	(107)	(1)	(211)
Net position, July 1, 2021, as restated	<u>\$24,433,492</u>	<u>\$31,186,500</u>	<u>\$6,710,500</u>

	EDA
Net position, July 1, 2021, as previously reported	\$7,005,836
Effect of adopting GASB Statement No. 87	(16,667)
Net position, July 1, 2021, as restated	<u>\$6,989,169</u>

City of Staunton, Virginia
Notes to Financial Statements
June 30, 2022

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 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 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 April 2022, the GASB issued **Statement No. 99, *Omnibus 2022***. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, *Accounting Changes and Error Corrections***. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STAUNTON, VIRGINIA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 27,585,063	\$ 27,585,063	\$ 29,012,709	\$ 1,427,646
Other local taxes	15,150,500	15,150,500	18,939,371	3,788,871
Permits, privilege fees, and regulatory licenses	208,400	208,400	209,732	1,332
Fines and forfeitures	232,000	232,000	209,021	(22,979)
Revenue from use of money and property	135,500	159,500	23,828	(135,672)
Charges for services	1,855,902	1,855,902	1,904,844	48,942
Miscellaneous	29,000	71,048	143,080	72,032
Recovered costs	1,190,235	1,210,483	1,204,133	(6,350)
Intergovernmental:				
Federal	1,363,629	5,986,013	1,363,144	(4,622,869)
Commonwealth	12,815,367	13,464,101	11,970,025	(1,494,076)
Total revenues	60,565,596	65,923,010	64,979,887	(943,123)
EXPENDITURES				
Current:				
General government administration	6,338,649	11,576,774	6,240,603	5,336,171
Judicial administration	2,574,028	2,797,495	2,643,015	154,480
Public safety	13,331,493	13,843,456	13,134,548	708,908
Public works	6,258,460	7,289,647	6,534,366	755,281
Health and welfare	7,682,954	7,682,954	6,080,600	1,602,354
Education	13,635,250	13,639,476	13,639,476	-
Parks, recreation, and cultural	3,860,920	4,145,834	3,673,965	471,869
Community development	2,246,755	2,705,599	2,141,128	564,471
Debt service				
Principal retirement	-	-	11,597	(11,597)
Interest and fiscal charges	-	-	746	(746)
Total expenditures	55,928,509	63,681,235	54,100,044	9,581,191
Excess of revenues over expenditures	4,637,087	2,241,775	10,879,843	8,638,068
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	12,485	12,485
Appropriation of prior year reserves/encumbrances	1,188,378	9,862,047	-	(9,862,047)
Transfers out	(5,825,465)	(12,103,822)	(12,103,822)	-
Total other financing sources (uses)	(4,637,087)	(2,241,775)	(12,091,337)	(9,849,562)
Net change in fund balance	\$ -	\$ -	\$ (1,211,494)	\$ (1,211,494)

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2022

	Plan Year							
	2014	2015	2016	2017	2018	2019	2020	2021
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	\$ 1,716,732
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	5,782,576
Difference between expected and actual experience	-	(1,160,922)	(946,229)	(1,483,949)	(372,060)	933,725	1,345,198	(2,422,691)
Changes in assumptions	-	-	-	(140,647)	-	2,298,391	-	3,576,169
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)	(4,786,764)
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	3,866,022
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>	<u>88,061,168</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>	<u>91,927,190</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	2,203,260
Contributions - employee	632,939	636,054	655,097	688,105	679,027	721,122	744,911	712,807
Net investment income	7,195,341	2,383,649	947,931	6,585,902	4,399,332	4,103,358	1,238,139	17,277,784
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)	(4,786,764)
Administrative expenses	(39,137)	(32,790)	(33,522)	(38,364)	(38,606)	(41,560)	(42,541)	(43,608)
Other	379	(504)	(399)	(5,847)	(3,884)	(2,580)	(1,439)	1,623
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)	15,365,102
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>	<u>63,802,070</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>	<u>79,167,172</u>
Net pension liability - ending	\$ 19,632,571	\$ 19,559,307	\$ 21,151,185	\$ 16,967,754	\$ 16,210,288	\$ 19,608,017	\$ 24,259,098	\$ 12,760,018
Add Net Pension Liability (asset) 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>	<u>(15,407)</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>	<u>\$ 12,744,611</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>	<u>86%</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>	<u>\$ 14,986,357</u>
Net pension liability as a percentage of covered payroll	159%	155%	161%	128%	116%	133%	157%	85%

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, 2022

	Plan Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	\$ 88,093	\$ 79,198	\$ 101,429	\$ 102,400	\$ 95,627	\$ 104,830	\$ 111,069	\$ 104,071
Interest on total pension liability	289,866	290,196	289,147	295,498	303,757	300,368	289,766	298,501
Other changes	-	-	-	62	-	-	-	-
Difference between expected and actual experience	-	(60,971)	33,649	(15,763)	(94,997)	(150,376)	73,142	61,551
Changes in assumptions	-	-	-	3,268	-	101,683	-	175,002
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,923)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)
Net change in total pension liability	95,179	(15,214)	99,302	42,480	(28,933)	(15,774)	136,952	287,011
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	4,598,291
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	4,885,302
Plan Fiduciary Net Position								
Contributions - employer	102,300	102,963	115,259	82,788	86,071	77,730	77,979	77,792
Contributions - employee	41,269	44,375	49,030	49,531	51,516	56,748	54,036	53,818
Net investment income	547,950	173,171	63,623	448,101	296,521	269,021	79,188	1,090,247
Benefit payments, including refunds of employee contributions	(282,780)	(323,637)	(324,922)	(342,985)	(333,320)	(372,279)	(337,025)	(352,114)
Administrative expenses	(3,047)	(2,510)	(2,465)	(2,735)	(2,667)	(2,847)	(2,820)	(2,851)
Other	29	(36)	(28)	(393)	(260)	(168)	(92)	102
Net change in plan fiduciary net position	405,721	(5,674)	(99,503)	234,307	97,861	28,205	(128,734)	866,994
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	4,084,551
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	4,951,545
Net pension liability (asset) - ending	\$ 421,472	\$ 405,189	\$ 603,994	\$ 412,167	\$ 292,033	\$ 248,054	\$ 513,740	\$ (66,243)
Plan fiduciary net position as a percentage of total pension liability	90%	91%	86%	91%	93%	94%	89%	101%
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	\$ 1,182,875
Net pension liability as a percentage of covered payroll	51%	44%	58%	39%	26%	22%	43%	-6%

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, 2022

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					
2022	\$ 2,403,574	\$ 2,403,574	\$ -	\$ 15,730,196	15.28%
2021	2,289,915	2,289,915	-	14,986,357	15.28%
2020	2,095,533	2,095,533	-	15,419,665	13.59%
2019	2,001,376	2,001,376	-	14,726,831	13.59%
2018	2,082,997	2,082,997	-	13,979,807	14.90%
2017	1,980,734	1,980,734	-	13,293,478	14.90%
2016	2,363,713	2,363,713	-	13,175,660	17.94%
2015	2,265,042	2,265,042	-	12,625,654	17.94%
Schools - Nonprofessional Employees					
2022	\$ 103,430	\$ 103,430	\$ -	\$ 1,393,935	7.42%
2021	87,770	87,770	-	1,182,875	7.42%
2020	87,447	87,447	-	1,183,318	7.39%
2019	85,079	85,079	-	1,151,298	7.39%
2018	92,452	92,452	-	1,111,195	8.32%
2017	87,226	87,226	-	1,048,417	8.32%
2016	119,455	119,455	-	1,041,460	11.47%
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, 2022

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
2021	0.20271%	\$ 15,736,575	\$ 17,892,908	87.95%	85.46%
2020	0.20542%	29,894,004	18,050,152	165.62%	71.47%
2019	0.20689%	27,227,900	17,399,819	156.48%	73.51%
2018	0.21287%	25,034,000	17,285,216	144.83%	74.81%
2017	0.21545%	25,788,557	16,558,204	155.74%	72.92%
2016	0.22048%	30,051,395	16,313,392	184.21%	68.28%
2015	0.21775%	26,647,826	15,705,288	169.67%	70.68%
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, 2022

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
2022	\$ 3,253,274	\$ 3,253,274	\$ -	\$ 19,574,456	16.62%
2021	2,973,803	2,973,803	-	17,892,908	16.62%
2020	2,830,265	2,830,265	-	18,050,152	15.68%
2019	2,728,289	2,728,289	-	17,399,819	15.68%
2018	2,745,601	2,745,601	-	16,823,514	16.32%
2017	2,427,393	2,427,393	-	16,558,204	14.66%
2016	2,293,663	2,293,663	-	16,313,392	14.06%
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, 2022

	Local Plan					
	2016	2017	2018	2019	2020	2021
Total OPEB Liability						
Service cost	\$ 1,621,000	\$ 184,000	\$ 189,000	\$ 192,000	\$ 158,000	\$ 164,000
Interest	-	571,000	588,000	522,000	547,000	527,000
Difference between expected and actual experience	-	-	(489,000)	(347,000)	(394,000)	(346,000)
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)
Assumption changes	-	-	-	(810,000)	213,000	190,000
Other changes	-	-	282,000	-	-	-
Net change in total pension liability	1,114,000	242,000	4,000	(857,000)	(52,000)	210,000
Total OPEB liability - beginning	6,306,000	7,420,000	7,928,000	7,932,000	7,075,000	7,023,000
Adjustment to beginning balance	-	266,000	-	-	-	-
Total OPEB liability - ending	7,420,000	7,928,000	7,932,000	7,075,000	7,023,000	7,233,000
Plan Fiduciary Net Position						
Contributions - employer	648,000	712,000	643,000	527,000	643,000	599,000
Contributions - employee	-	-	69,000	74,000	64,000	55,000
Net investment income	(2,730)	100,000	101,000	60,000	46,000	524,000
Benefit payments, including refunds of employee contributions	(507,000)	(513,000)	(566,000)	(414,000)	(576,000)	(325,000)
Administrative expenses	(1,000)	-	-	-	-	(2,000)
Net change in plan fiduciary net position	137,270	299,000	247,000	247,000	177,000	851,000
Plan fiduciary net position - beginning	636,680	773,950	1,073,000	1,320,000	1,567,000	1,744,000
Adjustment to beginning balance	-	50	-	-	-	-
Plan fiduciary net position - ending	773,950	1,073,000	1,320,000	1,567,000	1,744,000	2,595,000
Total Net OPEB liability - ending	\$ 6,646,050	\$ 6,855,000	\$ 6,612,000	\$ 5,508,000	\$ 5,279,000	\$ 4,638,000
Plan fiduciary net position as a percentage of total OPEB liability	10.43%	13.53%	16.64%	22.15%	24.83%	35.88%
Covered employee payroll	\$ 11,179,000	\$ 13,777,000	\$ 14,264,210	\$ 14,945,099	\$ 15,661,241	\$ 15,488,772
Net OPEB liability as a percentage of covered employee payroll	59.45%	49.76%	46.35%	36.85%	33.71%	29.94%
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%

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, 2022

	Local Plan						VRS Health Insurance-School Non professional				
	2016	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Total OPEB Liability											
Service cost	\$ 1,384,000	\$ 132,000	\$ 135,000	\$ 125,000	\$ 105,000	\$ 110,000	\$ 2,087	\$ 1,766	\$ 1,883	\$ 2,211	\$ 1,826
Interest	1,000	304,000	318,000	252,000	263,000	256,000	6,865	6,669	6,631	6,305	6,834
Changes in benefit terms	-	-	-	-	-	-	-	-	-	4,557	-
Difference between expected and actual experience	-	-	(318,000)	(187,000)	(234,000)	(299,000)	-	1,259	(673)	6,655	(4,156)
Changes in assumptions/adjustments	(1,000)	-	-	(377,000)	103,000	97,000	(2,243)	-	1,946	-	2,402
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)
Other changes	-	-	(227,000)	-	-	-	-	-	-	-	-
Net change in total pension liability	1,109,000	173,000	(329,000)	(589,000)	80,000	(6,000)	(2,190)	(446)	(551)	7,839	(4,983)
Total OPEB liability - beginning	3,010,000	4,119,000	4,228,000	3,899,000	3,310,000	3,390,000	102,533	100,343	99,897	99,346	107,185
Adjustment to beginning balance	-	(64,000)	-	-	-	-	-	-	-	-	-
Total OPEB liability - ending	4,119,000	4,228,000	3,899,000	3,310,000	3,390,000	3,384,000	100,343	99,897	99,346	107,185	102,202
Plan Fiduciary Net Position											
Contributions - employer	339,000	433,000	293,000	452,000	267,000	214,000	7,031	7,334	7,484	7,692	8,162
Contributions - employee	-	-	118,000	91,000	68,000	53,000	-	-	-	-	-
Net investment income (loss)	(2,719)	90,000	90,000	55,000	41,000	491,000	2,786	1,774	1,489	438	4,614
Benefit payments, including refunds of employee contributions	(275,000)	(263,000)	(237,000)	(402,000)	(157,000)	(170,000)	(8,899)	(10,140)	(10,338)	(11,889)	(11,889)
Administrative expenses	(995)	-	-	-	-	(2,000)	(41)	(38)	(31)	(37)	(46)
Other changes	-	-	-	-	-	-	149	(149)	(2)	-	-
Net change in plan fiduciary net position	60,286	260,000	264,000	196,000	219,000	586,000	1,026	(1,219)	(1,398)	(3,796)	841
Plan fiduciary net position - beginning	634,029	694,315	954,000	1,218,000	1,414,000	1,633,000	25,676	26,702	25,483	24,085	20,289
Adjustment to beginning balance	-	(315)	-	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending	694,315	954,000	1,218,000	1,414,000	1,633,000	2,219,000	26,702	25,483	24,085	20,289	21,130
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>\$ 1,165,000</u>	<u>\$ 73,641</u>	<u>\$ 74,414</u>	<u>\$ 75,261</u>	<u>\$ 86,896</u>	<u>\$ 81,072</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>65.57%</u>	<u>26.61%</u>	<u>25.51%</u>	<u>24.24%</u>	<u>18.93%</u>	<u>20.67%</u>
Covered employee payroll	<u>\$ 12,820,000</u>	<u>\$ 18,550,000</u>	<u>\$ 19,305,772</u>	<u>\$ 19,489,195</u>	<u>\$ 20,561,511</u>	<u>\$ 20,545,695</u>					
Covered payroll							<u>\$ 1,065,247</u>	<u>\$ 1,111,195</u>	<u>\$ 1,151,298</u>	<u>\$ 1,183,318</u>	<u>\$ 1,182,875</u>
Net OPEB liability as a percentage of covered employee payroll/covered payroll	<u>26.71%</u>	<u>17.65%</u>	<u>13.89%</u>	<u>9.73%</u>	<u>6.20%</u>	<u>5.67%</u>	<u>6.91%</u>	<u>6.70%</u>	<u>6.54%</u>	<u>7.34%</u>	<u>6.85%</u>
Annual money-weighted rate of return, net of investment expense	13.04%	11.57%	8.81%	4.24%	2.82%	27.47%	na	na	na	na	na

