
CITY OF WAYNESBORO, VIRGINIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

117 MacTanly Place
PO Box 2976
Staunton, VA 24402-2976
540.885.0855

DIDAWICK
& COMPANY^{PC}
Certified Public Accountants

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Exhibits</u>	<u>Pages</u>
<i>INTRODUCTORY SECTION</i>		
Officials		1
Organizational Chart		2
<i>FINANCIAL SECTION</i>		
Independent Auditors' Report		5-6
Management's Discussion and Analysis		7-17
<u>Basic Financial Statements:</u>		
Government-wide Financial Statements:		
Statement of Net Position	1	20-21
Statement of Activities	2	22
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	24-25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	7	29
Statement of Net Position – Proprietary Funds	8	30-31
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	9	32
Statement of Cash Flows – Proprietary Funds	10	34-35
Notes to Financial Statements		36-88
<u>Required Supplementary Information:</u>		
Schedule of Employer's Share of Net Pension Liability and Related Ratios	11	91
Schedule of Employer Contributions – Net Pension Liability	12	92
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	13	93
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios	14	94
Schedule of Employer Contributions – OPEB	15	95
<u>Other Supplementary Information:</u>		
Combining Statements and Individual Fund Schedules:		
Nonmajor Governmental Funds		97
Combining Balance Sheet – Nonmajor Governmental Funds	16	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	17	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Nonmajor Special Revenue Funds	18	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Funds	19	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Funds	20	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Permanent Funds	21	106

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

<i>FINANCIAL SECTION (Continued)</i>	<u>Exhibits</u>	<u>Pages</u>
Nonmajor Enterprise Funds		107
Combining Statement of Net Position – Nonmajor Enterprise Funds	22	108
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	23	109
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	24	110
Discretely Presented Component Unit School Board		111
Balance Sheet – Governmental Funds	25	112
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26	113
Statement of Fiduciary Net Position	27	114
Statement of Changes in Fiduciary Net Position	28	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds	29	117
Fiduciary Funds		
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	30	118
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Function and Activity	31	121
Schedule of Changes by Function and Activity	32	122
	<u>Schedules</u>	<u>Pages</u>
Supplemental Data:		
Schedule of Revenues – Budget and Actual – Governmental Funds and Discretely Presented Component Unit	1	125-130
Schedule of Expenditures – Budget and Actual – Governmental Funds and Discretely Presented Component Unit	2	131-135
<i>STATISTICAL SECTION</i>	<u>Tables</u>	<u>Pages</u>
Narrative		138
Net Position by Component	1	139
Changes in Net Position	2	140-141
Fund Balances of Governmental Funds	3	142
Changes in Fund Balances of Governmental Funds	4	144-145
Assessed Value and Estimated Actual Value of Taxable Property	5	146
Direct Property Tax Rates	6	147
Principal Property Taxpayers	7	148
Property Tax Levies and Collections	8	149
Ratios of Outstanding Debt by Type	9	150
Ratios of Net General Bonded Debt Outstanding	10	151
Direct and Overlapping Governmental Activities Debt	11	152
Legal Debt Margin Information	12	153
Pledged-Revenue Coverage	13	154
Demographic and Economic Statistics	14	155
Principal Employers	15	156
Full-Time Equivalent City Government Employees by Function	16	157
Operating Indicators by Function	17	158
Capital Assets Statistics by Function	18	159

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Pages</u>
 COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	162-163
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	164-165
Schedule of Findings and Questioned Costs	166-168
Schedule of Expenditures of Federal Awards	170-172
Notes to Schedule of Expenditure of Federal Awards	173
Summary of State and Local Compliance Matters	174

INTRODUCTORY SECTION

**CITY OF WAYNESBORO, VIRGINIA
(As of June 30, 2019)**

COUNCIL

Terry Short Jr., Mayor
Robert Henderson, Vice Mayor
Elzena Anderson
Bruce Allen
Dr. Samuel Hostetter
Julia Bortle, Clerk

OFFICIALS

Michael G. Hamp, II	City Manager/City Auditor
Stephanie M. Beverage	City Treasurer
Sabrina von Schilling	Commissioner of the Revenue
Mary Garris	City Assessor
David L. Ledbetter	Commonwealth's Attorney
Dr. Jeffrey Cassell	Superintendent of Schools
Anita Harris	Director of Social Services
Joe Harris, Jr.	Sheriff
Nicole A. Briggs	Clerk of Circuit Court

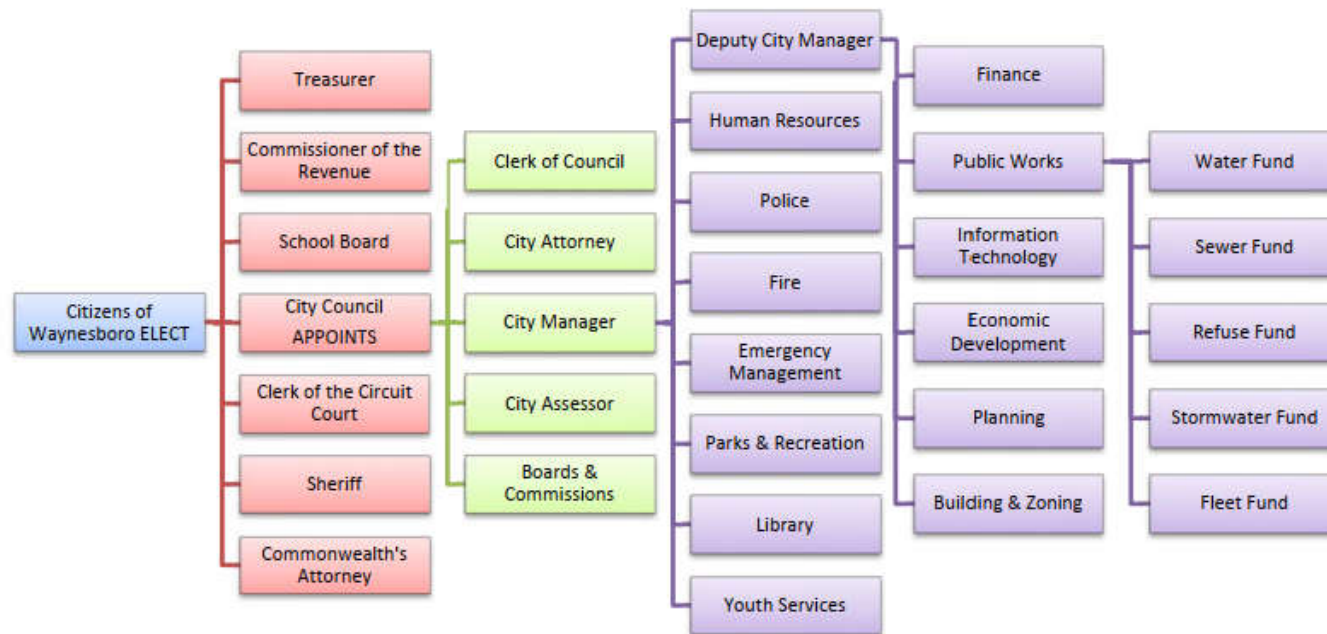
SCHOOL BOARD

Harry Richard Wheeler, Jr., Chair
Kathryn E. Maneval
Debra Freeman-Belle
Erika Smith
Diana L. Williams
Vonda A. Hutchinson, Clerk

ECONOMIC DEVELOPMENT AUTHORITY

Perry Fridley, Chair
Mary Sullivan, Vice Chair
Gregory Hitchin, Secretary/Treasurer
James Hyson
Mark Synder
Tami Radecke
George Reed
Tom Reider

FY19 City of Waynesboro Organizational Chart



BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

Senior Advocacy Commission • Historical Commission • Planning Commission • Parks & Recreation Commission • Flood and Stormwater Control Commission • Cultural Commission • Transportation Safety Commission • Airport Commission • Library Board • Economic Development Authority • Disability Services Board • Redevelopment & Housing Authority • Housing Rehabilitation Advisory Board (2 Year Board) • Building Code Appeals • Local Emergency Planning Commission

OTHER AGENCIES & BOARDS

Courts • Registrar of Voters • Board of Elections • Valley CSB • Central Shenandoah Regional Planning Commission • Middle River Regional Jail • Regional Landfill • Central Shenandoah EMS Council • Regional Youth Commission • Board of Zoning Appeals • Board of Equalization • Social Services Advisory Board • Health Department • Board of Health • Airport Commission • CAP-SAW • SPCA • Bicycle Advisory Committee • Valley Program for Aging • BRCC Board • Blue Ridge Criminal Justice Board • Shenandoah Valley Partnership • Shenandoah Valley Animal Services Center • Coordinated Area Transportation System (CATS) • Waynesboro City School Board • Artisan's Center of Virginia Board of Directors • Virginia Alcohol Safety Action Program (VASAP)

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
 City of Waynesboro, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill, which represent 4.2%, 7.2%, and 6.0%, respectively, of the assets, net position, and revenues of the City's Business-type Activities - Enterprise Funds. The City's share of this undivided interest and joint venture component represents the entirety of the City's ACSA Joint Landfill Fund. Those 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 solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining funds information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019 the City changed policies related to its accounting for inventory. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, Schedule of Employer's Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions Net Pension Liability, Schedule of Employer's Share of Net Pension Liability VRS Teachers Retirement Plan, Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, and the Schedule of Employer Contributions Other Post-Employment Benefits Plan on pages 7 through 17 and 91 through 95, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Didawick & Company, P.C.

November 25, 2019

The management of the City of Waynesboro offers the readers of the City of Waynesboro's financial statements this narrative overview and analysis of the City's financial position for the fiscal year ended June 30, 2019. This analysis is a cursory overview and is meant to be considered as a companion document to the *Financial Statements and Notes* that follow.

Financial Highlights

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$69,488,277. Of this amount, \$9,693,985 (unrestricted net position) may be used to satisfy the primary government's obligations to citizens and creditors for business-type activities.
- The City's total net position related to the primary government decreased by \$3,645,956 compared to 2018.
- As of the end of 2019, the City's governmental funds reported a combined ending fund balance of \$35,349,815 a decrease of \$6,404,630 in comparison to the prior year. Of this amount, \$1,864,601 is shown as a decrease to the fund balance of the General Fund, \$550,010 as a decrease to the fund balance of Self-funded Health Insurance Fund, \$7,490,630 as a decrease to the Bond Fund and \$3,500,611 as an increase to the fund balance of Other Governmental Funds.
- For 2019, the City adopted a formal policy regarding the General Fund's fund balance. The policy states that the City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow. This balance will be maintained in committed fund balance in the General Fund and will be no less than 16% of the next year's General Fund adopted budget. Accordingly, General Fund committed fund balance should be no less than \$8,268,308. At the end of 2019 there were sufficient funds in committed fund balance to satisfy the policy.
- The City's total long-term liabilities at the close of the 2019, including governmental and business type activities, were \$90,384,987. During 2019, the city retired a total of \$5,067,212, predominantly through principal reductions and the reduction of pension and other post-employment liabilities. Over the same period, the City added a total of \$78,495 in new long-term obligations, due to the landfill closure liability and an increase in compensated absences. At the close of the fiscal year, the amount of debt principal payments due within one year was \$4,754,312. (See Note 9 for relevant disclosures regarding the City's long-term debt.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waynesboro's basic financial statements which are comprised of three main components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparisons, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Condensed comparative information is provided this year and will continue to be added, the goal being to achieve a ten-year comparison for all information reported.

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. Changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 between the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of the City of Waynesboro include general government, judicial administration, public safety, street maintenance, education, parks and recreation, and community development. The business-type activities include water, sewer, refuse collection, stormwater and the joint Augusta County Service Authority landfill operations.