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

The plan year above is reported in the entity's financial statements in the fiscal year following the 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, 2022

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:					
2022	\$ 628,000	\$ 839,000	\$ (211,000)	\$ 16,367,903	5.13%
2021	638,000	654,000	(16,000)	15,488,772	4.22%
2020	698,000	707,000	(9,000)	15,661,241	4.51%
2019	734,000	601,000	133,000	14,945,099	4.02%
2018	712,000	712,000	-	14,264,210	4.99%
School Board Component Unit					
Local Plan:					
2022	\$ 266,000	\$ 410,000	\$ (144,000)	\$ 22,960,801	1.79%
2021	272,000	267,000	5,000	20,545,695	1.30%
2020	331,000	335,000	(4,000)	20,561,511	1.63%
2019	397,000	543,000	(146,000)	19,489,195	2.79%
2018	433,000	411,000	22,000	19,305,772	2.13%
VRS Health Insurance Credit Non-Professional Plan:					
2022	\$ 9,618	\$ 9,618	\$ -	\$ 1,393,935	0.69%
2021	8,162	8,162	-	1,182,875	0.69%
2020	7,692	7,692	-	1,183,318	0.65%
2019	7,483	7,483	-	1,151,298	0.65%
2018	7,334	7,334	-	1,111,195	0.66%

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

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

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

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY - VRS PLANS
June 30, 2022

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					
2021	0.72660%	\$ 845,959	\$ 15,001,400	5.64%	67.45%
2020	0.07516%	1,254,297	15,468,103	8.11%	52.64%
2019	0.07533%	1,225,820	14,766,392	8.30%	52.00%
2018	0.07365%	1,118,000	14,004,555	7.98%	51.22%
2017	0.07217%	1,086,000	13,311,529	8.16%	48.86%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2021	0.20232%	\$ 2,596,917	\$ 17,892,908	14.51%	13.15%
2020	0.20589%	2,685,869	18,050,152	14.88%	9.95%
2019	0.20745%	2,715,722	17,399,819	15.61%	8.97%
2018	0.21373%	2,713,000	17,285,216	15.70%	7.04%
2017	0.21573%	2,737,000	17,025,052	16.08%	7.04%
Virginia Retirement System - Group Life Insurance - Schools					
2021	0.92390%	\$ 1,075,670	\$ 19,075,783	5.64%	67.45%
2020	0.09362%	1,562,365	19,268,153	8.11%	52.64%
2019	0.09472%	1,541,347	18,568,571	8.30%	52.00%
2018	0.09687%	1,472,000	18,418,733	7.99%	51.22%
2017	0.09839%	1,481,000	18,149,297	8.16%	48.86%

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

CITY OF STAUNTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS - VRS PLANS
 June 30, 2022

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					
2022	\$ 85,865	\$ 85,865	\$ -	\$ 15,900,995	0.54%
2021	81,008	81,008	-	15,001,400	0.54%
2020	80,434	80,434	-	15,468,103	0.52%
2019	76,785	76,785	-	14,766,392	0.52%
2018	72,824	72,824	-	14,004,555	0.52%
School Board Component Unit					
Virginia Retirement System - Health Insurance Credit - Teachers					
2022	\$ 236,851	\$ 236,851	\$ -	\$ 19,574,456	1.21%
2021	216,504	216,504	-	17,892,908	1.21%
2020	216,602	216,602	-	18,050,152	1.20%
2019	208,798	208,798	-	17,399,819	1.20%
2018	212,605	212,605	-	17,285,216	1.23%
Virginia Retirement System - Group Life Insurance - Schools					
2022	\$ 113,354	\$ 113,354	\$ -	\$ 20,991,513	0.54%
2021	103,010	103,010	-	19,075,783	0.54%
2020	100,193	100,193	-	19,268,153	0.52%
2019	96,556	96,556	-	18,568,571	0.52%
2018	95,777	95,777	-	18,418,733	0.52%

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

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

CITY OF STAUNTON VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2022

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, 2022

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

Changes of Assumptions

Net Pension Liability and Pension Contributions VRS plans

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2022

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

Changes of Assumptions-Net Pension Liability and Pension Contributions VRS plans (Continued)

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

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

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 78 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

Changes of Assumptions - Net OPEB liability and OPEB contributions- VRS plans

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

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

CITY OF STAUNTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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, 2021.

The following items were updated for the current year:

- The discount rate used is 7.5%.
- Medical trend rates are 6.0% for 2020, then decreasing .25% per year to an ultimate rate of 5.0%

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

CITY OF STAUNTON, VIRGINIA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Special Revenue Funds			Total
	Blue Ridge Court Services	State and Federal Grants	Community Development	Nonmajor Governmental
Assets				
Cash and cash equivalents	\$ 297,189	\$ -	\$ 196,820	\$ 494,009
Receivables, net	38,645	-	-	38,645
Due from other governmental units	33,127	-	48,172	81,299
Total assets	<u>\$ 368,961</u>	<u>\$ -</u>	<u>\$ 244,992</u>	<u>\$ 613,953</u>
Liabilities				
Accounts payable	\$ 105,351	\$ -	\$ 47,007	\$ 152,358
Accrued liabilities	35,691	-	-	35,691
Total liabilities	<u>141,042</u>	<u>-</u>	<u>47,007</u>	<u>188,049</u>
Fund balances				
Assigned	<u>227,919</u>	<u>-</u>	<u>197,985</u>	<u>425,904</u>
Total fund balances	<u>227,919</u>	<u>-</u>	<u>197,985</u>	<u>425,904</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 368,961</u>	<u>\$ -</u>	<u>\$ 244,992</u>	<u>\$ 613,953</u>

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Special Revenue Funds			Total
	Blue Ridge Court Services	State and Federal Grants	Community Development	Nonmajor Governmental
REVENUES				
Revenues from use of money and property	\$ 9	\$ -	\$ 31	\$ 40
Charges for services	130,953	-	-	130,953
Miscellaneous	88,831	-	-	88,831
Intergovernmental:				
Federal	740	2,592	260,872	264,204
Commonwealth	875,730	-	-	875,730
Total revenues	1,096,263	2,592	260,903	1,359,758
EXPENDITURES				
Current:				
Public safety	1,107,951	2,592	-	1,110,543
Community development	-	-	260,871	260,871
Debt service:				
Principal retirement	23,796	-	-	23,796
Interest and fiscal charges	3,097	-	-	3,097
Total expenditures	1,134,844	2,592	260,871	1,398,307
Excess (deficiency) of revenues over expenditures	(38,581)	-	32	(38,549)
Net change in fund balance	(38,581)	-	32	(38,549)
Fund balances - beginning of year	266,500	-	197,953	464,453
Fund balances - ending of year	\$ 227,919	\$ -	\$ 197,985	\$ 425,904

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, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 9	\$ 9
Charges for services	175,000	130,953	(44,047)
Miscellaneous	138,869	88,831	(50,038)
Intergovernmental:			
Federal	-	740	740
Commonwealth	915,672	875,730	(39,942)
Total revenues	<u>1,229,541</u>	<u>1,096,263</u>	<u>(133,278)</u>
EXPENDITURES			
Current:			
Public safety	1,233,911	1,107,951	125,960
Debt Service:			
Principal	-	23,796	(23,796)
Interest and fiscal charges	-	3,097	(3,097)
Total expenditures	<u>1,233,911</u>	<u>1,134,844</u>	<u>99,067</u>
Excess (deficiency) of revenues over expenditures	<u>(4,370)</u>	<u>(38,581)</u>	<u>(34,211)</u>
Net change in fund balance	<u>\$ (4,370)</u>	<u>\$ (38,581)</u>	<u>\$ (34,211)</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, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 15,566	\$ 2,592	\$ (12,974)
Total revenues	<u>15,566</u>	<u>2,592</u>	<u>(12,974)</u>
EXPENDITURES			
Current:			
Public Safety	15,566	2,592	12,974
Total expenditures	<u>15,566</u>	<u>2,592</u>	<u>12,974</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
Year Ended June 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 31	\$ 31
Intergovernmental:			
Federal	400,000	260,872	(139,128)
Total revenues	400,000	260,903	(139,097)
EXPENDITURES			
Current:			
Community Development	518,593	260,871	257,722
Total expenditures	518,593	260,871	257,722
Deficiency of revenues under expenditures	(118,593)	32	118,625
Net change in fund balance	\$ (118,593)	\$ 32	\$ 118,625

BUDGET TO ACTUAL COMPARISON – MAJOR GOVERNMENTAL FUNDS

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

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

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ -	\$ 722	\$ 722
Total revenues	<u>-</u>	<u>722</u>	<u>722</u>
EXPENDITURES			
Current:			
Debt Service			
Principal	3,614,407	1,691,000	1,923,407
Interest and fiscal charges	2,068,907	2,517,087	(448,180)
Bond issuance costs	<u>-</u>	<u>268,887</u>	<u>(268,887)</u>
Total expenditures	<u>5,683,314</u>	<u>4,476,974</u>	<u>1,206,340</u>
Deficiency of revenues under expenditures	<u>(5,683,314)</u>	<u>(4,476,252)</u>	<u>1,207,062</u>
OTHER FINANCING SOURCES			
Issuance of debt	-	17,625,000	17,625,000
Premium on issuance	-	3,113,224	3,113,224
Payment to escrow agent for refunding of bonds	-	(21,924,772)	(21,924,772)
Transfers in:			
Transfer from General fund	<u>4,844,415</u>	<u>4,844,415</u>	<u>-</u>
Total other financing sources	<u>4,844,415</u>	<u>3,657,867</u>	<u>(1,186,548)</u>
Net change in fund balance	<u>\$ (838,899)</u>	<u>\$ (818,385)</u>	<u>\$ 20,514</u>

CITY OF STAUNTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
From Inception of Project through June 30, 2022

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Revenues from use of money and property	\$ 1,047,816	\$ 1,427	\$ 1,049,243	\$ 714,295
Recovered costs	2,244,770	-	2,244,770	2,155,593
Miscellaneous	24,450	-	24,450	10,450
Intergovernmental:				
Federal	1,029,363	778,784	1,808,147	3,743,558
Commonwealth of Virginia	4,115,284	284,394	4,399,678	4,491,617
City of Staunton School Board	1,915,000	-	1,915,000	1,915,000
Total revenues	<u>10,376,683</u>	<u>1,064,605</u>	<u>11,441,288</u>	<u>13,030,513</u>
EXPENDITURES				
Capital outlay:				
General government administration	1,548,833	276,994	1,825,827	2,527,619
Public safety	8,317,589	329,358	8,646,947	13,488,943
Public works	10,534,171	1,261,897	11,796,068	17,153,241
Education	49,544,912	418,860	49,963,772	53,135,221
Parks, recreation, and culture	1,424,160	240,069	1,664,229	2,672,405
Community development	4,253,240	966,351	5,219,591	6,272,984
CIP Undesignated	-	-	-	286,457
Debt service:				
Bond issuance costs	114,508	-	114,508	114,508
Total expenditures	<u>75,737,413</u>	<u>3,493,529</u>	<u>79,230,942</u>	<u>95,651,378</u>
Deficiency of revenues under expenditures	<u>(65,360,730)</u>	<u>(2,428,924)</u>	<u>(67,789,654)</u>	<u>(82,620,865)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	46,275,000	-	46,275,000	46,000,000
Premium on school construction bonds	2,329,862	-	2,329,862	-
Transfers in	40,649,378	7,257,050	47,906,428	50,421,428
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>81,597,297</u>	<u>7,257,050</u>	<u>88,854,347</u>	<u>88,764,485</u>
Net change in fund balance		<u>\$ 4,828,126</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, 2022

	Health Insurance	Inventory	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,650,658	\$ 389,123	\$ 5,039,781
Receivables, net	692,989	10,906	703,895
Inventory	-	326,412	326,412
Prepaid items	-	22,460	22,460
Total current assets	5,343,647	748,901	6,092,548
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	56,991	56,991
Total capital assets, net	-	56,991	56,991
Total noncurrent assets	-	56,991	56,991
Total assets	5,343,647	805,892	6,149,539
LIABILITIES			
Current liabilities:			
Accounts payable	21,906	30,503	52,409
Total current liabilities	21,906	30,503	52,409
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, claims, compensated absences	955,000	2,113	957,113
Total noncurrent liabilities	955,000	2,113	957,113
Total liabilities	976,906	32,616	1,009,522
NET POSITION			
Net investment in capital assets	-	56,991	56,991
Unrestricted	4,366,741	716,285	5,083,026
Total net position	\$ 4,366,741	\$ 773,276	\$ 5,140,017

CITY OF STAUNTON, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022**

	Health Insurance	Inventory	Total
OPERATING REVENUES			
Charges for services	\$ 8,744,107	\$ 954,323	\$ 9,698,430
Miscellaneous	13,162	-	13,162
Total operating revenues	8,757,269	954,323	9,711,592
OPERATING EXPENSES			
Claims paid	8,267,732	-	8,267,732
Administrative charges	759,493	-	759,493
Stop loss fees	1,306,700	-	1,306,700
Contractual services	-	9,943	9,943
Materials and supplies	-	52,697	52,697
Depreciation	-	7,013	7,013
Other expenses	-	879,294	879,294
Total operating expenses	10,333,925	948,947	11,282,872
Operating income (loss)	(1,576,656)	5,376	(1,571,280)
NONOPERATING REVENUES (EXPENSES)			
Interest income	849	59	908
Interest and fiscal charges	-	(111)	(111)
Total nonoperating revenues	849	(52)	797
Net Income (loss)	(1,575,807)	5,324	(1,570,483)
Total net position - beginning of year	5,942,548	767,952	6,710,500
Total net position - end of year	\$ 4,366,741	\$ 773,276	\$ 5,140,017

CITY OF STAUNTON, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Health Insurance	Inventory	Total
OPERATING ACTIVITIES			
Cash received from internal services provided	\$ 8,168,286	\$ 950,558	\$ 9,118,844
Cash paid to suppliers	-	(1,021,622)	(1,021,622)
Claims paid	(8,419,745)	-	(8,419,745)
Administrative and stop loss fees	(2,058,833)	-	(2,058,833)
Net cash provided by (used in) operating activities	(2,310,292)	(71,064)	(2,381,356)
INVESTING ACTIVITIES			
Interest received	849	59	908
Net cash provided by investing activities	849	59	908
CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	(2,462)	(2,462)
Interest paid on long-term debt	-	(111)	(111)
Net cash used in capital and related financing activities	-	(2,573)	(2,573)
Net decrease in cash and cash equivalents	(2,309,443)	(73,578)	(2,383,021)
CASH AND CASH EQUIVALENTS			
Beginning of year	6,960,101	462,701	7,422,802
End of year	\$ 4,650,658	\$ 389,123	\$ 5,039,781
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,576,656)	\$ 5,376	\$ (1,571,280)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	7,013	7,013
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(588,983)	(3,765)	(592,748)
Decrease (increase) in prepaid items	-	(8,970)	(8,970)
Decrease (increase) in inventory	-	(80,679)	(80,679)
Increase (decrease) in accounts payable	7,360	9,961	17,321
Increase (decrease) in claims payable	(152,013)	-	(152,013)
Net cash used in operating activities	\$ (2,310,292)	\$ (71,064)	\$ (2,381,356)

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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,382,794
Accounts receivable	85,806
Due from other governmental units	4,999,859
Prepaid items	10,212
Restricted cash and cash equivalents	28,294
Restricted net pension asset	66,243
Capital assets:	
Land	236,000
Other capital assets, net of accumulated depreciation	11,871,059
Total assets	<u>25,680,267</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	6,245,746
Deferred outflows related to other post employment benefits	1,187,671
	<u>7,433,417</u>
LIABILITIES	
Accounts payable	511,524
Accrued liabilities	1,981,727
Amounts held for others	6,269
Noncurrent liabilities:	
Due within one year	264,228
Due in more than one year	
Net pension liability	15,736,575
Net other post employment benefit liability	4,918,659
Other debt	597,130
Total liabilities	<u>24,016,112</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	12,713,814
Deferred inflows related to other postemployment benefits	1,954,151
Total deferred inflows of resources	<u>14,667,965</u>
NET POSITION	
Net investment in capital assets	12,034,764
Restricted for:	
Programs	36,934
Donor purposes	143,435
Pensions	66,243
Unrestricted (deficit)	<u>(17,851,769)</u>
Total net position	<u>\$ (5,570,393)</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

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	\$ 26,494,046	\$ 426,938	\$ 14,206,694	\$ -	\$ (11,860,414)
Administration, attendance, and health	2,088,604	-	8,253	-	(2,080,351)
Pupil transportation	2,051,852	-	2,432,950	3,996	385,094
Food service	1,454,029	2,837	-	6,283	(1,444,909)
Operations	3,787,775	-	60,515	140,653	(3,586,607)
Facilities	29,329	-	-	-	(29,329)
Technology	4,151,883	-	2,500,183	13,650	(1,638,050)
Interest on debt	3,039	-	-	-	(3,039)
Total School Board	<u>\$ 40,060,557</u>	<u>\$ 429,775</u>	<u>\$ 19,208,595</u>	<u>\$ 164,582</u>	(20,257,605)
General revenues:					
Unrestricted investment earnings					1,676
Grants and contributions not restricted to specific programs					11,533,429
Net payment from City of Staunton					16,226,024
Total general revenues					<u>27,761,129</u>
Change in net position					7,503,524
Net position - beginning of year, as restated					<u>(13,073,917)</u>
Net position - end of year					<u>\$ (5,570,393)</u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2022

	Education	Other Governmental	Total Governmental
Assets			
Cash and cash equivalents	\$ 4,582,699	\$ 3,800,095	\$ 8,382,794
Accounts receivable	10,572	75,234	85,806
Prepaid items	10,212	-	10,212
Due from other governmental units	3,760,183	1,239,676	4,999,859
Due from other funds	666,536	-	666,536
Restricted cash and cash equivalents	-	28,294	28,294
Total assets	\$ 9,030,202	\$ 5,143,299	\$ 14,173,501
Liabilities			
Accounts payable	\$ 404,764	\$ 106,760	\$ 511,524
Accrued liabilities	1,733,881	247,846	1,981,727
Due to other funds	-	666,536	666,536
Held for others	2,711	3,558	6,269
Total liabilities	2,141,356	1,024,700	3,166,056
Deferred Inflows of Resources			
Unavailable revenue	192,653	-	192,653
Fund Balances			
Nonspendable	10,212	-	10,212
Restricted			
Programs	-	36,934	36,934
Donor	103,311	40,124	143,435
Assigned	6,582,670	4,041,541	10,624,211
Total fund balances	6,696,193	4,118,599	10,814,792
Total liabilities, deferred inflows of resources and fund balances	\$ 9,030,202	\$ 5,143,299	\$ 14,173,501

CITY OF STAUNTON, VIRGINIA

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

June 30, 2022

Total Fund Balances – Component Unit School Board	\$	10,814,792
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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	\$ 30,417,511	
Less: accumulated depreciation	<u>(18,310,452)</u>	12,107,059

Receivables that are not available to pay for current period expenditures are not reported in the funds.		192,653
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Financial statement elements related to pensions are applicable to future periods
and, therefore, are not reported in the funds.

Deferred outflows	\$ 6,245,746	
Deferred inflows	(12,713,814)	
Net pension asset	66,243	
Net pension liability	<u>(15,736,575)</u>	(22,138,400)

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

Deferred outflows	\$ 1,187,671	
Deferred inflows	(1,954,151)	
Net OPEB liability	<u>(4,918,659)</u>	(5,685,139)

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Leases	(72,295)	
Compensated absences	<u>(789,063)</u>	<u>(861,358)</u>

Total Net Position – Component Unit School Board	\$	<u><u>(5,570,393)</u></u>
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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, 2022

	Education	Other Governmental	Total Governmental
REVENUES			
Revenues from use of money and property	\$ 5,508	\$ 1,374	\$ 6,882
Charges for services	120,551	304,019	424,570
Miscellaneous	138,660	104,924	243,584
Recovered costs	117,571	442,562	560,133
Intergovernmental:			
Federal	5,209,149	3,314,510	8,523,659
Commonwealth	18,565,349	2,893,060	21,458,409
City of Staunton	13,630,476	361,700	13,992,176
Total revenues	<u>37,787,264</u>	<u>7,422,149</u>	<u>45,209,413</u>
EXPENDITURES			
Current:			
Education	36,649,463	7,064,920	43,714,383
Debt Service:			
Principal retirement	54,520	1,184	55,704
Interest and fiscal charges	2,970	69	3,039
Total expenditures	<u>36,706,953</u>	<u>7,066,173</u>	<u>43,773,126</u>
Excess (deficiency) of revenues over expenditures	<u>1,080,311</u>	<u>355,976</u>	<u>1,436,287</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from lease	-	8,076	8,076
Transfers in	309,399	207,290	516,689
Transfers out	(207,290)	(309,399)	(516,689)
Total other financing sources (uses)	<u>102,109</u>	<u>(94,033)</u>	<u>8,076</u>
Net change in fund balances	1,182,420	261,943	1,444,363
Fund balances - beginning of year, as restated	5,513,773	3,856,656	9,370,429
Fund balances - end of year	<u>\$ 6,696,193</u>	<u>\$ 4,118,599</u>	<u>\$ 10,814,792</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, 2022**

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	\$ 1,444,363
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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	\$ (924,632)	
Capital expenses	727,760	
Transfer of school building back to education	<u>2,233,848</u>	2,036,976

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.	(1,961)
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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.	(10,555)
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Debt proceeds provide current financial resources to governmental funds, but debt issuances increase long term liabilities in the statement of net position. Principal repayments are expenditures in governmental funds, but reduce long term liabilities in the statement of net position.

Lease payments	55,704	
Proceeds from lease	<u>(8,076)</u>	47,628

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	\$ 353,395	
OPEB expense	<u>215,516</u>	568,911

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	\$ 3,544,352	
Pension expense	<u>(88,217)</u>	3,456,135

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>(37,973)</u>
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Change in net position of governmental activities	<u>\$ 7,503,524</u>
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CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	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	\$ 672,214	\$ 1,225,092	\$ -	\$ 257,172	\$ 1,645,617	\$ 3,800,095
Receivables:						
Accounts receivable	1,201	-	70,237	3,796	-	75,234
Due from other governmental units	238,614	-	771,034	-	230,028	1,239,676
Restricted Cash	-	-	-	28,294	-	28,294
Total assets	<u>\$ 912,029</u>	<u>\$ 1,225,092</u>	<u>\$ 841,271</u>	<u>\$ 289,262</u>	<u>\$ 1,875,645</u>	<u>\$ 5,143,299</u>
Liabilities						
Accounts payable	\$ 981	\$ 56,678	\$ 614	\$ 7,831	\$ 40,656	\$ 106,760
Accrued liabilities	77,283	-	170,563	-	-	247,846
Due to other funds	-	-	666,536	-	-	666,536
Held for others	-	-	3,558	-	-	3,558
Total liabilities	<u>78,264</u>	<u>56,678</u>	<u>841,271</u>	<u>7,831</u>	<u>40,656</u>	<u>1,024,700</u>
Fund Balance						
Restricted						
Programs	35,663	-	-	1,271	-	36,934
Donor	7,432	-	-	32,692	-	40,124
Assigned	790,670	1,168,414	-	247,468	1,834,989	4,041,541
Total fund balances	<u>833,765</u>	<u>1,168,414</u>	<u>-</u>	<u>281,431</u>	<u>1,834,989</u>	<u>4,118,599</u>
Total liabilities and fund balances	<u>\$ 912,029</u>	<u>\$ 1,225,092</u>	<u>\$ 841,271</u>	<u>\$ 289,262</u>	<u>\$ 1,875,645</u>	<u>\$ 5,143,299</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, 2022