The government-wide financial statements include not only the City of Waynesboro itself (known as the primary government), but also a legally separate school board (component unit) for which the City of Waynesboro is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government.

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These two statements, read together, will give the reader a better understanding of 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 has two major governmental funds-the General Fund and the Self-funded Health Insurance Fund, and nine non-major governmental funds. Fund financial statements immediately follow the government-wide financial statement section.
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the governmental-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, stormwater, and the joint Augusta County Service Authority landfill operations. Internal Service funds are used to report activities of the City's Store and Equipment funds which account for inventory supplies for City operations and maintenance of the City's equipment fleet, respectively. It is important to note that the proprietary funds are accounted for on a full accrual basis, whereas the governmental funds are accounted for using a modified accrual basis.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. During 2019 no such funds were reported.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, a comparison of net position over several years can serve as a useful indicator of a government's financial position. In the case of the City, total primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,488,277 at the close of fiscal year 2019. Capital assets (e.g., land, buildings, machinery, and equipment) in FY19 comprise approximately 64% of total assets, which is slightly higher than FY18. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although their value is reported net of related debt, it should be noted that the resources needed to repay this debt must be derived from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	47,988,179	51,041,708	12,746,240	12,250,595	60,734,419	63,292,303
Capital assets	42,223,388	41,989,750	63,933,886	65,673,884	106,157,274	107,663,634
Total assets	90,211,567	93,031,458	76,680,126	77,924,479	166,891,693	170,955,937
Deferred charges	308,458	367,914	698,352	773,056	1,006,810	1,140,970
Deferred losses	2,490,622	3,343,612	495,408	626,100	2,986,030	3,969,712
Total deferred outflows of resources	2,799,080	3,711,526	1,193,760	1,399,156	3,992,840	5,110,682
Current and other liabilities	6,707,052	2,970,930	1,031,481	1,244,568	7,738,533	4,215,498
Long-term liabilities outstanding	56,266,737	59,526,316	34,118,250	35,847,388	90,384,987	95,373,704
Total liabilities	62,973,789	62,497,246	35,149,731	37,091,956	98,123,520	99,589,202
Unearned revenue	130,116	630,501	-	-	130,116	630,501
Deferred gains	2,641,699	2,943,579	500,921	541,736	3,142,620	3,485,315
Total deferred inflows of resources	2,771,815	3,574,080	500,921	541,736	3,272,736	4,115,816
Net position:						
Invested in capital assets, net of related debt	34,787,121	33,980,786	32,528,272	32,772,413	67,315,393	66,753,199
Restricted and Nonexpendable	13,460,899	22,068,987	977	-	13,461,876	22,068,987
Unrestricted	(20,982,977)	(25,378,115)	9,693,985	8,917,530	(11,288,992)	(16,460,585)
Total net position	27,265,043	30,671,658	42,223,234	41,689,943	69,488,277	72,361,601

Summary of Net Position

As shown in the summary table above, it would appear that the primary government does not have the resources to meet its ongoing obligations to citizens and creditors because the negative value of its unrestricted assets is indicative of a deficit financial position. These numbers, however, are represented as such due to the dynamics of asset and liability reporting that exists between the governmental activities and the Schools, a Discrete Component Unit. Because Virginia School Boards do not have the authority to issue debt, the City is responsible for reporting all school-related debt which, at June 30, 2019, is \$34,527,689. Conversely, the holdings associated with this debt are reported by the Schools as part of its capital assets. If the debt related to the Schools was not included in the long-term liabilities of the primary government, the total net position for governmental activities would be \$61,792,732 and the total net position for the primary government would be \$104,015,966.

Approximately 49% of the governmental activities net position represents resources that are subject to external restrictions on how they may be used. Grants, donations, perpetual care funds, and cash set aside for capital projects comprise the restricted assets of the City. Grants and donations are normally designated for a specific purpose. The perpetual care funds are restricted in accordance with the *Code of the City of Waynesboro*, §26-6, Perpetual Care Trust Fund Reserve. The funds held for debt service are in accordance with City Council and School Board resolutions.

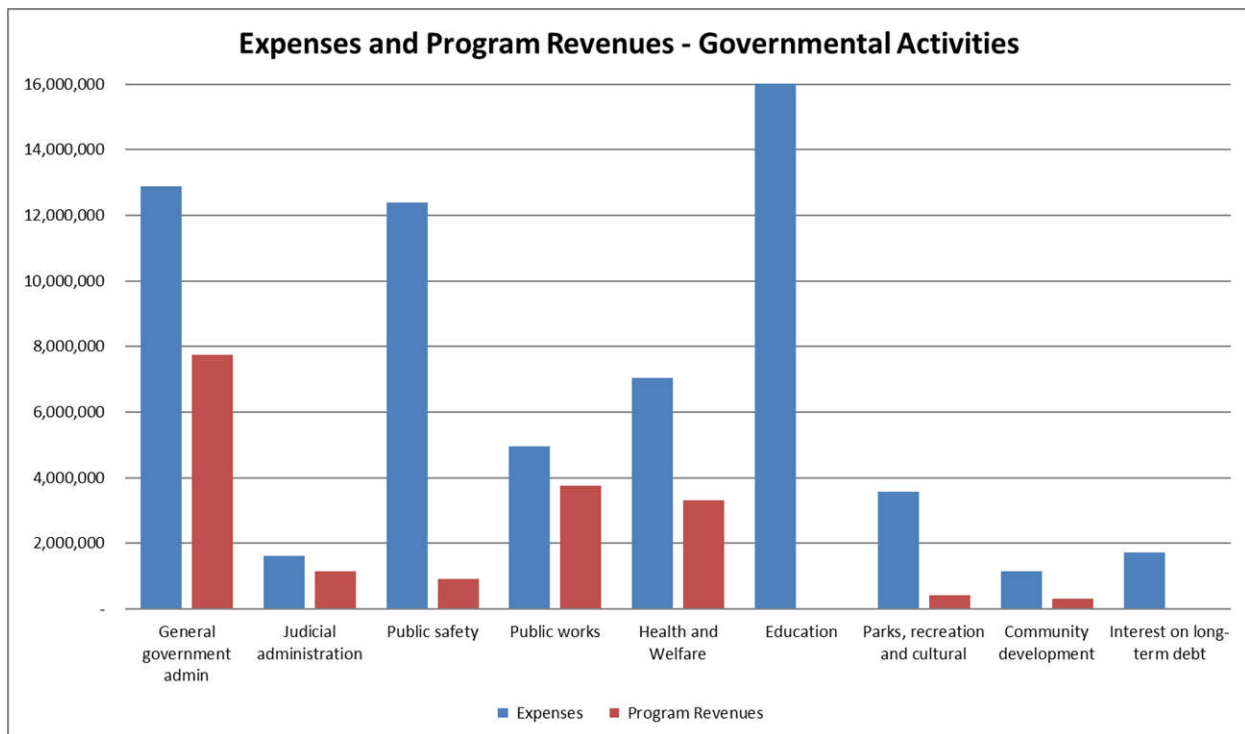
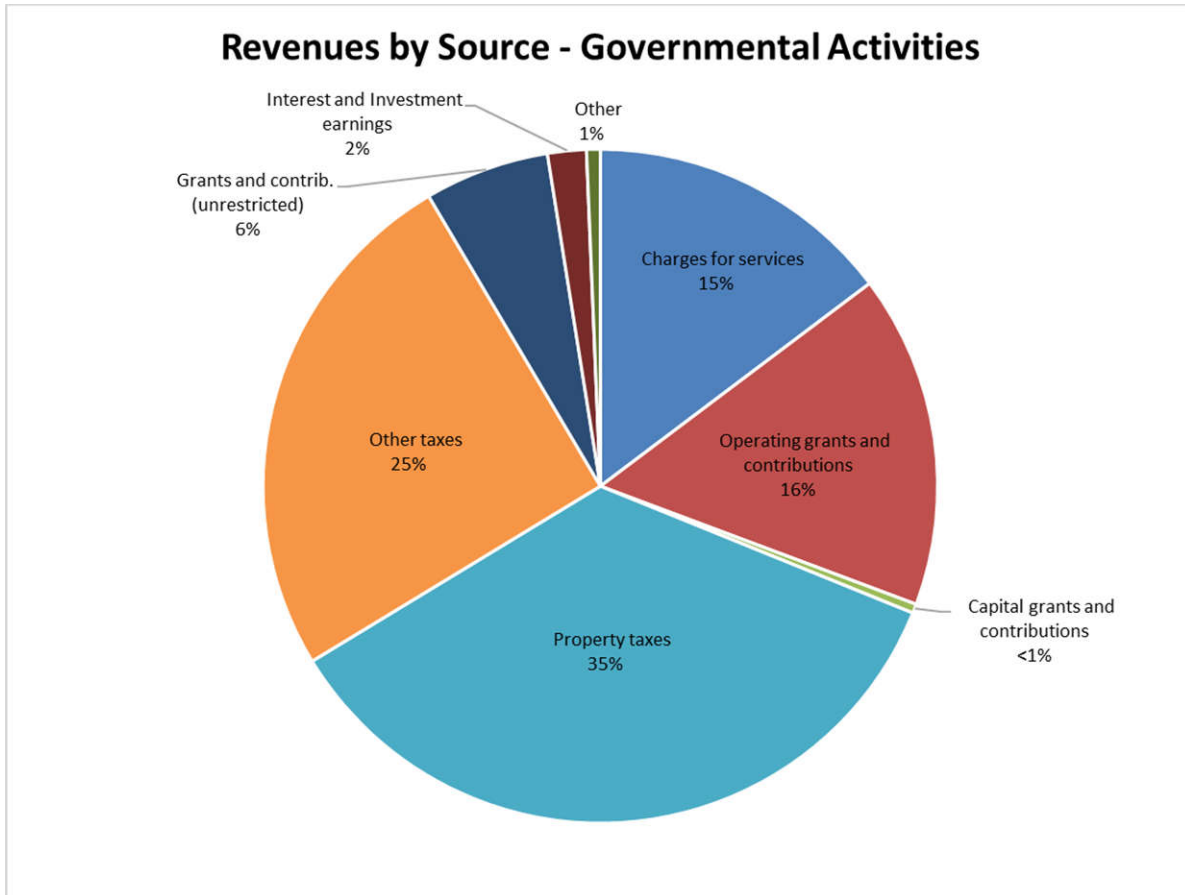
Overall, the City's net position decreased by \$3,645,956 compared to 2018. This decrease is the net effect of a \$440,884 increase in the net position of the business-type activities, and a \$4,086,840 decrease in the net position of the governmental activities.

The table on the following page provides comparison information from 2018 to 2019 related to revenues and expenses of governmental and business-type activities. Revenues are broken down into program and general types. Program revenues consist of charges for services, operating grants and contributions, and capital contributions. General revenues include such sources as taxes on property, retail sales, business licenses, communications, meals, lodging, etc.

When compared to 2018, total revenues from Governmental Activities increased by \$4,708,538. There were significant increases in property taxes (\$1.5M), charges for services (\$8.2M), other taxes (\$669k), and interest/investment earnings (\$895k). Decreases were realized in the amounts received through capital grants and contributions (\$6.7M). When compared to FY18, total expenditures of Governmental Activities increased by \$11,025,192; with significant increases to education (\$8M), general government administration (\$1.6M), health and welfare (\$1.1M) and decreases public works (\$1.3M). Overall, the change in the Governmental net position was a decrease of \$4,086,840 after transfers of \$1,436,507 are taken into consideration.