	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	\$ 56	\$ 180	\$ -	\$ 10	\$ 1,128	\$ 1,374
Charges for services	2,837	-	-	301,182	-	304,019
Miscellaneous	18,662	-	12,960	73,302	-	104,924
Recovered costs	-	-	432,116	-	10,446	442,562
Intergovernmental:						
Federal	2,245,841	-	167,144	-	901,525	3,314,510
Commonwealth	41,067	169,439	2,452,526	-	230,028	2,893,060
City of Staunton	-	-	-	-	361,700	361,700
Total revenues	2,308,463	169,619	3,064,746	374,494	1,504,827	7,422,149
EXPENDITURES						
Current:						
Education	1,922,122	241,504	2,978,170	353,834	1,569,290	7,064,920
Debt Service:						
Principal retirement	-	-	1,184	-	-	1,184
Interest and fiscal charges	-	-	69	-	-	69
Total expenditures	1,922,122	241,504	2,979,423	353,834	1,569,290	7,066,173
Excess (deficiency) of revenues over expenditures	386,341	(71,885)	85,323	20,660	(64,463)	355,976
OTHER FINANCING SOURCES (USES)						
Proceeds from lease	-	-	8,076	-	-	8,076
Transfers in	-	107,290	-	-	100,000	207,290
Transfers out	-	-	(93,399)	-	(216,000)	(309,399)
Total other financing sources (uses)	-	107,290	(85,323)	-	(116,000)	(94,033)
Net change in fund balances	386,341	35,405	-	20,660	(180,463)	261,943
Fund balances - beginning of year, as restated	447,424	1,133,009	-	260,771	2,015,452	3,856,656
Fund balances - end of year	\$ 833,765	\$ 1,168,414	\$ -	\$ 281,431	\$ 1,834,989	\$ 4,118,599

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE –
EDUCATION FUND
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from use of money and property	\$ 5,000	\$ 5,000	\$ 5,508	\$ 508
Charges for services	131,337	131,337	120,551	(10,786)
Miscellaneous	94,965	272,300	138,660	(133,640)
Recovered costs	760,042	117,808	117,571	(237)
Intergovernmental:				
Federal	1,876,958	7,853,949	5,209,149	(2,644,800)
Commonwealth	18,442,071	18,442,071	18,565,349	123,278
City of Staunton	13,626,250	13,630,476	13,630,476	-
Total revenues	34,936,623	40,452,941	37,787,264	(2,665,677)
EXPENDITURES				
Current:				
Education	35,046,208	41,042,963	36,649,463	4,393,500
Debt Service:				
Principal retirement	-	-	54,520	(54,520)
Interest and fiscal charges	-	-	2,970	(2,970)
Total expenditures	35,046,208	41,042,963	36,706,953	4,336,010
Excess (deficiency) of revenues over expenditures	(109,585)	(590,022)	1,080,311	1,670,333
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year reserve/encumbrances	223,750	487,787	-	(487,787)
Transfers in:				
Transfer from State Operated Programs Fund	93,125	93,125	93,399	274
Transfer from the School CIP Fund	-	216,000	216,000	-
Transfers out:				
Transfer to School Textbook Fund	(107,290)	(107,290)	(107,290)	-
Transfer to School CIP Fund	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	109,585	589,622	102,109	(487,513)
Net change in fund balance	\$ -	\$ (400)	\$ 1,182,420	\$ 1,182,820

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, 2022

ASSETS

Cash and cash equivalents	\$ 87,095
Accounts receivable	488,889
Lease Receivable	497,303
Inventory	12,970,053
Capital assets:	
Nondepreciable assets	793,946
Depreciable assets, net	<u>5,687,336</u>
Total assets	<u>20,524,622</u>

LIABILITIES

Accounts payable	505,557
Due to primary government	<u>12,750,000</u>
Total liabilities	<u>13,255,557</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	<u>497,303</u>
---------------	----------------

NET POSITION

Net investment in capital assets	6,481,282
Unrestricted	<u>290,480</u>
Total net position	<u><u>\$ 6,771,762</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2022

OPERATING REVENUES

Charges for services	\$ 5,806
Rental of property	13,679
Operating grants-City	<u>513,668</u>
Total operating revenues	<u>533,153</u>

OPERATING EXPENSES

Hotel 24 South rental payment	25,000
Villages	146,905
Staunton Frontier	366,763
Depreciation	<u>229,220</u>
Total operating expenses	<u>767,888</u>
Operating loss	<u>(234,735)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	<u>17,328</u>
Total nonoperating revenues (expenses)	<u>17,328</u>
Change in net position	(217,407)
Net position - beginning of year, as restated (Note 23)	<u>6,989,169</u>
Net position - end of year	<u><u>\$ 6,771,762</u></u>

CITY OF STAUNTON, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – EDA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

OPERATING ACTIVITIES

Cash received from customers	\$ 11,806
Cash paid to suppliers/grantees	(1,001,108)
Other operating grants	976,109
	<hr/>
Net cash used in operating activities	(13,193)
	<hr/>

CAPITAL AND RELATED FINANCING ACTIVITIES

Income received on leases	7,679
Interest received on leases	17,321
	<hr/>
Net cash provided by capital and related financing activities	25,000
	<hr/>

INVESTING ACTIVITIES

Interest received	7
	<hr/>
Net cash provided by investing activities	7
	<hr/>
Net increase in cash and cash equivalents	11,814

CASH AND CASH EQUIVALENTS

Beginning of year	75,281
	<hr/>
End of year	\$ 87,095
	<hr/> <hr/>

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

Operating loss	\$ (234,735)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	229,220
Inflows from leases	(7,679)
Change in assets and liabilities:	
Increase (decrease) in receivables	462,441
Increase (decrease) in accounts payable	(462,440)
	<hr/>
Net cash used in operating activities	\$ (13,193)
	<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, 2022

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	\$ 20,167,363	\$ 20,714,940	\$ 547,577
Downtown development real property tax	120,000	132,460	12,460
Real and personal public service corporation property taxes	907,700	960,836	53,136
Personal property taxes	5,525,000	6,334,967	809,967
Machinery and tools taxes	450,000	400,158	(49,842)
Penalties and interest	415,000	469,348	54,348
Total General Property Taxes	27,585,063	29,012,709	1,427,646
Other local taxes:			
Local sales and use taxes	4,662,500	5,484,719	822,219
Consumers' utility taxes	1,168,000	1,183,396	15,396
Local communication tax	1,100,000	999,140	(100,860)
Business license taxes	2,040,000	2,741,890	701,890
Bank stock taxes	485,000	647,823	162,823
Taxes on recordation and wills	227,000	448,883	221,883
Lodging (Transient occupancy) taxes	760,000	1,208,260	448,260
Restaurant food (Meals) tax	4,300,000	5,809,981	1,509,981
Short term rental tax	23,000	30,579	7,579
Cigarette tax	385,000	384,700	(300)
Total Other Local Taxes	15,150,500	18,939,371	3,788,871
Permits, privilege fees, and regulatory licenses:			
Animal licenses	10,500	7,548	(2,952)
Permits and other licenses	197,900	202,184	4,284
Total Permits, Privilege Fees, and Regulatory Licenses	208,400	209,732	1,332
Fines and forfeitures	232,000	209,021	(22,979)
Revenue from use of money and property:			
Revenue from use of money	100,000	(65,254)	(165,254)
Revenue from use of property	59,500	89,082	29,582
Total Revenue from Use of Money and Property	159,500	23,828	(135,672)

(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, 2022

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	\$ 15,100	\$ 6,300	\$ (8,800)
Charges for Commonwealth's Attorney	4,200	4,313	113
Charges for Sheriff	2,617	2,617	-
Courtroom security fee	45,000	61,172	16,172
Jail admission fee	3,250	3,074	(176)
Charges for publications and maps	-	302	302
Charges for parks and recreation	351,000	350,453	(547)
Charges for golf	182,575	254,724	72,149
Charges for library fines	2,500	8,593	6,093
Charges for copies	-	4	4
Property clean up fees	2,000	5,280	3,280
Administrative fees	24,000	30,721	6,721
Payments in lieu of tax from Enterprise funds	1,217,260	1,170,319	(46,941)
Charges for tax-exempt organizations	6,400	6,972	572
Total Charges for Services	1,855,902	1,904,844	48,942
Miscellaneous revenue:			
Payment in lieu of tax-SRHA	14,000	13,923	(77)
Sale of salvage and surplus	15,000	69,871	54,871
Donations	11,699	13,178	1,479
Restitution	-	1,463	1,463
Other grants	30,349	37,093	6,744
Miscellaneous	-	7,552	7,552
Total Miscellaneous Revenue	71,048	143,080	72,032
Recovered Costs	1,210,483	1,204,133	(6,350)
Total Revenue from Local Sources	46,472,896	51,646,718	5,173,822
Revenue from the Commonwealth:			
Non-categorical Aid:			
Public facilities tax	50,000	71,392	21,392
Games of Skill	-	6,768	6,768
Rolling stock taxes	9,600	10,097	497
Auto rental taxes	87,500	123,127	35,627
Law enforcement	954,888	954,979	91
Grantor's tax	50,000	128,162	78,162
Recordation tax	45,000	-	(45,000)
PPTRA reimbursement	1,652,000	1,652,200	200
Total Non-Categorical Aid	2,848,988	2,946,725	97,737

(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, 2022

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	\$ 565,439	\$ 561,227	\$ (4,212)
Sheriff	413,943	393,999	(19,944)
Commissioner of the revenue	132,408	133,742	1,334
Treasurer	130,338	127,957	(2,381)
Registrar/Electoral Board	73,926	71,355	(2,571)
Circuit court clerk	323,591	323,099	(492)
Circuit court clerk-technology trust fund	14,406	16,496	2,090
Total Shared Expenses	1,654,051	1,627,875	(26,176)
Health and welfare	1,521,908	1,102,715	(419,193)
Other Categorical Aid:			
Street and highway maintenance	4,798,472	4,372,319	(426,153)
Library	155,000	169,003	14,003
E911 Wireless funds	95,000	117,372	22,372
VDEP Business Readiness grant	7,280	-	(7,280)
Fire programs	88,000	96,112	8,112
Commission for the Arts	4,500	4,500	-
Comprehensive Services Act funds	2,222,887	1,430,779	(792,108)
Four-for-Life funds	23,500	22,774	(726)
Animal license plates	750	867	117
Victim/Witness funds	33,765	25,624	(8,141)
Forfeited assets	-	38,816	38,816
Jurors/Witness fees	10,000	14,544	4,544
Total Other Categorical Aid	7,439,154	6,292,710	(1,146,444)
Total Categorical Aid	10,615,113	9,023,300	(1,591,813)
Total Revenue from the Commonwealth	13,464,101	11,970,025	(1,494,076)
Revenue from the Federal Government:			
Categorical aid:			
Health and welfare	1,305,629	1,127,346	(178,283)
Comprehensive Services Act funds	-	122,591	122,591
Victim/Witness	78,784	59,790	(18,994)
State and Local Fiscal Recovery Funds (ARPA)	4,477,913	-	(4,477,913)
American Libraries Rescue Plan (ARPA) grant	21,309	21,309	-
Virginia ARPA Tourism Recovery Program grant	60,000	-	(60,000)
Police CESF grant	-	887	887
US Marshall JLEO funds	26,998	18,331	(8,667)
Police DMV Selective enforcement grant	15,380	12,890	(2,490)
Total Revenue from the Federal Government	5,986,013	1,363,144	(4,622,869)
Total General Fund	\$ 65,923,010	\$ 64,979,887	\$ (943,123)

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, 2022

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	\$ -	\$ 9	\$ 9
Total Revenue from Use of Money and Property	-	9	9
Charges for services:			
Supervision fees	35,000	11,200	(23,800)
Drug screen fees	-	1,519	1,519
Home electronic monitoring fees	140,000	115,429	(24,571)
Group therapy fees	-	2,805	2,805
Total Charges for Services	175,000	130,953	(44,047)
Miscellaneous:			
Restitution	-	255	255
CAPSAW	20,500	14,014	(6,486)
Augusta Health	15,000	2,500	(12,500)
VCSB-MH Rural Jail diversion	48,000	16,835	(31,165)
VCSB-Therapeutic docket	55,369	55,227	(142)
Total Miscellaneous Revenue	138,869	88,831	(50,038)
Total Revenue from Local Sources	313,869	219,793	(94,076)
Revenue from the Commonwealth:			
Supreme Court - Drug Court	79,219	99,940	20,721
Community Corrections and Pre-trial services funds	836,453	775,790	(60,663)
Total Revenue from the Commonwealth	915,672	875,730	(39,942)
Revenue from the Federal Government:			
Categorical aid:			
CESF grant	-	740	740
Total Revenue from the Federal Government	-	740	740
Total Blue Ridge Court Services Fund	\$ 1,229,541	\$ 1,096,263	\$ (133,278)
State and Federal Grants Fund:			
Revenue from the Federal Government:			
LEMPG-fire equipment	7,500	-	(7,500)
JAG-Byrne Justice Assistance Grant	8,066	2,592	(5,474)
Total Revenue from the Federal Government	15,566	2,592	(12,974)
Total Grants Fund	\$ 15,566	\$ 2,592	\$ (12,974)

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, 2022

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	\$ -	\$ 31	\$ 31
Total Revenue from Local Sources	-	31	31
Revenue from the Federal Government:			
HUD entitlement	300,000	182,922	(117,078)
HUD VIDA program	-	16,500	16,500
EPA Brownsfield Assessment Grant program		13,280	13,280
CSLFRF ARPA-Industrial Revitalization Fund (IRF) Planning Grant	100,000	48,170	(51,830)
Total Revenue from the Federal Government	400,000	260,872	(139,128)
Total Community Development Fund	\$ 400,000	\$ 260,903	\$ (139,097)
Total Special Revenue Funds	\$ 1,645,107	\$ 1,359,758	\$ (285,349)
Grand Total Revenues - Primary Government			
General and special revenue funds	\$ 67,568,117	\$ 66,339,645	\$ (1,228,472)
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	\$ -	\$ 303	\$ 303
Revenue from use of property	5,000	5,205	205
Total Revenue from Use of Money and Property	5,000	5,508	508
Charges for services:			
Charges for education	7,000	14,047	7,047
Tuition or other payments from another county or city	124,337	106,504	(17,833)
Total Charges for Services	131,337	120,551	(10,786)
Miscellaneous revenue:			
Donations	182,535	32,328	(150,207)
Wellness program	13,662	8,700	(4,962)
Miscellaneous grants	76,103	61,837	(14,266)
Sale of salvage and surplus	-	35,795	35,795
Total Miscellaneous Revenue	272,300	138,660	(133,640)
Recovered Costs	117,808	117,571	(237)
Contribution from City of Staunton	13,630,476	13,630,476	-
Total Revenue from Local Sources	14,156,921	14,012,766	(144,155)

(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, 2022

Fund, Major and Minor Revenue Source	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD (Cont'd):			
Special Revenue Funds (Cont'd):			
Education Fund (Cont'd):			
Revenue from the Commonwealth:			
Categorical Aid:			
Share of state sales tax	\$ 3,623,048	\$ 4,646,630	\$ 1,023,582
Basic school aid	7,490,757	6,897,354	(593,403)
No Loss Funding	-	146,946	146,946
Learning Loss Funding	659,736		(659,736)
Foster care	10,000	26,062	16,062
Gifted and talented-SOQ	83,564	83,561	(3)
Remedial Education-SOQ	338,985	338,973	(12)
ISAEP funds	16,772	16,465	(307)
Special education-SOQ	722,116	722,091	(25)
Special education-foster care	8,449	12,977	4,528
Homebound	2,584	-	(2,584)
Regional tuition programs	681,412	323,082	(358,330)
Primary Class size (K-3)	360,856	380,462	19,606
Vocational education-SOQ	351,598	351,586	(12)
Social security instructional	488,768	488,751	(17)
VRS retirement instructional	1,138,358	1,138,318	(40)
Lottery	595,292	640,743	45,451
Group Life Insurance instructional	34,687	34,686	(1)
At risk	656,430	656,430	-
VPSA Technology grants	180,000	180,000	-
At Risk - Four Year Olds (VPSI)	328,101	328,101	-
Compensation Supplement	313,435	522,415	208,980
Remedial Summer School	100,111	163,515	63,404
English as a second language	64,149	65,027	878
Early Reading Intervention	58,772	124,073	65,301
SOL-Algebra readiness	39,479	41,813	2,334
Vision Screening	-	5,320	5,320
Vocational - Equipment	-	9,535	9,535
Project Graduation	4,460	4,599	139
Mentor Teacher Program	3,152	1,189	(1,963)
DMAS Medicaid	52,000	208,552	156,552
National board certification	-	2,500	2,500
Other state funds	35,000	3,593	(31,407)
Total Categorical Aid	18,442,071	18,565,349	123,278
Total Revenue from the Commonwealth	18,442,071	18,565,349	123,278

(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, 2022

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	\$ 1,210,873	\$ 958,092	\$ (252,781)
Title 1 for Delinquent-Basic	162,820	73,256	(89,564)
School improvement grant	125,000	129,169	4,169
Title VI - B - Special Education (including ARP flowthrough)	1,774,531	634,021	(1,140,510)
Preschool grants (including ARP flowthrough)	76,497	42,811	(33,686)
Title II A-Improving teacher training	163,158	101,062	(62,096)
Title IV A-Student Support and Academic Enrichment	63,240	63,127	(113)
Title III ESEA - Limited English proficient	7,808	9,900	2,092
Va Partnership for Mental Health	-	2,500	2,500
Career Tech Ed grants (BRCC)	6,085	-	(6,085)
Perkins CTE-Vocational education basic grant	67,922	69,266	1,344
CARES Act ESSERF - ESSER II	1,994,393	1,170,103	(824,290)
CARES Act ESSERF - GEER Wifi and Mifi Access	151,493	116,605	(34,888)
ARP ESSER III	719,715	665,545	(54,170)
ARP CSLFRF Ventilation Improvement	-	42,912	42,912
ARP ESSER Homeless Children and Youth	26,326	-	(26,326)
Emergency Connectivity Fund	1,304,088	1,130,780	(173,308)
Total Categorical Aid	7,853,949	5,209,149	(2,644,800)
Total Revenue from the Federal Government	7,853,949	5,209,149	(2,644,800)
Total Education Fund	\$ 40,452,941	\$ 37,787,264	\$ (2,665,677)
School Cafeteria Fund:			
Revenue from Local Sources:			
Revenue from the use of money and property:			
Revenue from use of money	\$ 50	\$ 56	\$ 6
Charges for services:			
Charges for food service	2,400	2,837	437
Miscellaneous Revenue:			
Donations	8,209	8,209	-
Sale of salvage and surplus	-	3,996	3,996
Other	3,600	6,457	2,857
Total Miscellaneous revenue	11,809	18,662	6,853
Total Revenue from Local Sources	14,259	21,555	7,296
Revenue from the Commonwealth:			
Meal reimbursement	14,500	13,673	(827)
State Breakfast Incentive	22,000	17,653	(4,347)
Breakfast after the Bell	-	9,741	9,741
Total revenue from the Commonwealth	36,500	41,067	4,567
Revenue from the Federal Government:			
CARES Act ESSERF - ESSER II	-	5,858	5,858
ARP ESSER III	-	36,826	36,826
Child care food program	-	349,953	349,953
Summer Food service program	-	53,781	53,781
Pandemic EBT Administrative cost	3,063	3,063	-
National school lunch and breakfast program	1,548,149	1,796,360	248,211
Total Revenue from the Federal Government	1,551,212	2,245,841	694,629
Total School Cafeteria Fund	\$ 1,601,971	\$ 2,308,463	\$ 706,492

(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, 2022

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:	\$ -	\$ 180	\$ 180
Total Revenue from Local Sources	-	180	180
Revenue from the Commonwealth:			
Textbook payment (including lottery fund)	169,445	169,439	(6)
Total Textbook Fund	<u>\$ 169,445</u>	<u>\$ 169,619</u>	<u>\$ 174</u>
State Operated Programs Fund:			
Revenue from Local Sources:			
E-rate reimbursement	\$ 28,000	\$ 12,960	\$ (15,040)
Recovered costs	425,432	432,116	6,684
Total Revenue from local sources	453,432	445,076	(8,356)
Revenue from the Commonwealth:			
Hospitals, clinics, and detention homes	2,614,759	2,452,526	(162,233)
Revenue from the Federal Government:			
Categorical Aid			
Title I Part D-Neglected and Delinquent Children	160,831	148,213	(12,618)
Title VI-B-Regional Programs	27,767	18,931	(8,836)
Total Revenue from Federal Government	188,598	167,144	(21,454)
Total State Operated Programs Fund	<u>\$ 3,256,789</u>	<u>\$ 3,064,746</u>	<u>\$ (192,043)</u>
Total Special Revenue Funds	<u>\$ 5,028,205</u>	<u>\$ 5,542,828</u>	<u>\$ 514,623</u>
Grand Total Revenues - Component Unit School Board	<u>\$ 45,481,146</u>	<u>\$ 43,330,092</u>	<u>\$ (2,151,054)</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, 2022

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
PRIMARY GOVERNMENT:			
General Fund:			
General Government Administration:			
Legislative:			
Clerk of City Council	\$ 80,552	\$ 75,931	\$ 4,621
City Council	165,662	148,316	17,346
Total Legislative	246,214	224,247	21,967
General and Financial Administration:			
City Manager	668,966	675,649	(6,683)
City Attorney	442,420	327,797	114,623
City Memberships	28,750	26,995	1,755
Professional Consultants	75,000	65,000	10,000
Commissioner of the Revenue	374,747	361,939	12,808
Assessor and Equalization Board	334,818	298,263	36,555
Treasurer	397,348	372,356	24,992
Finance	1,393,272	1,152,135	241,137
Information Technology	1,380,386	1,152,636	227,750
Risk Management	695,000	579,473	115,527
Human Resources	707,299	653,232	54,067
Communications Manager	137,059	139,079	(2,020)
Contingency-ARPA	4,477,913	-	4,477,913
Total General and Financial Administration	11,112,978	5,804,554	5,308,424
Board of Elections:			
Electoral Board and Registrar	217,582	211,802	5,780
Total Board of Elections	217,582	211,802	5,780
Total General Government Administration	11,576,774	6,240,603	5,336,171
Judicial Administration:			
Courts:			
Circuit court	164,428	160,986	3,442
General District Court	16,900	11,524	5,376
Juvenile and Domestic Relations Court	75,092	69,021	6,071
Clerk of the Circuit Court	596,176	570,853	25,323
Sheriff	885,726	855,740	29,986
Victim/Witness	116,430	98,391	18,039
Magistrates	2,000	1,920	80
Total Courts	1,856,752	1,768,435	88,317
Commonwealth Attorney	940,743	874,580	66,163
Total Judicial Administration	2,797,495	2,643,015	154,480

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, 2022

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	\$ 5,805,027	\$ 5,501,263	\$ 303,764
E-911 Communications	856,333	694,389	161,944
Total Law Enforcement and Traffic Control	6,661,360	6,195,652	465,708
Fire and Rescue Services:			
Fire Department	3,392,080	3,359,819	32,261
EMS Council/Four for Life	24,118	1,538	22,580
State Fire Programs	159,558	56,059	103,499
Total Fire and Rescue Services	3,575,756	3,417,416	158,340
Correction and Detention:			
Juvenile Detention Home - Contribution	130,608	130,608	-
Jail Facility	2,782,021	2,747,490	34,531
Youth Commission	165,000	146,995	18,005
Total Correction and Detention	3,077,629	3,025,093	52,536
Inspections:			
Building Inspection	407,931	372,601	35,330
Other Protection:			
Animal control - Animal Care	120,500	123,466	(2,966)
Medical Examiner	280	320	(40)
Total Other Protection	120,780	123,786	(3,006)
Total Public Safety	13,843,456	13,134,548	708,908
Public Works:			
Administration	288,734	282,728	6,006
Traffic Engineering (lines and signs)	229,745	205,696	24,049
Highways, Streets, and Sidewalks	4,155,882	3,711,665	444,217
City Engineering	286,401	265,750	20,651
Traffic Signals	375,957	293,391	82,566
Total	5,336,719	4,759,230	577,489
Maintenance of General Buildings, Grounds, and Equipment:			
General Properties Maintenance	1,409,275	1,267,658	141,617
Equipment Maintenance	543,653	507,478	36,175
Total Maintenance of General Buildings, Grounds, Equipment	1,952,928	1,775,136	177,792
Total Public Works	7,289,647	6,534,366	755,281

(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, 2022

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	\$ 308,388	\$ 284,218	\$ 24,170
Mental Health and Mental Retardation:			
Chapter X Board	193,869	193,869	-
Total Health	502,257	478,087	24,170
Welfare:			
DSS-public assistance	3,718,513	2,998,281	720,232
Children Services Act	3,150,000	2,303,553	846,447
Tax Relief - Elderly and Disabled	111,393	97,958	13,435
Tax Relief - Veterans	96,267	98,197	(1,930)
Valley Children's Advocacy Center	7,229	7,229	-
CAPSAW	29,143	29,143	-
Contribution to Area Agency on Aging (VPAS)	26,000	26,000	-
BRITE Transportation	42,152	42,152	-
Total Welfare	7,180,697	5,602,513	1,578,184
Total Health and Welfare	7,682,954	6,080,600	1,602,354
Education:			
Contribution to Community College	9,000	9,000	-
Contribution to Component Unit - School Board	13,630,476	13,630,476	-
Total Education	13,639,476	13,639,476	-
Parks, Recreation and Cultural:			
Parks and Recreation:			
Administration	1,406,502	1,225,257	181,245
Park Maintenance	1,174,708	968,598	206,110
Golf	130,931	132,014	(1,083)
Horticulture	191,356	163,575	27,781
Boys and Girls Club	20,000	20,000	-
Total Parks and Recreation	2,923,497	2,509,444	414,053
Cultural Enrichment:			
Contributions to Community Organizations	15,500	15,500	-
Total Cultural Enrichment	15,500	15,500	-
Library:			
Library Administration and Operations	1,206,837	1,149,021	57,816
Total Library	1,206,837	1,149,021	57,816
Total Parks, Recreation, and Cultural	4,145,834	3,673,965	471,869