In comparison to 2018, Business-type revenues derived from charges for services decreased in 2019 by \$115,233. Of the five business-type activity funds, the Landfill Operations Fund saw the largest decrease in expenses over 2018 (\$301k). The Refuse Fund had a small increase in expenses while the Water, Sewer, and Stormwater Funds had moderately higher increases in expenses.

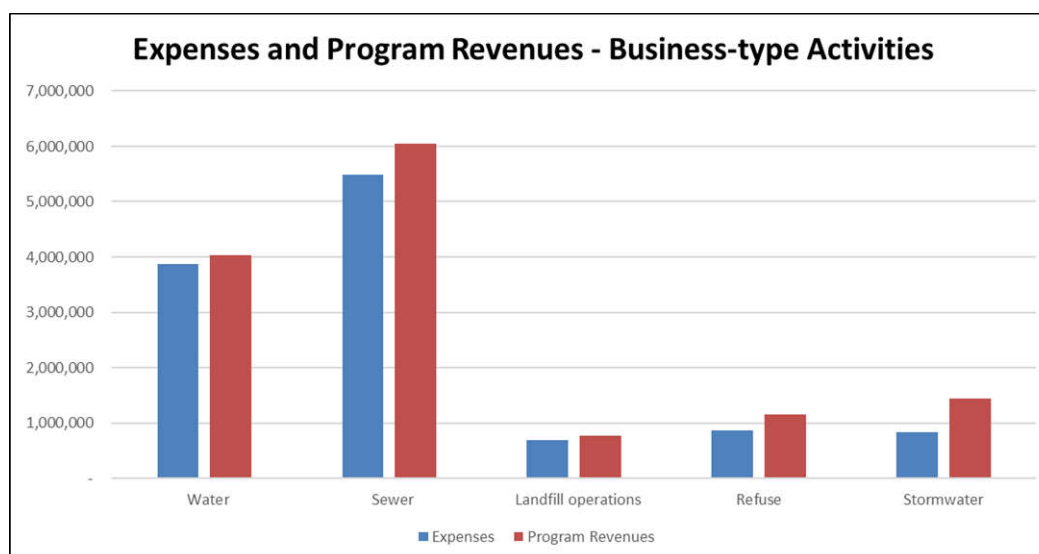
City of Waynesboro, Virginia						
Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues by source:						
Program Revenues						
Charges for services	9,369,695	1,149,616	12,910,197	13,025,430	22,279,892	14,175,046
Operating grants and contributions	10,174,092	16,555,954	9,207	6,993	10,183,299	16,562,947
Capital grants and contributions	281,901	193,603	526,806	463,965	808,707	657,568
General Revenues						
Property taxes	22,384,195	20,882,667	-	-	22,384,195	20,882,667
Other taxes	16,035,178	15,366,066	-	-	16,035,178	15,366,066
Grants and contrib. (unrestricted)	3,809,924	4,147,046	-	-	3,809,924	4,147,046
Interest and Investment earnings	1,182,404	286,750	130,733	73,112	1,313,137	359,862
Other	419,629	469,830	29,074	49,991	448,703	519,821
Total Revenues	63,657,018	58,948,480	13,606,017	13,619,491	77,263,035	72,671,023
Expenses by activity:						
Governmental activity						
General government admin	12,887,236	11,283,368	-	-	12,887,236	11,283,368
Judicial administration	1,608,858	1,536,332	-	-	1,608,858	1,536,332
Public safety	12,394,461	11,847,803	-	-	12,394,461	11,847,803
Public works	4,940,088	6,299,523	-	-	4,940,088	6,299,523
Health and Welfare	7,047,841	5,890,677	-	-	7,047,841	5,890,677
Education	23,861,807	15,800,624	-	-	23,861,807	15,800,624
Parks, recreation and cultural	3,569,855	3,235,722	-	-	3,569,855	3,235,722
Community development	1,147,717	1,289,798	-	-	1,147,717	1,289,798
Interest on long-term debt	1,722,502	971,326	-	-	1,722,502	971,326
Business-type activities						
Water	-	-	3,866,372	3,631,173	3,866,372	3,631,173
Sewer	-	-	5,481,883	5,160,072	5,481,883	5,160,072
Landfill operations	-	-	687,386	988,762	687,386	988,762
Garbage	-	-	866,285	801,878	866,285	801,878
Stormwater	-	-	826,700	678,925	826,700	678,925
Total Expenses	69,180,365	58,155,173	11,728,626	11,720,523	80,908,991	69,415,983
Change in net assets before transfers	(5,523,347)	896,359	1,877,391	2,358,681	(3,645,956)	3,255,040
Contributions to permanent fund	-	2,040	-	-	-	2,040
Transfers	1,436,507	1,377,912	(1,436,507)	(1,377,912)	-	-
Increase (decrease) in net position	(4,086,840)	2,276,311	440,884	980,769	(3,645,956)	3,257,080
Net position - beginning as adjusted	31,351,883	28,395,347	41,782,350	40,709,174	73,134,233	69,104,521
Net position -ending	27,265,043	30,671,658	42,223,234	41,689,943	69,488,277	72,361,601



The pie chart on the previous page provides a visual breakdown of revenues by source for governmental activities indicating each source's percentage of total revenue. The bar chart depicts program revenues available during 2019

compared to the expenses incurred for governmental activities during 2019. The difference between program revenue and expenses or merely the lack of program revenues for some expenses is compensated for by non-programmatic/non-categorical General Fund revenues.

As depicted in the bar graph below, revenues exceeded associated expenditures for all business-type activities in FY19.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2019, the City's governmental funds reported a combined ending fund balance of \$35,349,815, a decrease of \$5,733,906 in comparison to the prior year. Approximately 7% of this total amount (\$2,426,587) constitutes unassigned fund balance, representing the portion of fund balance that has not been earmarked in some fashion by statute, outside body, or Council ordinance. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending. Major restrictions, commitments or assignments include funds for education (\$11.1M), Council contingency (\$8.2M), Self-funded health insurance (1.5M), and Public Works (\$1.8M).

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,463,499, while total fund balance was \$15,755,989. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents approximately 6% of total fund expenditures, while total fund balance represents approximately 35% of the total fund expenditures.

The fund balance of the City's General Fund decreased by \$1,864,601 during 2019. The decrease was caused mostly due to a large transfer to the capital projects fund to earmark reserves previously held in the General Fund for future capital projects.

Self-funded Health Insurance Fund. The Self-funded Health Insurance Fund is the self-funded health insurance fund of the City. At the end of 2019, fund balance was \$1,582,717. The net change in fund balance was (\$550,010).

Bond Fund. The Bond Fund is the bond fund of the City. At the end of 2019, fund balance was \$11,059,240 a decrease of \$7,490,630 from prior year. This fund is intended to spend bond proceeds so large swings in fund balance are common during issuance and spend down periods.

Other non-major funds. As of June 30, 2019, the fund balance for the other governmental funds was \$6,951,869. This fund balance amount represents 71% of the total of all other non-major fund expenditures. The net change in fund balance was an increase of \$3,500,611.

Proprietary funds. At the end of 2019, the total net position of the enterprise funds was \$43,368,908. This figure represents an increase in net position of \$290,829 compared to 2018. The total net position of the internal services fund at the end of 2019 were \$2,690,828 which represents an increase from 2018 of \$193,094.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes revenues and annual appropriations for the proprietary funds as well as the accounts that comprise the general fund. The following points summarize the budgeting changes from the original to the final budget. Exhibit 7 of the main body of this report delineates the changes from original budget to final and a detailed comparison of final budget versus actual revenues and expenses.

- General Fund final budgeted revenues were \$228,256 greater than originally budgeted revenues. The increase is comprised primarily of additional appropriations for revenues received from the state and miscellaneous revenues.
- General Fund final budgeted expenses were \$2,461,596 greater than originally budgeted expenses. The primary factors in the increase are additional appropriation to debt interest payments \$981,000, transfers to the school fund for prior year unspent appropriations \$520,000, and adjustments made at the time 2019 encumbrances were rolled to the new fiscal year of \$484,000.
- General Fund's actual revenues were \$708,628 greater than final budgeted revenues, representing a variance of approximately 1.4%.
- General Fund's actual expenditures were \$3,258,909 less than final budgeted expenditures, representing a variance of 6.7%. This variance is due to several factors, including general vacancy savings in salaries and fringe benefits, reduced expenses in Public Works, including street paving not completed, but encumbered and reserved during 2019.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets includes land, buildings, improvements other than buildings, equipment, and construction work in progress. The City had a total investment in capital assets of \$106,157,274 for its governmental and business-type activities as of June 30, 2019.

Total capital assets attributed to governmental activities increased by \$233,638, due primarily to an increase in construction in progress and infrastructure during 2019. The total capital assets attributed to the business-type activities decreased by \$1,739,998, due to depreciation and retirements exceeding the amount of asset additions during 2019. (See note 7 for detailed information regarding the City's capital assets)

Major capital asset events during 2019 included the following:

- The replacement of the Enterprise Software Planning System continued.
- Work continued on the South River Greenway, A Street Culvert, Rosser Avenue/Lucy Lane sidewalk, Sunset Park and Florence Avenue bridge projects.
- New vehicles and equipment were purchased for multiple departments, including a John Deere tractor, Freightliner dump truck, a track paver, and several vehicles for Public Safety, Public Works, and Parks & Recreation.
- New repeaters were purchased for Public Safety services.
- The Fire Department replaces breathing apparatus equipment.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	8,739,798	8,989,196	386,268	386,268	9,126,066	9,375,464
Buildings	8,055,935	8,583,417	40,611,258	41,632,333	48,667,193	50,215,750
Improvements other than buildings	2,181,793	2,314,720	20,990,911	22,819,541	23,172,704	25,134,261
Machinery and equipment	3,032,688	2,672,478	1,809,157	699,450	4,841,845	3,371,928
Infrastructure	16,801,027	16,690,081	0	0	16,801,027	16,690,081
Construction in Progress	3,412,147	2,739,858	136,292	136,292	3,548,439	2,876,150
Total Capital Assets	42,223,388	41,989,750	63,933,886	65,673,884	106,157,274	107,663,634

Long-term debt. As of June 30, 2019, the City of Waynesboro held no ratings from Moody's Investor Service. Ratings are only issued when bonds are in the process of being sold. Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds, with numerical (1-3) modifiers that indicate the obligation ranking within a rating category; Standard & Poor's issues ratings from AAA to D.

The Code of Virginia and the City's Charter limit the amount of general obligation debt that may be issued to ten percent of the total assessed value of taxable real property. Based on this limitation, the City's outstanding GO debt cannot exceed \$185,483,801.

City of Waynesboro Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
GO bonds	41,789,133	43,433,163	12,133,286	12,575,263	53,922,419	56,008,426
Literary loans	250,000	500,000	0	0	250,000	500,000
Capital Leases	0	0	0	0	0	0
VA Revolving Loans	0	0	18,953,327	19,971,679	18,953,327	19,971,679
Total O/S Debt	42,039,133	43,933,163	31,086,613	32,546,942	73,125,746	76,480,105

The table above provides comparative information related to the City's long-term outstanding debt. As of June 30, 2019, the City had long-term debt outstanding of \$73,125,746; \$31,086,613 was for business-type activities and \$42,039,133 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,558,119, and \$1,896,941 for business-type activities. These debt payments were budgeted as expenditures in the 2020 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities' column, \$7,511,444 is related to general government capital projects. The remaining debt outstanding is related to School Board-component unit projects. (See Note 9, for relevant disclosures regarding the City's outstanding debt.)

Economic Factors and Next Year's Budget and Rates

- The 2020 general fund budget was adopted at \$51,676,926, an increase of \$278,392 over the 2019 budget.
- Real property tax rate remained at \$0.90 on every \$100.00 of assessed value.
- The Personal property tax rate for all types of personal property was equalized at a rate of \$3.25 per \$100 of value for 2020. This resulted in an effective increase for Motor Vehicles and Machinery and Tools, and a decrease for Business Personal Property.
- The fiscal year 2020 budget included a 3% overall pay increase for most full-time City employees effective October 14, 2019, which was distributed as a merit increase based on the employees' final score on their performance evaluation. The Human Resources Department used various factors to determine how the increases would be distributed. In addition, the pay scale for City employees was increase 10% overall, which resulted in pay increases for any employees outside of the new scale.
- The City funded an increase in health insurance premiums of about 13%.
- The City's water and sewer base and usage fees were increased by 1.1% effective July 1, 2019.
- According to the Virginia Employment Commission and the National Conference of State Legislatures, the unemployment rate for the City of Waynesboro as of June 2019 was 3.0%, a 14.3% decrease from June of 2018. This compares favorably to the national rate of 3.7% for the same period, and is slightly higher than the Commonwealth's rate of 2.9%.

Requests for Information

This financial report is designed to provide a general overview of the City of Waynesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests

for additional financial information should be addressed to: Director of Finance, 503 W. Main Street, Room 201, Waynesboro, VA 22980.

Copies of this report may be downloaded from the City's website at www.waynesboro.va.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 24,849,903	\$ 8,319,091	\$ 33,168,994	\$ 3,632,570
Investments	12,992,917	-	12,992,917	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	1,556,214	-	1,556,214	-
Accounts	666,700	2,819,209	3,485,909	142,088
Notes	3,601,077	-	3,601,077	-
Interest	92,081	-	92,081	-
Due from other governments	1,829,682	-	1,829,682	1,094,223
Due from component unit	-	-	-	-
Internal balances	1,145,674	(1,145,674)	-	-
Inventories	659,502	-	659,502	-
Restricted assets:				
Permanently restricted:				
Cash and cash equivalents	594,429	-	594,429	-
Investment in landfill joint venture	-	2,753,614	2,753,614	-
Capital assets not being depreciated:				
Land	8,739,798	386,268	9,126,066	523,891
Construction in progress	3,412,147	136,292	3,548,439	7,918,937
Capital assets, net of accumulated depreciation:				
Buildings and systems	8,055,935	40,611,258	48,667,193	33,183,652
Improvements other than buildings	2,181,793	20,990,911	23,172,704	912,685
Machinery and equipment	3,032,688	1,809,157	4,841,845	874,482
Infrastructure	16,801,027	-	16,801,027	-
Total assets	<u>90,211,567</u>	<u>76,680,126</u>	<u>166,891,693</u>	<u>48,282,528</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	308,458	698,352	1,006,810	-
Deferred outflow on OPEB obligation	116,154	47,520	163,674	93,373
Deferred outflow of resources VRS	<u>2,374,468</u>	<u>447,888</u>	<u>2,822,356</u>	<u>3,466,453</u>
Total deferred outflows of resources	<u>2,799,080</u>	<u>1,193,760</u>	<u>3,992,840</u>	<u>3,559,826</u>
LIABILITIES				
Accounts payable and other current liabilities	5,653,065	660,580	6,313,645	2,244,320
Accrued interest payable	657,961	370,901	1,028,862	13,388
Unearned revenue	396,026	-	396,026	-
Noncurrent liabilities:				
Due within one year	2,805,628	2,028,488	4,834,116	361,630
Due in more than one year	<u>53,461,109</u>	<u>32,089,762</u>	<u>85,550,871</u>	<u>31,047,343</u>
Total liabilities	<u>62,973,789</u>	<u>35,149,731</u>	<u>98,123,520</u>	<u>33,666,681</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes receivable	130,116	-	130,116	-
Deferred inflow on OPEB obligation	630,838	116,517	747,355	2,734,000
Deferred inflow of resources VRS	<u>2,010,861</u>	<u>384,404</u>	<u>2,395,265</u>	<u>4,005,529</u>
Total deferred inflows of resources	<u>2,771,815</u>	<u>500,921</u>	<u>3,272,736</u>	<u>6,739,529</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1 (continued)

	Primary Government			Component Unit
	Governmental	Business-type		School
	Activities	Activities	Total	Board
NET POSITION				
Net investment in capital assets	34,787,121	32,528,272	67,315,393	41,927,453
Restricted for:				
Judicial administration	143,339	-	143,339	-
Public safety	230,711	-	230,711	-
Public works	984,366	-	984,366	-
Parks, recreation and cultural	23,874	-	23,874	-
Shenandoah Valley Animal Center	401,760	-	401,760	-
Capital projects	23,180	-	23,180	-
Education	11,059,240	-	11,059,240	-
Grant proceeds	-	977	977	-
Perpetual care:				
Nonexpendable	594,429	-	594,429	-
Unrestricted	(20,982,977)	9,693,985	(11,288,992)	(30,491,309)
Total net position	<u>\$ 27,265,043</u>	<u>\$ 42,223,234</u>	<u>\$ 69,488,277</u>	<u>\$ 11,436,144</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Exhibit 2

Program Revenues					Net (Expenses) Revenue and Changes in Net Position			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government administration	\$ 12,887,236	\$ 8,022,179	\$ 217,400	\$ -	\$ (4,647,657)		\$ (4,647,657)	
Judicial administration	1,608,858	204,318	988,460	-	(416,080)		(416,080)	
Public safety	12,394,461	445,647	718,667	-	(11,230,147)		(11,230,147)	
Public works	4,940,088	25,093	3,894,452	-	(1,020,543)		(1,020,543)	
Health and welfare	7,047,841	127,171	4,207,690	-	(2,712,980)		(2,712,980)	
Education	23,861,807	-	-	-	(23,861,807)		(23,861,807)	
Parks, recreation and cultural	3,569,855	238,347	147,423	25,801	(3,158,284)		(3,158,284)	
Community development	1,147,717	306,940	-	256,100	(584,677)		(584,677)	
Interest on long-term debt	1,722,502	-	-	-	(1,722,502)		(1,722,502)	
Total governmental activities	69,180,365	9,369,695	10,174,092	281,901	(49,354,677)		(49,354,677)	
Business-type activities:								
Water	3,866,372	3,875,205	-	152,750	-	\$ 161,583	161,583	
Sewer	5,481,883	5,879,570	-	167,420	-	565,107	565,107	
Landfill operations	687,386	773,356	-	-	-	85,970	85,970	
Refuse	866,285	1,150,517	6,207	-	-	290,439	290,439	
Stormwater	826,700	1,231,549	3,000	206,636	-	614,485	614,485	
Total business-type activities	11,728,626	12,910,197	9,207	526,806	-	1,717,584	1,717,584	
Total primary government	\$ 80,908,991	\$ 22,279,892	\$ 10,183,299	\$ 808,707	(49,354,677)	1,717,584	(47,637,093)	
Component units:								
School board	36,562,008	668,260	21,836,971	-				\$ (14,056,777)
Total component unit	\$ 36,562,008	\$ 668,260	\$ 21,836,971	\$ -				(14,056,777)
General revenues:								
Taxes:								
General property					22,384,195	-	22,384,195	-
Sales					5,391,887	-	5,391,887	-
Utility					1,037,799	-	1,037,799	-
Business license					2,081,665	-	2,081,665	-
Hotel and meals					5,917,199	-	5,917,199	-
Tobacco					491,704	-	491,704	-
Other					1,114,924	-	1,114,924	-
Miscellaneous					395,752	16,742	412,494	738,485
Payment and contribution from City of Waynesboro					-	-	-	23,133,914
Grants and contributions not restricted to specific programs					3,809,924	-	3,809,924	-
Unrestricted investment earnings					1,182,404	130,733	1,313,137	35,102
Gain (loss) on disposal of capital assets					23,877	12,332	36,209	-
Transfers					1,436,507	(1,436,507)	-	-
Total general revenues and transfers					45,267,837	(1,276,700)	43,991,137	23,907,501
Change in net position					(4,086,840)	440,884	(3,645,956)	9,850,724
Net position - beginning - as restated					31,351,883	41,782,350	73,134,233	1,585,420
Net position - ending					\$ 27,265,043	\$ 42,223,234	\$ 69,488,277	\$ 11,436,144

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 15,018,583	\$ 2,533,391	\$ -	\$ 6,583,757	\$ 24,135,731
Investments	1,536	-	12,991,381	-	12,992,917
Receivables (Net of allowances for uncollectibles):					
Taxes, including penalties	1,556,214	-	-	-	1,556,214
Accounts	388,832	115,052	-	146,854	650,738
Due from other funds	985,693	-	-	-	985,693
Interest Receivable	50,482	-	-	-	50,482
Due from other governments	1,262,208	-	-	567,474	1,829,682
Restricted assets:					
Cash and cash equivalents	-	-	-	594,429	594,429
Total assets	<u>\$ 19,263,548</u>	<u>\$ 2,648,443</u>	<u>\$ 12,991,381</u>	<u>\$ 7,892,514</u>	<u>\$ 42,795,886</u>
LIABILITIES					
Accounts payable	1,212,423	669,700	1,503,390	709,542	4,095,055
Accrued payroll	1,045,307	-	-	36,793	1,082,100
Retainage payable	-	-	280,229	29,708	309,937
Due to other funds	-	-	148,522	164,602	313,124
Amounts held for others	33,347	-	-	-	33,347
Escrow and deposits payable	117,716	-	-	-	117,716
Unearned revenue	-	396,026	-	-	396,026
Total liabilities	<u>\$ 2,408,793</u>	<u>\$ 1,065,726</u>	<u>\$ 1,932,141</u>	<u>\$ 940,645</u>	<u>\$ 6,347,305</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>\$ 1,098,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,098,766</u>
FUND BALANCES					
Nonspendable:					
Permanent fund principal	-	-	-	594,429	594,429
Restricted for:					
Judicial administration	143,339	-	-	-	143,339
Public safety	230,711	-	-	-	230,711
Public works	984,366	-	-	-	984,366
Parks, recreation and cultural	23,874	-	-	-	23,874
Shenandoah Valley Animal Center	-	-	-	401,760	401,760
Education	-	-	11,059,240	-	11,059,240
Capital projects	-	-	-	23,180	23,180
Committed to:					
Council contingency	8,268,308	-	-	-	8,268,308
Public works	650,000	-	-	-	650,000
Health and welfare	55,865	-	-	-	55,865
Capital projects	-	-	-	5,321,907	5,321,907
Revenue stabilization	500,000	-	-	-	500,000
Education	-	-	-	-	-

continued

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3 (continued)

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES (cont'd)					
Assigned to:					
General government administration	\$ 83,876	\$ -	\$ -	\$ -	\$ 83,876
Judicial administration	60,000	-	-	-	60,000
Public safety	172,867	-	-	-	172,867
Public works	166,956	-	-	-	166,956
Parks, recreation and cultural	8,913	-	-	-	8,913
Community development	7,500	-	-	-	7,500
Youth and family services	-	-	-	360,859	360,859
CAPSAW	-	-	-	82,241	82,241
Self-funded health insurance	-	1,582,717	-	-	1,582,717
Economic Development Authority	-	-	-	-	-
Debt service	-	-	-	204,405	204,405
Education	229,619	-	-	-	229,619
Reserve replenishment	378,380	-	-	-	378,380
Capital projects	1,327,916	-	-	-	1,327,916
Unassigned:					
General	2,463,499	-	-	(36,912)	2,426,587
Total fund balances	<u>\$ 15,755,989</u>	<u>\$ 1,582,717</u>	<u>\$ 11,059,240</u>	<u>\$ 6,951,869</u>	<u>\$ 35,349,815</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,263,548</u>	<u>\$ 2,648,443</u>	<u>\$ 12,991,381</u>	<u>\$ 7,892,514</u>	<u>\$ 42,795,886</u>