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, 2022

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	\$ 1,252,725	\$ 888,490	\$ 364,235
Planning and Development	450,208	375,551	74,657
Tourism Development	511,197	421,868	89,329
Staunton Welcome Center	54,673	36,906	17,767
Special Service District (SDDA)	195,650	181,114	14,536
Contributions to Local Agencies and Regional Programs	241,146	237,199	3,947
Total Planning and Community Development	2,705,599	2,141,128	564,471
Total Community Development	2,705,599	2,141,128	564,471
Debt Service:			
Principal retirement	-	11,597	(11,597)
Interest and fiscal charges	-	746	(746)
Total Debt Service	-	12,343	(12,343)
Total General Fund	\$ 63,681,235	\$ 54,100,044	\$ 9,581,191
Special Revenue Funds:			
Blue Ridge Court Services Fund:			
Public Safety:			
Correction and Detention:			
Community Corrections	\$ 1,016,473	\$ 875,402	\$ 141,071
Therapeutic Docket	54,732	55,227	(495)
MH rural jail diversion	50,223	16,835	33,388
Augusta Health Grant	-	44,644	(44,644)
Drug Court	112,483	115,843	(3,360)
Total Correction and Detention	1,233,911	1,107,951	125,960
Total Public Safety	1,233,911	1,107,951	125,960
Debt Service			
Principal retirement	-	23,796	(23,796)
Interest and fiscal charges	-	3,097	(3,097)
Total Debt Service	-	26,893	(26,893)
Total Blue Ridge Court Services Fund	\$ 1,233,911	\$ 1,134,844	\$ 99,067
State and Federal Grants Fund:			
Public Safety			
Police department grants	8,066	2,592	5,474
Fire department grants	7,500	-	7,500
Total Public Safety	15,566	2,592	12,974
Total State and Federal Grants Fund	\$ 15,566	\$ 2,592	\$ 12,974
Community Development Fund:			
Community Development:			
West End Brownsfield Assessment	\$ -	\$ 13,280	\$ (13,280)
Arcadia Project	100,000	48,170	51,830
HUD Entitlement	418,593	182,921	235,672
VIDA Program	-	16,500	(16,500)
Total Community Development Fund	\$ 518,593	\$ 260,871	\$ 257,722
Total Special Revenue Funds	\$ 1,768,070	\$ 1,398,307	\$ 369,763
Grand Total - Expenditures -Primary Government- General and special revenue	\$ 65,449,305	\$ 55,498,351	\$ 9,950,954

(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, 2022

Fund, Function, Activity, and Elements:	Final Budget	Actual	Variance Positive (Negative)
COMPONENT UNIT – SCHOOL BOARD:			
Education Fund:			
Instructional Costs	\$ 29,461,345	\$ 26,099,132	\$ 3,362,213
Administration, Attendance & Health	2,498,776	2,250,125	248,651
Pupil Transportation	1,466,565	1,428,743	37,822
Operations and Maintenance	3,858,734	3,686,038	172,696
Technology	3,757,543	3,185,425	572,118
Total Education	<u>41,042,963</u>	<u>36,649,463</u>	<u>4,393,500</u>
Debt Service:			
Principal retirement	-	54,520	(54,520)
Interest and fiscal charges	-	2,970	(2,970)
Total Debt Service	<u>-</u>	<u>57,490</u>	<u>(57,490)</u>
Total Education Fund	<u>\$ 41,042,963</u>	<u>\$ 36,706,953</u>	<u>\$ 4,336,010</u>
School Cafeteria Fund:			
Food Service	<u>\$ 1,759,227</u>	<u>\$ 1,922,122</u>	<u>\$ (162,895)</u>
Total School Cafeteria Fund	<u>\$ 1,759,227</u>	<u>\$ 1,922,122</u>	<u>\$ (162,895)</u>
Textbook Fund:			
Education:			
Instructional costs	<u>\$ 276,735</u>	<u>\$ 241,504</u>	<u>\$ 35,231</u>
Total Textbook Fund	<u>\$ 276,735</u>	<u>\$ 241,504</u>	<u>\$ 35,231</u>
State Operated Programs Fund			
Education:			
Instructional costs	<u>\$ 3,163,664</u>	<u>\$ 2,978,170</u>	<u>\$ 185,494</u>
Debt Service:			
Principal retirement	-	1,184	(1,184)
Interest and fiscal charges	-	69	(69)
Total Debt Service	<u>-</u>	<u>1,253</u>	<u>(1,253)</u>
Total State Operated Programs Fund	<u>\$ 3,163,664</u>	<u>\$ 2,979,423</u>	<u>\$ 184,241</u>
Total Special Revenue Funds	<u>\$ 5,199,626</u>	<u>\$ 5,143,049</u>	<u>\$ 56,577</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 46,242,589</u>	<u>\$ 41,850,002</u>	<u>\$ 4,392,587</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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 36,403,416	\$ 44,822,381	\$ 43,376,129	\$ 41,909,936	\$ 43,232,721	\$ 45,372,360	\$ 43,963,323	\$ 32,734,112	\$ 32,253,859	\$ 31,074,300
Restricted	265,442	237,570	261,168	265,941	31,265	41,469	27,466	117,646	122,452	120,217
Unrestricted	32,590,213	23,842,009	19,787,231	15,995,982	8,386,181	9,292,048	6,545,657	6,839,895	21,671,005	20,530,870
Total governmental activities net position	<u>\$ 69,259,071</u>	<u>\$ 68,901,960</u>	<u>\$ 63,424,528</u>	<u>\$ 58,171,859</u>	<u>\$ 51,650,167</u>	<u>\$ 54,705,877</u>	<u>\$ 50,536,446</u>	<u>\$ 39,691,653</u>	<u>\$ 54,047,316</u>	<u>\$ 51,725,387</u>
Business-type activities										
Net investment in capital assets	\$ 57,000,996	\$ 57,887,928	\$ 58,466,643	\$ 57,742,860	\$ 57,260,176	\$ 55,688,479	\$ 54,599,310	\$ 53,499,079	\$ 51,946,042	\$ 51,646,845
Restricted	15,407	-	-	-	-	-	-	-	-	-
Unrestricted	19,228,666	17,492,065	15,208,793	14,228,629	13,252,492	13,842,399	12,535,217	12,545,752	15,594,582	15,253,532
Total business-type activities net position	<u>\$ 76,245,069</u>	<u>\$ 75,379,993</u>	<u>\$ 73,675,436</u>	<u>\$ 71,971,489</u>	<u>\$ 70,512,668</u>	<u>\$ 69,530,878</u>	<u>\$ 67,134,527</u>	<u>\$ 66,044,831</u>	<u>\$ 67,540,624</u>	<u>\$ 66,900,377</u>
Primary government										
Net investment in capital assets	\$ 93,404,412	\$ 102,710,309	\$ 101,842,772	\$ 99,652,796	\$ 100,492,897	\$ 101,060,839	\$ 98,562,633	\$ 86,233,191	\$ 84,199,901	\$ 82,721,145
Restricted	280,849	237,570	261,168	265,941	31,265	41,469	27,466	117,646	122,452	120,217
Unrestricted	51,818,879	41,334,074	34,996,024	30,224,611	21,638,673	23,134,447	19,080,874	19,385,647	37,265,587	35,784,402
Total primary net position	<u>\$ 145,504,140</u>	<u>\$ 144,281,953</u>	<u>\$ 137,099,964</u>	<u>\$ 130,143,348</u>	<u>\$ 122,162,835</u>	<u>\$ 124,236,755</u>	<u>\$ 117,670,973</u>	<u>\$ 105,736,484</u>	<u>\$ 121,587,940</u>	<u>\$ 118,625,764</u>

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
General government	\$ 12,730,220	\$ 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
Judicial administration	2,547,762	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
Public safety	14,068,664	14,559,944	13,311,595	12,042,436	11,829,002	11,718,559	10,622,194	10,864,551	11,088,236	10,869,981
Public works	8,438,127	6,842,748	7,937,417	8,339,556	6,647,903	7,688,195	7,195,893	6,975,749	6,645,051	7,053,141
Health and welfare	6,088,157	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
Education	18,182,718	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
Parks, recreation and culture	3,846,110	3,424,889	3,657,310	3,600,576	3,420,386	3,488,880	3,354,852	3,368,301	3,115,119	3,091,574
Community development	3,297,835	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
Interest on long-term debt	2,567,257	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
Total governmental activities expenses	71,766,850	68,217,011	63,852,380	59,465,947	58,532,931	56,147,189	53,607,798	51,258,977	48,589,367	47,324,353
Business-Type Activities:										
Water	3,492,651	3,410,582	3,575,079	3,410,244	3,886,966	3,425,966	3,611,452	3,421,897	3,610,302	3,595,525
Sewer	3,690,751	3,587,277	3,667,705	3,711,562	3,917,693	3,534,495	3,556,814	3,629,070	3,532,854	3,908,777
Stormwater	1,015,056	995,695	808,357	1,068,398	966,907	806,458	785,238	724,382	749,025	781,975
Environmental	3,383,158	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
Golf	-	-	-	-	146,068	152,966	151,865	155,309	158,691	167,950
Parking	690,247	768,935	676,676	523,631	506,123	460,136	414,275	430,555	411,135	421,934
Total business-type activities expenses	12,271,863	11,718,766	11,921,367	11,367,191	12,214,383	10,836,139	10,726,986	10,571,690	10,824,168	11,307,418
Total primary government expenses	\$ 84,038,713	\$ 79,935,777	\$ 75,773,747	\$ 70,833,138	\$ 70,747,314	\$ 66,983,328	\$ 64,334,784	\$ 61,830,667	\$ 59,413,535	\$ 58,631,771
Program Revenues										
Governmental activities:										
Charges for services:										
Governmental-PILOT from enterprise funds	\$ 1,170,319	\$ 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
Public safety	333,784	447,179	387,061	398,704	425,342	433,289	558,495	391,728	317,028	291,172
Parks and recreation	619,936	336,721	341,168	503,846	421,828	395,378	371,053	329,414	315,569	336,266
Other activities	5,565,116	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
Operating grants and contributions	12,704,274	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
Capital grants and contributions	732,190	1,555,416	1,805,565	39,868	1,356,628	2,215,355	1,105,977	546,586	683,527	471,852
Total governmental activities program revenues	21,125,619	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

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	<u>2022</u>	<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>
Program Revenues: (cont'd)										
Business-type activities:										
Charges for services:										
Golf	\$ -	\$ -	\$ -	\$ -	\$ 90,398	\$ 103,868	\$ 118,900	\$ 120,931	\$ 137,413	\$ 147,255
Water	4,740,183	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
Sewer	3,868,588	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
Stormwater	784,682	772,573	765,821	766,487	767,497	781,950	760,611	788,237	715,878	689,179
Environmental	3,296,529	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
Parking	329,324	472,152	358,004	422,709	444,622	431,015	407,383	396,382	302,234	315,158
Operating grants and contributions	97,732	70,392	5,928	6,359	6,092	9,704	14,389	65,031	13,374	5,044
Capital grants and contributions	126,800	-	826,387	-	785,443	252,436	139,445	686,595	-	65,871
Total business-type activities program revenues	<u>13,243,838</u>	<u>13,394,285</u>	<u>13,361,945</u>	<u>12,443,961</u>	<u>13,016,533</u>	<u>12,154,962</u>	<u>11,529,536</u>	<u>11,868,363</u>	<u>10,629,799</u>	<u>10,442,322</u>
Total primary government program revenues	<u>\$ 34,369,457</u>	<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>
Net (expense)/revenue										
Governmental activities	\$ (50,641,231)	\$ (46,832,566)	\$ (42,265,662)	\$ (38,971,993)	\$ (38,684,673)	\$ (35,798,779)	\$ (28,944,997)	\$ (34,218,291)	\$ (34,980,016)	\$ (34,901,576)
Business-type activities	<u>971,975</u>	<u>1,675,519</u>	<u>1,440,578</u>	<u>1,076,770</u>	<u>802,150</u>	<u>1,318,823</u>	<u>802,550</u>	<u>1,296,673</u>	<u>(194,369)</u>	<u>(865,096)</u>
Total primary government net expense	<u>\$ (49,669,256)</u>	<u>\$ (45,157,047)</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>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 29,245,433	\$ 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
Sales tax	5,484,719	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
Hotel and meals tax	7,018,241	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
Business license	2,741,890	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
Utility tax	1,183,396	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
Local communication tax	999,140	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
Other taxes	1,511,985	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
Unrestricted investment earnings (loss)	(73,084)	83,775	958,576	385,545	155,183	133,649	68,532	11,241	11,370	18,196
Grants and contributions not restricted to a specific program	2,946,726	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
Miscellaneous	21,553	57,036	23,865	21,942	18,684	57,572	29,086	25,089	8,783	27,765
Transfers	<u>(81,657)</u>	<u>(24,528)</u>	<u>-</u>	<u>(189,316)</u>	<u>(1,066,603)</u>	<u>(1,041,073)</u>	<u>(236,488)</u>	<u>12,752</u>	<u>(224,400)</u>	<u>(641,360)</u>
Total governmental activities	<u>50,998,342</u>	<u>52,382,209</u>	<u>47,459,824</u>	<u>45,493,685</u>	<u>42,038,900</u>	<u>39,968,210</u>	<u>39,789,790</u>	<u>38,397,131</u>	<u>37,307,638</u>	<u>33,992,156</u>

(Continued)