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 35,349,815
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,035,584
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	3,642,677
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,725,813
Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,836,502
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(56,731,057)
Other long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,594,291)</u>
Net position of governmental activities	<u>\$ 27,265,043</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Exhibit 5

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 21,991,399	\$ -	\$ -	\$ -	\$ 21,991,399
Other local taxes	16,035,178	-	-	-	16,035,178
Permits, privilege fees and regulatory licenses	242,244	-	-	-	242,244
Fines and forfeitures	161,902	-	-	-	161,902
Revenue from use of money and property	604,350	44,848	428,028	22,942	1,100,168
Charges for services	340,770	-	-	37,878	378,648
Miscellaneous	807,007	7,999,653	279	138,146	8,945,085
Recovered costs	131,324	-	-	748,102	879,426
Intergovernmental:					
Commonwealth	9,300,759	-	-	3,218,520	12,519,279
Federal	64,994	-	-	1,389,466	1,454,460
Total revenues	<u>49,679,927</u>	<u>8,044,501</u>	<u>428,307</u>	<u>5,555,054</u>	<u>63,707,789</u>
EXPENDITURES					
Current:					
General government administration	4,546,462	8,594,511	-	-	13,140,973
Judicial administration	1,601,912	-	-	-	1,601,912
Public safety	11,787,644	-	-	1,018,299	12,805,943
Public works	4,349,985	-	-	706,180	5,056,165
Health and welfare	582,859	-	-	6,458,696	7,041,555
Education	15,489,222	-	7,918,937	-	23,408,159
Parks, recreation, and cultural	3,520,134	-	-	-	3,520,134
Community development	984,287	-	-	416,728	1,401,015
Debt service:					
Principal retirement	1,156,230	-	-	737,799	1,894,029
Interest and fiscal charges	961,892	-	-	500,556	1,462,448
Total expenditures	<u>44,980,627</u>	<u>8,594,511</u>	<u>7,918,937</u>	<u>9,838,258</u>	<u>71,332,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,699,300</u>	<u>(550,010)</u>	<u>(7,490,630)</u>	<u>(4,283,204)</u>	<u>(7,624,544)</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	110,120	-	-	-	110,120
Transfers in	1,798,595	-	-	8,145,903	9,944,498
Transfers out	(8,472,616)	-	-	(362,088)	(8,834,704)
Total other financing sources and uses	<u>(6,563,901)</u>	<u>-</u>	<u>-</u>	<u>7,783,815</u>	<u>1,219,914</u>
Net change in fund balances	(1,864,601)	(550,010)	(7,490,630)	3,500,611	(6,404,630)
Fund balance - beginning (as restated)	<u>17,620,590</u>	<u>2,132,727</u>	<u>18,549,870</u>	<u>3,451,258</u>	<u>41,754,445</u>
Fund balance - ending	<u>\$ 15,755,989</u>	<u>\$ 1,582,717</u>	<u>\$ 11,059,240</u>	<u>\$ 6,951,869</u>	<u>\$ 35,349,815</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ (6,404,630)
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (2,245,286) exceeds depreciation (1,706,804), and capitalization of assets to be transferred to the schools in the current period.	538,482
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(184,768)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,894,029
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	27,008
Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>43,039</u>
Change in net position of governmental activities	<u>\$ (4,086,840)</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 21,860,084	\$ 21,860,084	\$ 21,991,399	\$ 131,315
Other local taxes	16,032,228	16,032,228	16,035,178	2,950
Permits, privilege fees and regulatory licenses	196,039	196,039	242,244	46,205
Fines and forfeitures	161,465	161,465	161,902	437
Revenue from use of money and property	203,327	203,327	604,350	401,023
Charges for services	332,107	334,624	340,770	6,146
Miscellaneous	711,731	784,878	807,007	22,129
Recovered costs	5,000	11,052	131,324	120,272
Intergovernmental:				
Commonwealth	9,241,062	9,303,312	9,300,759	(2,553)
Federal	-	84,290	64,994	(19,296)
Total revenues	<u>48,743,043</u>	<u>48,971,299</u>	<u>49,679,927</u>	<u>708,628</u>
EXPENDITURES				
Current:				
General government administration	4,785,620	4,908,736	4,546,462	362,274
Judicial administration	1,643,002	1,664,445	1,601,912	62,533
Public safety	11,962,404	12,371,417	11,787,644	583,773
Public works	5,760,499	5,927,628	4,349,985	1,577,643
Health and welfare	541,405	541,405	582,859	(41,454)
Education	14,968,954	15,489,222	15,489,222	-
Parks, recreation and cultural	3,596,490	3,740,632	3,520,134	220,498
Community development	968,301	1,063,718	984,287	79,431
Debt service:				
Principal retirement	1,156,268	1,156,268	1,156,230	38
Interest and fiscal charges	394,997	1,376,065	961,892	414,173
Total expenditures	<u>45,777,940</u>	<u>48,239,536</u>	<u>44,980,627</u>	<u>3,258,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,965,103</u>	<u>731,763</u>	<u>4,699,300</u>	<u>3,967,537</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	50,863	110,120	59,257
Transfers in	1,789,403	1,792,450	1,798,595	6,145
Transfers out	(3,757,940)	(28,462,428)	(8,472,616)	19,989,812
Total other financing sources and uses	<u>(1,968,537)</u>	<u>(26,619,115)</u>	<u>(6,563,901)</u>	<u>20,055,214</u>
Net change in fund balances	996,566	(25,887,352)	(1,864,601)	24,022,751
Fund balance - beginning	<u>17,620,590</u>	<u>17,620,590</u>	<u>17,620,590</u>	<u>-</u>
Fund balance - ending	<u>\$ 18,617,156</u>	<u>\$ (8,266,762)</u>	<u>\$ 15,755,989</u>	<u>\$ 24,022,751</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,458,416	\$ 3,788,768	\$ 2,071,907	\$ 8,319,091	\$ 714,172
Accounts receivable (net of allowance for uncollectibles)	759,406	1,151,042	908,761	2,819,209	15,962
Inventory	-	-	-	-	659,502
Total current assets	<u>3,217,822</u>	<u>4,939,810</u>	<u>2,980,668</u>	<u>11,138,300</u>	<u>1,389,636</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,753,614	2,753,614	-
Capital assets:					
Land	342,088	44,180	-	386,268	-
Buildings	9,019,357	43,325,578	113,453	52,458,388	-
Improvements other than buildings	19,189,406	36,123,505	206,636	55,519,547	-
Machinery and equipment	1,059,300	2,597,687	1,697,818	5,354,805	8,243,856
Construction in progress	-	136,292	-	136,292	-
Less accumulated depreciation	<u>(15,086,654)</u>	<u>(33,704,694)</u>	<u>(1,130,066)</u>	<u>(49,921,414)</u>	<u>(6,056,052)</u>
Total capital assets (net of accumulated depreciation)	<u>14,523,497</u>	<u>48,522,548</u>	<u>887,841</u>	<u>63,933,886</u>	<u>2,187,804</u>
Total noncurrent assets	<u>14,523,497</u>	<u>48,522,548</u>	<u>3,641,455</u>	<u>66,687,500</u>	<u>2,187,804</u>
Total assets	<u>17,741,319</u>	<u>53,462,358</u>	<u>6,622,123</u>	<u>77,825,800</u>	<u>3,577,440</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	588,285	110,067	-	698,352	-
Deferred outflow on OPEB obligation	18,873	26,973	1,674	47,520	-
Deferred outflow or resources VRS	<u>147,768</u>	<u>162,749</u>	<u>137,371</u>	<u>447,888</u>	<u>41,917</u>
Total deferred outflows of resources	<u>754,926</u>	<u>299,789</u>	<u>139,045</u>	<u>1,193,760</u>	<u>41,917</u>
LIABILITIES					
Current liabilities:					
Accounts payable	52,687	75,247	114,360	242,294	84
Accrued payroll	52,381	55,076	104,569	212,026	14,826
Accrued interest payable	111,024	259,877	-	370,901	-
Deposits payable	204,332	-	1,928	206,260	-
Due to other funds	-	-	-	-	672,569
Compensated absences	9,272	6,711	19,271	35,254	-
General obligation bonds - current	415,496	462,229	-	877,725	-
Revenue bonds payable - current	-	1,115,509	-	1,115,509	-
Total current liabilities	<u>845,192</u>	<u>1,974,649</u>	<u>240,128</u>	<u>3,059,969</u>	<u>687,479</u>
Noncurrent liabilities:					
Compensated absences	45,563	32,976	42,228	120,767	13,654
Net OPEB obligation	155,820	166,952	147,330	470,102	45,934
Net pension liability	472,576	520,490	395,095	1,388,161	134,054
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	10,534,966	4,616,014	-	15,150,980	-
Revenue bonds payable	-	14,959,752	-	14,959,752	-
Total noncurrent liabilities	<u>11,208,925</u>	<u>20,296,184</u>	<u>584,653</u>	<u>32,089,762</u>	<u>193,642</u>
Total liabilities	<u>12,054,117</u>	<u>22,270,833</u>	<u>824,781</u>	<u>35,149,731</u>	<u>881,121</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow on OPEB obligation	40,402	43,288	32,827	116,517	11,910
Deferred inflow of resources VRS	<u>125,140</u>	<u>137,827</u>	<u>121,437</u>	<u>384,404</u>	<u>35,498</u>
Total deferred outflows of resources	<u>165,542</u>	<u>181,115</u>	<u>154,264</u>	<u>500,921</u>	<u>47,408</u>

continued

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities - Enterprise Funds				Exhibit 8 (continued) Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
NET POSITION					
Net investment in capital assets	4,161,320	27,479,111	887,841	32,528,272	2,187,804
Restricted grant proceeds	-	-	977	977	-
Unrestricted	<u>2,115,266</u>	<u>3,831,088</u>	<u>4,893,305</u>	<u>10,839,659</u>	<u>503,024</u>
Total net position	<u>\$ 6,276,586</u>	<u>\$ 31,310,199</u>	<u>\$ 5,782,123</u>	<u>43,368,908</u>	<u>\$ 2,690,828</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(1,145,674)</u>	
Net position of business-type activities				<u>\$ 42,223,234</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 3,875,205	\$ 5,879,570	\$ 3,155,422	\$ 12,910,197	\$ 822,306
Miscellaneous	9,751	760	6,231	16,742	12,529
Total operating revenues	<u>3,884,956</u>	<u>5,880,330</u>	<u>3,161,653</u>	<u>12,926,939</u>	<u>834,835</u>
OPERATING EXPENSES					
Personal services	1,172,908	1,266,658	944,552	3,384,118	331,793
Contractual services	746,725	246,863	859,476	1,853,064	9,164
Other supplies and expenses	829,774	966,872	289,415	2,086,061	237,879
Depreciation	804,455	2,215,367	130,883	3,150,705	413,495
Total operating expenses	<u>3,553,862</u>	<u>4,695,760</u>	<u>2,224,326</u>	<u>10,473,948</u>	<u>992,331</u>
Operating income (loss)	<u>331,094</u>	<u>1,184,570</u>	<u>937,327</u>	<u>2,452,991</u>	<u>(157,496)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	9,207	9,207	-
Interest income	34,894	65,477	30,362	130,733	-
Gain (loss) on disposal of assets	12,332	-	-	12,332	23,877
Gain (loss) on equity interest	-	-	(165,956)	(165,956)	-
Interest and fiscal charges	(434,136)	(804,641)	-	(1,238,777)	-
Total nonoperating revenues (expenses)	<u>(386,910)</u>	<u>(739,164)</u>	<u>(126,387)</u>	<u>(1,252,461)</u>	<u>23,877</u>
Income before contributions and transfers	<u>(55,816)</u>	<u>445,406</u>	<u>810,940</u>	<u>1,200,530</u>	<u>(133,619)</u>
Capital contributions	152,750	167,420	206,636	526,806	-
Transfers in	166,947	8,809	36,106	211,862	326,713
Transfers out	(506,890)	(636,220)	(505,259)	(1,648,369)	-
Change in net position	(243,009)	(14,585)	548,423	290,829	193,094
Total net position - beginning, as restated	<u>6,519,595</u>	<u>31,324,784</u>	<u>5,233,700</u>		<u>2,497,734</u>
Total net position - ending	<u>\$ 6,276,586</u>	<u>\$ 31,310,199</u>	<u>\$ 5,782,123</u>		<u>\$ 2,690,828</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>150,055</u>	
Change in net position of business-type activities				<u>\$ 440,884</u>	