TABLE 2

CITY OF STAUNTON, VIRGINIA

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

	<u>2022</u>	<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>
Business-type activities:										
Unrestricted investment earnings (loss)	\$ (188,556)	\$ 4,616	\$ 263,369	\$ 271,189	\$ 92,181	\$ 36,455	\$ 50,658	\$ 29,192	\$ 39,790	\$ 57,073
Transfers	81,657	24,528	-	189,316	1,066,603	1,041,073	236,488	(12,752)	224,400	641,360
Total business-type activities	<u>(106,899)</u>	<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>
Total primary government	<u>\$ 50,891,443</u>	<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>
Change in Net Position										
Governmental activities	\$ 357,111	\$ 5,549,643	\$ 5,194,162	\$ 6,521,692	\$ 3,354,227	\$ 4,169,431	\$ 10,844,793	\$ 4,178,840	\$ 2,327,622	\$ (909,420)
Business-type activities	<u>865,076</u>	<u>1,704,663</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>
Total primary government	<u>\$ 1,222,187</u>	<u>\$ 7,254,306</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>

TABLE 3

CITY OF STAUNTON, VIRGINIA

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

	<u>2022</u>	<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>
General Fund										
Nonspendable	\$ 111,400	\$ 103,947	\$ 100,048	\$ 97,630	\$ 198,490	\$ 475,098	\$ 103,252	\$ 78,126	\$ 95,561	\$ 58,666
Restricted	1,002,931	230,914	242,949	250,953	15,219	25,401	15,825	117,646	122,452	120,217
Committed	10,756,835	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
Assigned	2,724,344	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
Unassigned	<u>6,479,724</u>	<u>9,587,197</u>	<u>6,366,059</u>	<u>4,630,500</u>	<u>4,605,965</u>	<u>2,632,596</u>	<u>2,106,836</u>	<u>2,364,510</u>	<u>3,386,768</u>	<u>3,472,715</u>
Total General Fund	<u>\$ 21,075,234</u>	<u>\$ 22,286,728</u>	<u>\$ 17,565,187</u>	<u>\$ 16,216,604</u>	<u>\$ 15,529,941</u>	<u>\$ 13,787,510</u>	<u>\$ 12,312,012</u>	<u>\$ 11,930,107</u>	<u>\$ 11,535,212</u>	<u>\$ 10,919,647</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	-	-
Assigned	20,485,296	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
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,308)</u>
Total all other governmental funds	<u>\$ 20,485,296</u>	<u>\$ 16,514,104</u>	<u>\$ 25,678,927</u>	<u>\$ 57,555,205</u>	<u>\$ 10,577,380</u>	<u>\$ 10,175,161</u>	<u>\$ 9,427,285</u>	<u>\$ 10,564,923</u>	<u>\$ 9,453,593</u>	<u>\$ 9,905,565</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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
General property taxes	\$ 29,012,709	\$ 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
Sales and use tax	5,484,719	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
Meals tax	5,809,981	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
Utility taxes	1,183,396	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
Business license tax	2,741,890	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
Local communication tax	999,140	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
Other local taxes	2,720,245	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
Permits, privilege fees, and regulatory licenses	209,732	229,999	210,011	254,962	287,878	204,627	340,019	194,875	157,536	192,509
Fines and forfeitures	209,021	139,437	201,199	254,056	134,887	94,155	97,667	96,231	102,876	61,682
Charges for services	2,035,797	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
Intergovernmental	15,536,281	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
Investment earnings	(63,787)	83,506	872,221	359,855	152,529	124,450	74,703	11,826	9,238	14,607
Other revenues	1,525,848	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
Total revenues	67,404,972	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
EXPENDITURES										
General government administration	6,517,597	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
Judicial administration	2,643,015	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
Public safety	14,574,449	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
Public works	6,534,366	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
Health and welfare	6,080,600	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
Education	13,680,524	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
Parks, recreation and cultural	3,914,034	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
Community development	3,368,350	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
Capital outlay	1,639,709	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
Debt service:										
Principal retirement	1,726,393	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
Interest and fiscal charges	2,520,930	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
Bond issue costs	268,887	-	92,920	114,508	-	-	-	-	-	96,553
Total expenditures	63,468,854	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
Excess (deficiency) of revenues over (under) expenditures	3,936,118	(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

(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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OTHER FINANCING SOURCES (USES)										
Issuance of lease	12,485	-	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	43,760,000	-	-	-	-	-	-
Refunding bonds issued	17,625,000	-	14,660,000	-	-	-	-	-	15,000,000	-
Premium on general obligation bonds	3,113,224	-	-	2,329,862	-	-	-	-	-	-
Payment to refunding bond escrow agent*	(21,924,772)	-	(14,494,435)	-	-	-	-	-	(15,000,000)	-
Transfers in	12,101,465	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
Transfers out	(12,103,822)	(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)
Total other financing sources (uses)	(1,176,420)	(24,096)	165,565	46,068,837	(164,300)	(1,069,000)	(215,292)	(289,528)	(224,400)	(175,000)
Net change in fund balance	\$ 2,759,698	\$ (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
Debt service as a percentage of noncapital expenditures	7.33%	9.19%	8.02%	6.30%	7.20%	7.40%	7.40%	7.57%	7.92%	6.47%

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>
2022	\$ 1,830,427,930	\$ 378,480,049	\$ 68,472,523	\$ 2,277,380,502	\$ 0.92
2021	1,820,534,547	371,298,912	68,478,417	2,260,311,876	0.92
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

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	2022			2013		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
JECO Corp (One Industry Way Co-Owners)	\$ 14,217,600	1	0.62%	\$ 14,014,000	1	0.79%
Wal-Mart Real Estate Business	11,638,200	2	0.51%	11,638,200	2	0.65%
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	0.54%
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	0.35%	-		-
FAP Properties	-		-	11,549,275	3	0.65%
Gypsy Hill Investments LLC	-		-	10,981,050	4	0.62%
RCC Statler Square PPC	-		-	9,333,800	6	0.52%
SHP III Baldwin Park LLC	-		-	9,214,830	7	0.52%
Staunton Plaza LLC	-		-	9,096,980	8	0.51%
LSK Properties, LLC	-		-	8,392,440	9	0.47%
IDA/Hotel Developer	-		-	7,812,440	10	0.44%
Totals	<u>\$ 105,097,300</u>		<u>4.62%</u>	<u>\$ 101,661,215</u>		<u>5.71%</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		
2022	(1) \$	20,951,903	(2) \$	-	0.00%	\$	-	0.00%
2021		20,634,866		19,980,498	96.83%		19,980,498	96.83%
2020		19,325,700		18,621,456	96.36%	361,803	18,983,259	98.23%
2019		19,261,803		18,481,911	95.95%	381,759	18,863,670	97.93%
2018		18,239,912		17,452,121	95.68%	447,524	17,899,645	98.13%
2017		18,025,255		17,170,918	95.26%	561,938	17,732,856	98.38%
2016		17,097,175		16,281,518	95.23%	561,997	16,843,515	98.52%
2015		16,968,376		16,082,668	94.78%	637,162	16,719,830	98.54%
2014		16,887,817		15,988,802	94.68%	667,356	16,656,158	98.63%
2013		16,782,813		15,819,093	94.26%	737,964	16,557,057	98.65%

Sources: City of Staunton Assessor and Finance Department

Includes real estate and downtown service district taxes

(1) Taxes levied for the current calendar year are levied in May and are due 75% in June and 25% in December.

(2) Collections made during the current calendar year for any tax year are not shown because the calendar year is not complete.

TABLE 8

CITY OF STAUNTON, VIRGINIA

Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Governmental Activities				Business - type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	VRA Loans	Literary Loans	Leases	General Obligation Bonds	VRA Loans	Leases			
2022	\$ 44,400,707	\$ 20,608,506	\$ -	\$ 214,960	\$ -	\$11,362,373	\$ 88,868	\$ 76,675,414	8.52%	\$ 3,109
2021	67,894,141	-	200,000	-	-	12,486,112	-	80,580,253	6.98%	3,298
2020	71,263,546	-	400,000	-	-	14,580,113	-	86,243,659	6.32%	3,527
2019	66,043,499	-	8,100,000	-	-	16,580,246	-	90,723,745	5.71%	3,738
2018	21,161,511	-	9,050,000	-	540,047	18,441,805	-	49,193,363	10.52%	2,030
2017	23,080,231	-	10,000,000	-	772,426	17,897,090	-	51,749,747	9.29%	2,124
2016	24,947,870	-	10,950,000	-	996,003	19,570,861	-	56,464,734	8.25%	2,293
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

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	Less Accumulated Reserves	Net Bonded Debt		
2022	\$ 44,400,707	\$ -	\$ 31,970,879	\$ (4,968,261)	\$ 71,403,325	3.14%	\$ 2,896
2021	67,894,141	200,000	12,486,112	(5,753,588)	74,826,665	3.57%	3,298
2020	71,263,546	400,000	14,580,113	(5,661,948)	80,581,711	4.20%	3,527
2019	66,043,499	8,100,000	16,580,246	(5,045,776)	85,677,969	4.48%	3,738
2018	21,701,558	9,050,000	18,441,805	(3,453,242)	45,740,121	2.62%	2,030
2017	23,852,657	10,000,000	-	(2,981,579)	30,871,078	2.78%	2,124
2016	25,943,873	10,950,000	-	(1,825,129)	35,068,744	3.10%	2,293
2015	27,745,120	11,900,000	-	(1,957,957)	37,687,163	3.40%	2,489
2014	29,797,629	12,850,000	-	(1,958,474)	40,689,155	3.67%	2,692
2013	31,813,736	13,800,000	-	(3,042,090)	42,571,646	3.95%	2,944

Notes:

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

(a) Property values data can be found in Table 5.

(b) Population data can be found in Table 11.

Leases are not included in this schedule because they are not considered bonded debt

TABLE 10

CITY OF STAUNTON, VIRGINIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 227,738,050	\$ 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
Total net debt applicable to limit	76,371,586	80,520,253	86,243,659	90,723,745	49,193,363	51,749,747	55,997,284	61,078,638	66,117,173	71,041,616
Legal debt margin	<u>\$ 151,366,464</u>	<u>\$ 145,510,935</u>	<u>\$ 118,939,804</u>	<u>\$ 111,773,376</u>	<u>\$ 138,563,737</u>	<u>\$ 134,588,374</u>	<u>\$ 124,599,012</u>	<u>\$ 118,303,431</u>	<u>\$ 112,671,993</u>	<u>\$ 107,182,043</u>
Legal debt margin as a percentage of the debt limit	66.47%	64.35%	57.97%	55.20%	73.80%	72.23%	68.99%	65.95%	63.02%	60.14%

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)
2022	24,660	\$ 6,535,799	\$ 51,965	41.5	2,575	3.0%
2021	24,432	5,621,379	45,658	42.8	2,435	4.2%
2020	24,453	5,151,146	44,316	42.5	2,595	8.4%
2019	24,273	5,177,207	42,436	42.0	2,578	2.9%
2018	24,234	5,177,207	42,436	44.2	2,563	3.2%
2017	24,363	4,808,881	40,000	44.0	2,534	3.8%
2016	24,416	4,620,405	38,579	43.4	2,535	3.9%
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%

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 2021.
- (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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western State Hospital	500-999	1	6.42%	500-999	1	5.11%
Staunton City School Board	250-499	2	3.21%	500-999	2	5.11%
City of Staunton	250-499	3	3.21%	250-499	4	3.48%
Mary Baldwin College	250-499	4	3.21%	250-499	3	3.48%
Brightview Senior Living LLC	250-499	5	3.21%			
Federated Auto Parts (Fisher Auto Parts Inc)	100-249	6	1.50%	250-499	6	3.48%
WalMart Associates Inc	100-249	7	1.50%	250-499	5	3.48%
Best Buy	100-249	8	1.50%			
VDOT	100-249	9	1.50%	100-249	10	1.63%
Graphic Packaging (Specialty Blades)	100-249	10	1.50%	100-249	9	1.63%
Virginia School for the Deaf and Blind				100-249	7	1.63%
Home Instead Senior Care				100-249	8	1.63%
Total	2000-4240		26.76%	2550-5240		30.66%

Source: Virginia Employment Commission (VEC)

Notes:

Percentage of Total City employment (2022) 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	39	38	38	38	33	33	35	35	32	33
Judicial	26	26	25	22	22	22	22	21	21	21
Public Safety	109	109	109	109	103	103	103	99	99	99
Public Works	41	42	42	41	41	40	40	40	38	38
Parks, Recreation, and Culture	28	28	28	27	25	24	24	24	24	23
Community Development	9	9	9	9	8	8	7	7	7	7
Blue Ridge Courts	13	13	12	12	12	12	12	12	11	11
Golf Fund	0	0	0	0	1	1	1	1	1	1
Water Fund	28	28	28	26	26	26	26	25	25	25
Sewer Fund	5	5	5	5	5	5	5	5	5	5
Environmental Fund	16	18	18	18	18	18	18	18	18	18
Stormwater Fund	2	1	1	1	1	1	1	1	1	1
Total	316	317	315	308	295	290	291	285	279	279