THIS PAGE IS INTENTIONALLY LEFT BLANK.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Exhibit 10 Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,820,496	\$ 5,708,578	\$ 3,079,845	\$ 12,608,919	\$ -
Cash received from interfund services provided	-	-	-	-	821,747
Cash paid to suppliers	(1,563,089)	(1,439,634)	(1,253,180)	(4,255,903)	(49,803)
Cash paid to employees	(1,166,943)	(1,280,256)	(945,986)	(3,393,185)	(334,088)
Other receipts (payments)	9,751	760	6,231	16,742	12,529
Net cash provided (used) by operating activities	<u>1,100,215</u>	<u>2,989,448</u>	<u>886,910</u>	<u>4,976,573</u>	<u>450,385</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	9,207	9,207	-
Transfer from other funds	166,947	8,809	36,106	211,862	-
Transfer to other funds	(506,890)	(636,220)	(505,259)	(1,648,369)	(545,895)
Net cash provided (used) by noncapital financing activities	<u>(339,943)</u>	<u>(627,411)</u>	<u>(459,946)</u>	<u>(1,427,300)</u>	<u>(545,895)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	12,332	-	-	12,332	23,877
Acquisition and construction of capital assets	(3,780)	(893,938)	(20,964)	(918,682)	(562,299)
Transfer from other funds	-	-	-	-	326,713
Principal paid on capital debt	(323,269)	(1,560,136)	-	(1,883,405)	-
Interest paid on capital debt	(462,390)	(207,425)	-	(669,815)	-
Net cash provided (used) by capital and related financing activities	<u>(777,107)</u>	<u>(2,661,499)</u>	<u>(20,964)</u>	<u>(3,459,570)</u>	<u>(211,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	34,894	65,477	30,362	130,733	-
Cash paid to joint venture	-	-	(203,410)	(203,410)	-
Net cash provided (used) by investing activities	<u>34,894</u>	<u>65,477</u>	<u>(173,048)</u>	<u>(72,677)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	18,059	(233,985)	232,952	17,026	(307,219)
Cash and cash equivalents - beginning of year	<u>2,440,357</u>	<u>4,022,753</u>	<u>1,838,955</u>	<u>8,302,065</u>	<u>1,021,391</u>
Cash and cash equivalents - end of year	<u>\$ 2,458,416</u>	<u>\$ 3,788,768</u>	<u>\$ 2,071,907</u>	<u>\$ 8,319,091</u>	<u>\$ 714,172</u>
Cash and cash equivalents at end of year is composed of the following:					
Cash and cash equivalents	<u>\$ 2,458,416</u>	<u>\$ 3,788,768</u>	<u>\$ 2,071,907</u>	<u>\$ 8,319,091</u>	<u>\$ 714,172</u>

continued

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit 10 (continued)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 331,094	\$ 1,184,570	\$ 937,327	\$ 2,452,991	\$ (157,496)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	804,455	2,215,367	130,883	3,150,705	413,495
(Increase) decrease in accounts receivable	(44,315)	(170,992)	(75,803)	(291,110)	(559)
(Increase) decrease in inventory	-	-	-	-	236,772
(Increase) decrease in deferred outflow on OPEB obligation	(11,057)	(7,404)	5,338	(13,123)	-
(Increase) decrease in deferred loss on VRS pension	42,297	49,129	52,389	143,815	13,419
Increase (decrease) in accounts payable	13,410	(225,899)	(104,289)	(316,778)	(39,532)
Increase (decrease) in accrued payroll	(12,969)	(17,527)	22,936	(7,560)	(4,813)
Increase (decrease) in net OPEB obligation	(41,592)	(44,251)	(31,242)	(117,085)	(12,377)
Increase (decrease) in net pension liability	(10,284)	(17,786)	(34,872)	(62,942)	(6,527)
Increase (decrease) in deferred inflow on OPEB	40,402	43,288	31,416	115,106	35,498
(Increase) decrease in deferred gain on VRS pension	(46,821)	(53,870)	(55,230)	(155,921)	(38,155)
Increase (decrease) in deposits payable	(10,394)	-	226	(10,168)	-
Increase (decrease) in compensated absences	45,989	34,823	7,831	88,643	10,660
Total Adjustments	769,121	1,804,878	(50,417)	2,523,582	607,881
Net cash provided (used) by operating activities	\$ 1,100,215	\$ 2,989,448	\$ 886,910	\$ 4,976,573	\$ 450,385
Noncash investing, capital, and financing activities:					
Capital contributions of water, sewer, and stormwater from developers	\$ 152,750	\$ 167,420	\$ 206,636	\$ 526,806	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waynesboro, Virginia (the "City") conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

A. Reporting Entity

The City was incorporated in 1948 and organized under the Council-Manager form of government. The City is governed by an elected mayor and five-member council. The accompanying financial statements present the government and its component units, entities for which the government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit:

The Waynesboro Economic Development Authority (the "Authority") 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 Authority's Board of Directors. Additionally, the Authority is authorized to issue revenue bonds upon application by qualified applicants for acquiring, constructing, equipping, and rehabilitating certain facilities as provided in Chapter 49 of the Industrial Development and Revenue Bond Act as set forth in the Code. Upon issuance, the proceeds of the bonds are loaned to the applicant, who then agrees to repay the bonds as set forth in the Loan Agreement executed, in connection, with the issuance of the bonds. Section 15.2-4909 of the Code specifically provides that the bonds shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bonds. Such bonds are payable solely from the revenues and moneys pledged for such purpose by the applicant, and are secured by a deed of trust, line of credit, and/or other pledge of the applicant's assets.

Separate financial statements of this component unit are not available.

Discretely Presented Component Unit:

The component unit column in the financial statements includes the financial data of the City's discretely presented component unit. This is reported in a separate column to emphasize that it is legally separate from the City.

The City of Waynesboro School Board was created as a separate legal entity by the City to oversee the operations and management of its publicly funded primary and secondary schools. The members of the School Board are elected by the voters. Because the School Board does not have taxing power, it is fiscally dependent on the City to provide significant funding to operate and maintain the public schools. In addition, the City must approve the School Board budget and approve any debt issuances.

Separate financial statements of this component unit are not available.

Undivided Interests and Joint Ventures:

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net position, revenues and expenses of the undivided interest component are reported by the City in its ACSA Joint Landfill Fund. Likewise, the City's investment in the joint venture component of the Landfill, which is an explicit, measurable, equity interest, is reported as an asset in the ACSA Joint Landfill Fund and totaled \$2,753,614 as of June 30, 2019. Complete financial statements of the Augusta Regional Landfill can be obtained from the entity's administrative offices by contacting the Augusta County Service Authority, P.O. Box 859, Verona, VA 24482-0859.

The City, in conjunction with the City of Staunton, City of Harrisonburg, County of Augusta, and the County of Rockingham, is a participant in the Middle River Regional Jail Authority, but has no equity interest in the venture. 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 and debt service component. The City paid the Jail Authority \$1,539,326 for fiscal year 2019.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Undivided Interests and Joint Ventures: (continued)

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter, with equity interest in the Regional Animal Shelter Land Trust. Capital and operating costs are allocated annually based on percentage of ownership for each locality. Activity is shown in a special revenue fund, named Shenandoah Valley Animal Service Center. The City transferred funds to the Regional Animal Shelter in the amount of \$65,426 for fiscal year 2019.

Excluded Organizations:

The financial activities of the Waynesboro Redevelopment Housing Authority are excluded from the City's annual financial report because the City is not financially accountable for the organization.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *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 a legally separate *component unit* 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 financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, with the exception of agency fund financial statements, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims/judgments, are recorded only when payment is due.

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Bond Fund, the Self-Funded Health Insurance Fund, the Virginia Public Assistance, Comprehensive Services Act, Youth and Family Services, Community Action Partnership of Staunton, Augusta, Waynesboro, Shenandoah Valley Animal Service Center Funds, and a blended component unit, Economic Development Authority. The Bond Fund and Self-Funded Health Insurance Fund are considered major funds for financial reporting purposes.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Debt service funds consist of the Debt Revenue Fund.

Capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the Capital Improvements Fund.

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Permanent funds consist of the Cemetery Care Fund.

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

Enterprise funds account for operations where the intent of the City is that the cost of provided services to the general public be financed and recovered through user charges. Enterprise funds consist of the Water, Sewer, Refuse, and the ACSA Joint Landfill Funds. The Water and Sewer Funds are considered major funds for financial reporting purposes.

Internal service funds account for the financing of goods or services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal service funds consist of the Equipment and Stores Fund.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and refuse functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, Refuse, ACSA Joint Landfill, and internal service funds are charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenue and expenses not meeting the operating definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. *Deposits and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

2. *Receivables and Payables*

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

3. *Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the internal service fund consist of expendable supplies held for consumption and are accounted for under the purchase method and consist primarily of inventory for the proprietary funds.

4. *Property Taxes*

Property is assessed at its value on January 1. Property Taxes attach as an enforceable lien on property as of January 1. Real property taxes are payable in two installments on July 31 and December 5 and personal property taxes are payable in one installment on December 5. The City bills and collects its own property taxes.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

5. *Allowance for Uncollectible Accounts*

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,142,417 at June 30, 2019, and consisted of the following:

General Fund – taxes	\$ 585,861
Water Fund – utility billings	242,472
Sewer Fund – utility billings	240,477
Refuse Fund – utility billings	64,632
Stormwater Fund – utility billings	<u>8,975</u>
Total	<u>\$ 1,142,417</u>

6. *Use of Estimates*

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

7. *Restricted Assets*

Cash investments of \$594,429 in the Cemetery Care Fund, a permanent fund, are non-spendable and thus restricted. Only earnings may be used by the City to fund the cemetery maintenance costs.

8. *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure acquired prior to the City's implementation of GASB Statement 34 are included in the City's capital asset totals.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year. Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Machinery and equipment	5-20
Infrastructure	20-50

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

9. 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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government has three items that qualify for reporting in this category. They are the deferred charge on refunding, deferred loss on other post-employment benefits and deferred loss on VRS pension reported in the government-wide statement of net position and the enterprise funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt, or the new debt whichever is shorter. The City's net pension liability and other post-employment benefits are calculated using a measurement date of June 30, 2018. Employer contributions made after this date are reported as deferred outflows of resources. The City's employer share of fiscal year 2019 VRS and other post-employment benefit contributions will be reported as part of total pension expense in the next fiscal year.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has three items that qualify for reporting in this category, unavailable revenue – taxes receivable, deferred gain on other post-employment benefits and deferred gain on VRS pension. The unavailable revenue – taxes receivable, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue – taxes receivable from property taxes and other receivables not collected within 45 days of year end and collection in the current fiscal year of property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, unavailable revenue – taxes receivable is reported for collection in the current fiscal year of property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are earned. The deferred gain on VRS pension and other post-employment benefits reported in the government-wide statement of net position and the enterprise funds statement of net position represents the net difference between projected and actual earnings on pension plan investments and changes of assumptions. This amount is deferred and amortized over future periods.

10. *Compensated Absences*

In accordance with Governmental Accounting Standards Board Statement 16, "*Accounting for Compensated Absences*," the City has accrued the liability arising from outstanding compensated absences.

City employees, under the Sick Leave Policy, earn sick leave at the rate of 8 hours per month. No benefits or pay is received for unused sick leave upon termination. City employees, under the Annual Leave Policy, earn varying amounts of annual leave dependent upon years of service. Accumulated annual leave up to 288 hours is paid upon termination. City employees, under the Paid Time Off Policy, earn varying amounts of paid time off dependent upon years of service. Accumulated paid time off up to the maximum permitted carry over amount, based upon years of service, is paid upon termination. Law enforcement, fire protection, and emergency response personnel may accrue up to 480 hours of compensatory time within a fiscal year. All other employees eligible for compensatory time may accrue up to 240 hours of compensatory time within a fiscal year. Upon termination of service from the City an employee will be paid for any accrued compensatory time at the employee's base rate of pay in effect when earned.

School Board 12-month personnel earn varying amounts of annual leave dependent upon years of service. Accumulated annual leave up to 30 days will be paid upon termination at the employee's daily rate of pay. School Board personnel with at least 5 years of service may be paid for up to 120 days of unused sick time at a rate of \$20 per day.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

11. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures. Loans issued at 0% are discounted at the applicable long-term annual financing rate based on date of issue.

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

12. *Fund Equity*

Financial policies - For fiscal year 2019, a formal policy regarding the General Fund's fund balance was adopted by the City. The City does not intend to use General Fund equity (unassigned fund balance) to finance current operations. The City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to eliminate the need for short term tax anticipation borrowing. This balance will be maintained in committed fund balance in the General Fund and will be no less 16% of the next year's General Fund adopted budget. This calculation for fiscal year 2019 totaled \$8,268,308. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Restricted funds are either externally imposed (such as debt covenants, grantors, contributors, or other governments) or are imposed by law (constitutionally or enabling legislation). The source of the constraint comes from outside the government and cannot be changed by City Council.

Committed fund balance – The City's committed funds require formal action of the City Council either by resolution or ordinance that identifies the specific circumstances under which resources may be expended.

Assigned fund balance – Amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed are classified as assigned. Intent can be stipulated by the governing body, another body (such as the Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.

Unassigned fund balance – Unassigned funds consist of amounts not assigned, committed, or restricted, and are funds that are considered available for use by the City.

13. *Net Position*

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

14. *Component Unit – School Board Capital Asset and Debt Presentation*

By law, the School Board does not have taxing authority, therefore, it can't incur debt through general obligation bonds to fund the acquisition, construction, or improvement of its capital assets. That responsibility lies with the City who issue debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets due to their maintaining the assets.

In the Statement of Net Position, this scenario presents a dilemma for the City. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the City. The corresponding capital assets are reported as assets of the Component Unit – School Board, thereby increasing its net position.

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any new property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. As of June 30, 2019, the City does not record the School Board's capital assets; they are reported as capital assets of the Component Unit – School Board.

15. *Component Unit – Open Lines of Credit*

The Component Unit School Board has several open lines of credit with various vendors that require the use of purchase order to initiate a transaction.

16. *Pensions*

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 City's Retirement Plan and the additions to/deductions from the City's Retirement 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.

17. *Change in Accounting Principle for Inventory Method Change*

During 2019 City management elected to change from the consumption method of inventory accounting to the purchase method. This resulted in inventory that is solely for the governmental funds to be written off. The amount was considered immaterial to the financial statements making the purchase method appropriate. Any remaining inventory is specific to the proprietary funds or could be used by any fund.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this \$3,836,502 difference in the primary government are as follows:

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (continued)

Net position of the internal service funds	\$ 2,690,828
Subtract: Internal receivable representing costs in less than charges to business-type activities - current year	(150,055)
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	<u>1,295,729</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,836,502</u>

Another element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of these \$56,731,057 and \$31,422,361 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 42,151,990	\$ -
Less: Discount on bonds payable	(112,856)	-
Plus: Issuance premium	1,676,623	-
Capital leases payable	-	1,486,194
Landfill closure liability	1,779,718	-
Accrued interest payable	657,961	13,388
Net OPEB obligation	2,387,054	3,520,000
Net pension liability	7,459,750	25,771,362
Compensated absences	<u>730,817</u>	<u>631,417</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 56,731,057</u>	<u>\$ 31,422,361</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of these \$1,894,029 and \$252,686 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Principal repayments:	<u>\$ 1,894,029</u>	<u>\$ 252,686</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,894,029</u>	<u>\$ 252,686</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$27,008 and \$2,080,547 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ 2,684	\$ 80,839
Accrued interest	(305,344)	2,276
Landfill post-closure care liability	(57,045)	-
(Increase)/decrease in net OPEB obligation	632,299	3,061,000
(Increase)/decrease in net pension liability	665,120	1,872,177
Increase/(Decrease) in deferred outflows	(839,571)	(378,509)
(Increase)/Decrease in deferred inflows	299,223	(2,557,236)
EDA revolving loans issued	38,000	
Transfer of capital assets to component unit	(453,648)	
Amortization of issuance premium	104,746	-
Amortization of deferred charge on refunding	(59,456)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 27,008</u>	<u>\$ 2,080,547</u>

Another element of that reconciliation states, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities." The details of this \$43,069 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ 193,094
Less: Gain in excess of charges to business-type activities	<u>(150,055)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 43,039</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds except the Economic Development fund, and the permanent fund, which are not budgeted. All annual appropriations lapse at fiscal year-end. The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the City Manager submits to City Council a proposed budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of a budget resolution.
4. The budget resolution places legal restrictions on expenditures at the function level (i.e. General Government Admin., Public Safety, etc.) The appropriations for each function can be revised only by the City Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budget data presented in the accompanying financial statements includes the original budget and the revised budget as of June 30, 2019.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, the Comprehensive Service Act Fund had expenditures exceeding appropriations.

C. Deficit Fund Balance

At June 30, 2019, the Economic Development Fund had a negative fund balance of \$36,912.

4. 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 the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The City has no investment policies that would further limit their investment choices.

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

The City's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Quality Ratings</u>	
		<u>AAAm</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 1,536	\$ 1,536	\$ -
Total Fair Value	\$ 1,536	\$ 1,536	\$ -

Concentration of Credit Risk – The City places no limits on the amount that may be invested in any one issuer.

Interest Rate Risk – As of June 30, 2019, the City had investments with the following maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
<u>Primary Government</u>				
Local Government Investment Pool	\$ 1,536	\$ 1,536	\$ -	\$ -
Total Fair Value	\$ 1,536	\$ 1,536	\$ -	\$ -

The City does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arriving from increasing interest rates.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

4. DEPOSITS AND INVESTMENTS (continued)

Amortized Costs:

The City categorizes its amortized cost measurements within the amortized cost hierarchy established by generally accepted accounting principles. The City has recurring amortized cost measurements as of June 30, 2019, for its Local Government Investment Pool, as Level 1 totaling \$1,536. The City's Local Government Investment Pool classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those securities at amortized costs.

5. DUE FROM OTHER GOVERNMENTS

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
School Funds	\$ -	\$ 645,774
State sales taxes	-	448,449
Local sales taxes	934,880	-
Communications tax	175,675	-
Public assistance grants	61,251	-
Comprehensive Services Act funds	356,243	-
Other State funds	147,413	-
Total Due from the Commonwealth	<u>1,675,462</u>	<u>1,094,223</u>
Federal Government:		
Community Services Block Grant	13,568	-
Community Development Block Grant	39,333	-
Public assistance grants	44,127	-
Department of Health & Human Services	30,040	-
Department of Transportation	10,072	-
Victim Witness	17,080	-
Other federal funds	-	-
Total Due from the Federal Government	<u>154,220</u>	<u>-</u>

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Inter-fund balances at June 30, 2019 consisted of the following:

Primary Government:

Due to General Fund from:

Bond Fund	\$ 148,522
Non-major governmental funds	164,602
Non-major Internal Service Fund	672,569
Total due to General Fund from other funds for cash advances	<u>\$ 985,693</u>

Inter-fund balances are due to the fact that the general fund aided in funding the operations in various other funds.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Inter-fund transfers for the year ended June 30, 2019 consisted of the following:

Primary Government:

Transfers to General Fund from:	
Non-major governmental funds	\$ 347,648
Water Fund for operations	476,415
Sewer Fund for operations	486,220
Non-major enterprise funds for operations	488,312
Total transfers to General Fund	<u>\$ 1,798,595</u>

Transfers to Water Fund from:	
Sewer Fund for operations	\$ 150,000
Stormwater Fund for operations	16,947
Total transfers to Water Fund	<u>\$ 166,947</u>

Transfers to Sewer Fund from:	
Water Fund for operations	\$ 8,805
Non-major governmental funds for operations	\$ 4
Total transfers to Sewer Fund	<u>\$ 8,809</u>

Transfers to non-major governmental funds from:	
General Fund for welfare assistance	\$ 2,297,939
General Fund for Shenandoah Valley Animal Service Center	65,426
General Fund for Economic Development Authority	56,069
General Fund for debt service	1,438,355
General Fund for capital projects	4,288,114
Total transfers to non-major governmental funds	<u>\$ 8,145,903</u>

Transfers to non-major Internal Service Fund from:	
General Fund for equipment purchases	<u>\$ 326,713</u>

Transfers to non-major Enterprise Funds from:	
Capital Improvements Fund for operations	\$ 14,436
Water Fund for operations	\$ 21,670
Total transfers to non-major Enterprise Funds	<u>\$ 36,106</u>

Component Unit School Board:

Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 288,126</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

7. CAPITAL ASSETS

PRIMARY GOVERNMENT

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

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 8,989,196	\$ -	\$ (249,398)	\$ 8,739,798
Construction in progress	<u>2,739,858</u>	<u>672,289</u>	<u>-</u>	<u>3,412,147</u>
Total capital assets not being depreciated	<u>11,729,054</u>	<u>672,289</u>	<u>(249,398)</u>	<u>12,151,945</u>
Capital assets, being depreciated				
Buildings	16,028,905	5,911	(215,001)	15,819,815
Improvements other than buildings	5,782,607	-	-	5,782,607
Equipment	12,441,529	917,258	(184,266)	13,174,521
Infrastructure	<u>57,112,019</u>	<u>1,212,128</u>	<u>-</u>	<u>58,324,147</u>
Total capital assets being depreciated	<u>91,365,060</u>	<u>2,135,297</u>	<u>(399,267)</u>	<u>93,101,090</u>
Less accumulated depreciation for:				
Buildings	(7,445,488)	(329,142)	10,750	(7,763,880)
Improvements other than buildings	(3,467,887)	(132,927)	-	(3,600,814)
Equipment	(9,769,051)	(557,048)	184,266	(10,141,833)
Infrastructure	<u>(40,421,938)</u>	<u>(1,101,182)</u>	<u>-</u>	<u>(41,523,120)</u>
Total accumulated depreciation	<u>(61,104,364)</u>	<u>(2,120,299)</u>	<u>195,016</u>	<u>(63,029,647)</u>
Total capital assets being depreciated, net	<u>30,260,696</u>	<u>14,998</u>	<u>(204,251)</u>	<u>30,071,443</u>
Governmental activities capital assets, net	<u>\$ 41,989,750</u>	<u>\$ 687,287</u>	<u>\$ (453,649)</u>	<u>\$ 42,223,388</u>