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety:										
Police:										
Arrests	2,501	2,421	2,568	2,671	2,660	2,560	2,542	2,363	2,438	2,429
Parking tickets	1,985	3,829	3,735	4,674	5,269	4,618	4,855	4,813	4,931	5,036
Traffic citations	4,155	3,348	3,811	4,831	3,381	2,541	3,143	3,066	4,263	2,982
Fire:										
Incident responses	3,175	2,619	3,089	3,681	3,245	2,693	3,200	3,176	3,087	3,450
Fires extinguished	65	43	63	64	67	65	50	78	50	55
Inspections	1,687	972	1,571	1,921	1,910	1,611	1,311	1,250	1,193	918
Inspections:										
Building permits issued	948	1,100	843	1,035	945	588	960	907	957	881
Building inspections conducted	2,564	2,805	2,902	3,302	3,339	2,615	3,054	2,352	2,353	2,772
Public Works:										
Refuse:										
Recycling collected (tons per day)	1.00	1.10	1.81	2.34	2.20	2.26	2.28	2.73	2.27	2.16
Refuse collected (tons per day)	65.6	68.1	67.8	68.4	64.9	59.6	61.0	57.4	59.6	61.8
Other public works:										
Lane miles paved	6.7	9.86	13.4	18.17	6.42	10.5	12	13.7	11.1	10.2
Parks and Recreation:										
Total membership	58	14	26	59	62	45	63	na	na	na
Rounds of golf	11,044	11,015	8,334	7,101	6,133	6,871	7,796	8,555	9,040	9,698
Library:										
Volumes in collection	116,095	111,840	112,577	119,763	130,039	145,943	163,930	172,836	174,577	177,957
Total volumes borrowed	201,746	132,989	171,426	378,818	373,359	401,074	388,795	379,306	393,416	389,551
Utility:										
New connections-water	24	25	17	10	11	13	4	8	8	8
Active customers-water	9,792	9,604	9,653	9,612	9,572	9,520	9,454	9,401	9,351	9,347

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Units-marked	32	24	23	24	21	21	18	18	19	19
Units-unmarked	13	31	31	29	26	26	20	20	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse										
Collection trucks	7	7	7	7	7	7	7	8	8	10
Recycling trucks	3	3	4	3	3	3	3	3	3	3
Other Public Works										
Lane miles of streets	300.57	300.57	300.57	300.57	300.57	300.52	300.19	300.28	299.72	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	1,000	200	198	1,452	820	1,580	1,670	1,798	1,619	1,614
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
# of soccer/football games played	200	100	98	376	350	195	385	196	211	220
Water										
Miles of water mains	184.82	184.76	184.52	184.09	183.44	181.97	181.41	181.27	181.11	181.4
Fire Hydrants	1113	1111	1094	1086	1072	1065	1062	964	957	919
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	135.20	135.13	135.10	134.62	134.47	133.85	133.41	133.39	132.8	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, 2022, 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 7, 2022.

Our report includes reference to other auditors who audited the financial statements of the Augusta Regional Landfill as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003.**

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2022

**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

Opinion 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, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance 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 other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 7, 2022

CITY OF STAUNTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2022

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, 2022

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 **one audit finding relating to major programs**.
7. The major programs of the City are:

Name of Program	Assistance Listing Number
Emergency Connectivity Funds	32.009
Child Nutrition Cluster	10.553, 10.555, 10.559
COVID-19 Governor's Emergency Education Relief Fund	84.425C
COVID-19 Elementary and Secondary School Emergency Relief	84.425D
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U
Adoption Assistance	93.659

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

2022-001: Emergency Connectivity Funds ALN 32.009

Condition:

The inventory provided was incomplete, vague, or otherwise lacked some or all of the required data. The inventory also made it difficult to determine if ECF devices were allotted to multiple individuals, or if devices funded by other sources were included and not appropriately removed from the lists.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

**D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)**

2022-001: Emergency Connectivity Funds ALN 32.009 (Continued)

Criteria:

Emergency Connectivity Fund (“ECF”) Program participants are required to maintain asset and service inventories of the devices and services purchased with ECF Program support. For each connected device or services provided, the inventory must include, but is not limited to: the device type, make/model, serial number, full name of person the equipment was provided to and dates of service the device was loaned out and returned. Additionally those inventories must identify ECF funded equipment in the event of sale or disposal to remain in compliance with the program requirements.

Cause:

Controls or reviews do not appear to be in place to ensure equipment inventory contains all the necessary data, is up to date, and accurate.

Effect:

Inaccurate and incomplete inventory lists.

Recommendation:

We recommend that controls be put in place to ensure that the School IT department is following proper grant requirements. Furthermore equipment lists should differentiate between federally funded devices with restrictions on disposals, along with applicable program information, from devices funded by other sources. Finally, the equipment lists should be updated, with old equipment no longer in service being removed, and current equipment showing the time and date of assignment to students or faculty.

Views of Responsible Officials and Planned Corrective Action:

We concur. School IT staff have been reminded of the importance of maintaining accurate equipment records that differentiate between federally funded devices which may have restrictions on disposals reviewed from other devices funded by non-federal sources. Staff has reviewed and updated the equipment inventory listings to reflect correct assignment to location, student and/or staff and have implemented procedures to ensure that going forward, the equipment listings are updated in a timely manner.

CITY OF STAUNTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

E. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Conflict of Interest Statements - City

Condition:

A conflict of interest disclosure statement was 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.

2022-003: Annual School Report

Condition:

The Annual School Report was not filed timely.

Recommendation:

We recommend implementing procedures to ensure that the Annual School Report is filed by September 15, or if extended, by September 30, each year.

Views of Responsible Officials and Planned Corrective Action:

The annual school report was filed on October 7, 2022. The Department of Education was notified on September 30, 2022 that extra time would be required due to turnover in the Finance Department in the position responsible for filing the report. We feel that this is an isolated event due to the complexity of the report and the fact that this was the first experience filing an annual school report for the responsible staff member. We do not feel there will be any issues filing timely reports going forward.

CITY OF STAUNTON, VIRGINIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

F. 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.

Current Status:

Still applicable.

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Agriculture:</u>				
Child Nutrition Cluster:				
National School Lunch Program - Non Cash Commodities	10.555	N/A	\$ 131,376	
<u>Virginia Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	202121N11994 1;202221N11994 1	514,142	
National School Lunch Program	10.555	1;202221N1194 1;202121N11994	1,282,218	
Summer Food Service Program for Children	10.559	202121N11994 1	53,781	
Total Child Nutrition Cluster				\$ 1,981,517
		202121N20204;202121H17064;202121		
Child and Adult Care Food Program	10.558	N11994		349,953
Pandemic EBT Administrative Cost	10.649	202121S900941		3,063
<u>Virginia Department of Social Services:</u>				
Food Stamp Cluster:				
State Administrative Matching Grants for the Food Stamp Program:				
SNAPET Employment Training	10.561	84404	440	
Purchased or contract		84403	1,483	
Cost Allocations - Food Stamps		84322	4,974	6,897
Total Department of Agriculture				359,913
DEPARTMENT OF EDUCATION:				
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Education:</u>				
Title 1, Part A Cluster:				
1003A School Improvement Grant	84.010	S010A190046	129,169	
Title 1 - Local Education Agency	84.010	S010A190046; S010A200046	958,092	
Funds for Delinquent Children-Basic	84.010	S010A190046; S010A200046	73,256	1,160,517
Title I, Part D - Neglected & Delinquent Children	84.013	S013A200046; S013A190046		148,213
Special Education Cluster				
IDEA - Part B Section 611-Special Education	84.027	H027A200107; H027A190107	605,283	
IDEA - Part B Section 611-Special Education ARP Flowthrough	84.027X	H027X	28,738	
Title VIB - Special Education Regional Programs	84.027	H027A200107; H027A190107	18,931	
IDEA - Part B Sect 619 - Special Education Preschool	84.173	H173A190112	30,352	
IDEA - Part B 619 ARP Flowthrough	84.173X	H173X2110112	12,459	
Total Special Education (IDEA) Cluster				695,763
Perkins CTE-Vocational Education Basic Grant	84.048	V048A210046		69,266
Title II, Part A - Improving Teacher Quality	84.367	S367A200044		101,062
School Improvement Grants	84.377	S377A100047		
Title VI-Rural and Low-Income Schools	84.358	S358B130046		
Title IV Part A - Student Support and Academic Enrichment Grants	84.424	S424A200048		63,127
GEER WIFI & MIFI Access - CARES Acct ESSERF	84.425C	S425C200042		116,605
CRRSA ESSER II	84.425D	S425D210008		1,214,318
ARP ESSER III	84.425U	S425U210008		1,565,539
Title III Part A - Language Acquisition State Grant	84.365	S365A200046		9,900
Drug Free Schools and Communities-Mental Health Development	84.184	S184X190023		2,500
<u>Federal Communications Commission</u>				
Emergency Connectivity Fund	32.009	ECF2190005002;ECF2190007928;ECF2190007963		1,130,780
Total Department of Education				6,277,590

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

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	\$	(26)
VIEW Component and Component-Related Activities		87201		1,283
VIEW-Supportive Services		87202		1,258
VIEW-Transportation		87207		5,325
VIEW-Transitional Support		87211		463
Refugee and Entrant Assistance:	93.566			
Central Service Cost Allocation - Refugee		81901		25,744
Child Care and Development Block Grant:	93.575			
Discretionary Recoupment for VACMS		88801	(1,936)	
Total CCDF Cluster				(1,936)
Child Care and Development Fund:-Mandatory and Matching Funds	93.596			
Fee child care 100%		88302		(31)
VIEW-Working Child Care		87101		(117)
Child Care Mandatory/Matching		88901		(806)
Foster Care - Title IV-E:	93.658			
Children's Residential Facility		81107		46,325
Licensed Child Placing Agency-Basic Maintenance		81108		45,497
Local Agency Foster Home-Basic Maintenance		81110		36,030
Licensed Child Placing Agency-Enhanced Maintenance for		81112		66,874
Local agency		81113		18,949
Fostering Futures IL Basic Maintenance		81403		13,444
Central Service Cost Allocation - IV-E serv		84319		1,590
Adoption Assistance:	93.659			
Subsidized Adoption Assistance-Basic Maintenance		81201		387,205
Nonrecurring Adoption Assistance		81202		7,109
Federal Adoption Assistance-Enhanced Maintenance for		81203		431,073
Central Service Cost Allocation-IVE Adoption		84324		194
Social Services Block Grant:	93.667			
State Adoption Assistance Purchase of Service		81701		9,800
Home Based Homemaker (State Supplement)		83304		10,466
Prevention Services		83306		5,617
Adult Protective Services		89501		1,152
Medical Assistance Program (Title XIX)	93.778			
Central Service Cost Allocation-Medicaid		84323	3,558	
Total Medicaid Cluster				3,558
Adult Protective Services CRRSA	93.747			
APS COVID-19 Relief-Purchase of Services		89601		4,409
<u>Comprehensive Services for At Risk Youth and Families</u>				
Social Services Block Grant:	93.667	na		122,591
Total Department of Health and Human Services				1,243,040
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Pass-Through Programs:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	22-O1038VW19		59,790
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-Q1210LO18		2,592
Coronavirus Emergency supplemental Funding Program	16.034	20-A5114CE20;20-A5161CE20		1,627
Total Department of Justice				64,009

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Granting Agency/Pass-Through State Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>				
<u>Pass-Through Programs:</u>				
<u>Library of Virginia</u>				
State Library Program	45.310	LVA-ARPA-010		<u>21,309</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Pass-Through Programs:</u>				
<u>Highway Safety Cluster:</u>				
<u>Virginia Department of Motor Vehicles</u>				
Selective Enforcement - Speed	20.600	FSC-2021-51016-21016; FSC-2022-52054-22054		12,890
<u>Virginia Department of Transportation:</u>				
Highway Planning and Construction	20.205	UPC 80485; UPC 109024	<u>778,784</u>	
Total Highway planning and Construction Cluster				<u>778,784</u>
Total Department of Transportation				<u>791,674</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
<u>Direct Programs:</u>				
Brownsfield Multipurpose, Assessment Revolving Loan Fund and	66.818	96388901		<u>13,280</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>Direct Programs:</u>				
Community Development Block Grants: Entitlement Grants	14.218	B-19-MC-51-0034; B20-MC-51-0034; B-21-MC-0034; B-20-MW-0034	<u>182,922</u>	
Total CDBG Entitlement Grants Cluster				182,922
<u>Pass-Through Programs:</u>				
<u>Virginia Department of Housing and Community Development</u>				
Community Development Block Grant - VIDA Program	14.228	18-LI22		<u>16,500</u>
Total Department of Housing and Urban Development				<u>199,422</u>
<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		32,734
<u>Virginia Department of Education</u>				
CSLFRF ARPA-Ventilation Improvement Project grant	21.027	APE45277		42,912
<u>Virginia Department of Housing and Community Development</u>				
SLFRF ARPA Municipal Utility Assistance Program	21.027	na		56,738
CSLFRF ARPA-Industrial Revitalization Fund (IRF) Planning Grant	21.027	11-IRFPG-03		<u>48,170</u>
Total Department of the Treasury				<u>180,554</u>
Total Expenditures of Federal Awards				<u><u>\$ 11,132,308</u></u>

(Continued)

CITY OF STAUNTON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

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, 2022, the City had no outstanding loan balances requiring continuing disclosure.