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

Governmental activities:	
General government administration	\$ 115,374
Judicial administration	67,789
Public safety	311,098
Public works	1,317,853
Health and welfare	817
Parks, recreation, and cultural	190,630
Community development	<u>116,738</u>
Total depreciation expense – governmental activities	<u>\$ 2,120,299</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

7. CAPITAL ASSETS (continued)

PRIMARY GOVERNMENT (continued)

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ -	\$ -	\$ 386,268
Construction in progress	<u>136,292</u>	<u>-</u>	<u>-</u>	<u>136,292</u>
Total capital assets not being depreciated	<u>522,560</u>	<u>-</u>	<u>-</u>	<u>522,560</u>
Capital assets, being depreciated:				
Buildings	52,450,888	7,500	-	52,458,388
Improvements other than buildings	54,502,940	1,016,607	-	55,519,547
Equipment	<u>4,993,080</u>	<u>386,600</u>	<u>(24,875)</u>	<u>5,354,805</u>
Total capital assets being depreciated	<u>111,946,908</u>	<u>1,410,707</u>	<u>(24,875)</u>	<u>113,332,740</u>
Less accumulated depreciation for:				
Buildings	(10,818,555)	(1,028,575)	-	(11,847,130)
Improvements other than buildings	(32,736,124)	(1,792,512)	-	(34,528,636)
Equipment	<u>(3,240,905)</u>	<u>(329,618)</u>	<u>24,875</u>	<u>(3,545,648)</u>
Total accumulated depreciation	<u>(46,795,584)</u>	<u>(3,150,705)</u>	<u>24,875</u>	<u>(49,921,414)</u>
Total capital assets being depreciated, net	<u>65,151,324</u>	<u>(1,739,998)</u>	<u>-</u>	<u>63,411,326</u>
Business-type activities capital assets, net	<u>\$ 65,673,884</u>	<u>\$ (1,739,998)</u>	<u>\$ -</u>	<u>\$ 63,933,886</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Water	\$ 804,455
Sewer	2,215,367
Refuse	96,293
Stormwater	<u>34,590</u>
Total depreciation expense – business-type activities	<u>\$ 3,150,705</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

7. CAPITAL ASSETS (continued)

COMPONENT UNIT - SCHOOL BOARD

A summary of the changes in the Discretely Presented Component Unit School Board's capital assets is as follows:

	Balance July 1, 2018 (as restated)	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 274,493	\$ 249,398	\$ -	\$ 523,891
Construction in progress	680,047	7,238,890	-	7,918,937
Total capital assets not being depreciated	<u>954,540</u>	<u>7,488,288</u>	<u>-</u>	<u>8,442,828</u>
Capital assets, being depreciated:				
Buildings	52,012,462	204,250	-	52,216,712
Improvements other than buildings	4,335,100	-	-	4,335,100
Equipment	4,197,438	238,589	-	4,436,027
Total capital assets being depreciated	<u>60,545,000</u>	<u>442,839</u>	<u>-</u>	<u>60,987,839</u>
Less accumulated depreciation for:				
Buildings	(18,071,448)	(961,612)		(19,033,060)
Improvements other than buildings	(3,268,799)	(153,616)	-	(3,422,415)
Equipment	(3,379,950)	(181,595)	-	(3,561,545)
Total accumulated depreciation	<u>(24,720,197)</u>	<u>(1,296,823)</u>	<u>-</u>	<u>(26,017,020)</u>
Total capital assets being depreciated, net	<u>35,824,803</u>	<u>(853,984)</u>	<u>-</u>	<u>34,970,819</u>
School Board capital assets, net	<u>\$ 36,779,343</u>	<u>\$ 6,634,304</u>	<u>\$ -</u>	<u>\$ 43,413,647</u>

Depreciation expense was charged to functions/programs of the Component Unit' School Board's governmental activities as follows:

Governmental activities:	
Education	<u>\$ 1,296,823</u>

8. UNAVAILABLE REVENUE

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of fiscal year 2019, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Insurance premiums received for future periods	\$ 396,026
Total unearned revenue for governmental funds	<u>\$ 396,026</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

9. LONG-TERM DEBT

PRIMARY GOVERNMENT

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

	Governmental Activities					
			Virginia Revolving Loans			
Year Ending	General Obligation Bonds		Taxable G.O. Bonds		State Literary Loans	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,270,637	\$ 1,595,034	\$ 37,482	\$ -	\$ 250,000	\$ 7,500
2021	2,354,032	1,494,341	37,482	-	-	-
2022	2,442,215	1,387,587	37,482	-	-	-
2023	2,275,730	1,282,127	37,482	-	-	-
2024	2,377,356	1,178,557	37,482	-	-	-
2025-2029	17,304,497	3,290,898	187,407	-	-	-
2030-2034	5,600,000	1,628,498	187,407	-	-	-
2035-2039	6,490,000	591,384	112,442	-	-	-
2040-2044	-	-	-	-	-	-
	<u>\$ 41,114,467</u>	<u>\$ 12,448,426</u>	<u>\$ 674,666</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 7,500</u>
	Business-Type Activities					
			Virginia Revolving Loans			
Year Ending	General Obligation Bonds		Taxable G.O. Bonds		Sewer Revenue Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 456,910	\$ 529,866	\$ 337,699	\$ 87,646	\$ 1,646,755	\$ 69,218
2021	485,957	510,187	347,906	77,439	1,652,335	63,829
2022	505,969	486,793	358,421	66,924	1,657,923	57,475
2023	530,000	462,311	369,255	56,090	1,663,521	50,855
2024	559,019	435,561	380,415	44,930	1,669,127	43,971
2025-2029	3,215,431	1,741,926	1,211,635	64,400	8,445,054	110,386
2030-2034	3,395,000	1,039,578	-	-	2,865,897	9,614
2035-2039	2,985,000	291,866	-	-	-	-
2040-2044	-	-	-	-	-	-
	<u>\$ 12,133,286</u>	<u>\$ 5,498,088</u>	<u>\$ 3,005,331</u>	<u>\$ 397,429</u>	<u>\$ 19,600,612</u>	<u>\$ 405,348</u>

Compensated absences, net OPEB obligation, net pension liability and liability for landfill closure are not included in the schedule reflecting annual requirements to amortize long-term obligations since it cannot be estimated when they will be paid.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

9. LONG-TERM DEBT (continued)

PRIMARY GOVERNMENT (continued)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2019:

Governmental Activities	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within one year
General Obligation Bonds	\$ 42,721,015	\$ -	\$ 1,606,548	\$ 41,114,467	\$ 2,270,637
Unamortized Bond Premium	1,781,369	-	104,746	1,676,623	202,959
VRA Loan - Taxable G.O. Bond	836,915	-	49,393	787,522	48,866
Unamortized Bond Discount	(124,767)	-	(11,911)	(112,856)	(11,384)
State Literary Loans	500,000	-	250,000	250,000	250,000
Liability for Landfill Closure	1,722,673	57,045	-	1,779,718	-
Net OPEB Obligation	3,077,664	-	644,676	2,432,988	-
Net Pension Liability	8,265,451	-	671,647	7,593,804	-
Compensated Absences	745,996	-	1,525	744,471	44,550
Total Governmental Activities	\$ 59,526,316	\$ 57,045	\$ 3,316,624	\$ 56,266,737	\$ 2,805,628
Business-type Activities					
General Obligation Bonds	\$ 12,575,263	\$ -	\$ 441,977	\$ 12,133,286	\$ 456,910
Unamortized Bond Premium	1,127,586	-	110,233	1,017,353	96,293
VRA Loan - Taxable G.O. Bond	3,170,447	-	165,116	3,005,331	337,699
VRA Loan - Sewer Revenue Bond	20,876,924	-	1,276,312	19,600,612	1,646,755
Unamortized Bond Discount	(4,075,693)	-	(423,077)	(3,652,616)	(544,423)
Net OPEB Obligation	587,187	-	117,085	470,102	-
Net Pension Liability	1,451,103	-	62,942	1,388,161	-
Compensated Absences	134,571	21,450	-	156,021	35,254
Total Business-type Activities	\$ 35,847,388	\$ 21,450	\$ 1,750,588	\$ 34,118,250	\$ 2,028,488
Primary Government Totals	\$ 95,373,704	\$ 78,495	\$ 5,067,212	\$ 90,384,987	\$ 4,834,116

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$206,019 at June 30, 2019, are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Details of Long-Term Indebtedness

General Obligation Bonds:

\$4,341,667 General Obligation School Bonds – Series 2001A (Waynesboro High School), issued November 15, 2001, maturing annually through July 15, 2021, bearing interest from 3.10% to 5.35% payable semiannually.

Governmental	Business-type
\$ 734,636	\$ -

\$6,364,713 General Obligation School Bonds – Series 2007A (Kate Collins Middle School), issued November 8, 2007, maturing annually through July 15, 2027, bearing interest at a 5.10% fixed interest rate payable semiannually. The bonds are shown net of unamortized premium of \$72,209.

\$ 3,180,262	\$ -
--------------	------

\$1,370,000 General Obligation Public Improvement Bonds – Taxable Build America Bonds, Series 2010A (General, Sewer) issued December 7, 2010, maturing annually through 2031.

410,000	960,000
---------	---------

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

9. LONG-TERM DEBT (continued)

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

General Obligation Bonds: (continued)

\$1,925,000 General Obligation Public Improvement Bonds – Tax-Exempt Series 2010B (General City and Schools – Westwood Hills Elementary, Sewer) issued December 7, 2010, maturing annually through 2031. The bond is shown net of unamortized premium of \$5,976 for governmental activities and unamortized premium of \$14,009 for business-type activities.	275,976	649,009
--	---------	---------

\$3,519,000 General Obligation Public Improvement Bonds - Series 2011 (General) issued October 31, 2011, maturing with monthly installments of \$25,955 through October 28, 2026, bearing an interest rate of 3.96%.	1,980,064	-
--	-----------	---

\$11,570,000 General Obligation Public Improvement Bonds - Series 2014A (Schools – Kate Collins Middle School) issued September 11, 2014, maturing annually through August 1, 2024, bearing an interest rate of 3.20%.	10,305,000	-
--	------------	---

\$16,045,000 General Obligation Public Improvement Bonds - Series 2015 (General, Water, Sewer) issued April 13, 2015, maturing with annual installments through October 1, 2037, bearing interest from 2.625% to 5.125%. The bonds are shown net of unamortized premium of \$416,000 for governmental activities and unamortized premium of \$876,079 for business-type activities.	4,862,714	11,414,365
---	-----------	------------

\$19,860,000 General Obligation School Bonds – Series 2018A (WHS Renovation), issued May 1, 2018, maturing annually through July 15, 2038, bearing interest from 3.05% to 5.05% payable semiannually. The bonds are shown net of unamortized premiums of \$1,182,438 for governmental activities.	<u>21,042,438</u>	<u>-</u>
---	-------------------	----------

Total General Obligation Bonds	<u>42,791,090</u>	<u>13,023,374</u>
--------------------------------	-------------------	-------------------

State Literary Fund Loans:

\$5,000,000 Literary Fund Loan (Schools – Westwood Hills Elementary) issued April 28, 2000, due in annual installments of \$250,000 through June 1, 2020 with interest payable annually at 3%.	<u>250,000</u>	<u>-</u>
--	----------------	----------

Virginia Revolving Loans:

\$6,245,039 General Obligation Public Improvement Bonds – Series 2006A (Sewer) issued March 17, 2006, maturing annually through January 1, 2027, bearing interest at a 3.0% fixed interest rate payable semiannually.	-	3,005,331
---	---	-----------

\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$2,013,385 is based on imputed interest rate of 4.41%.	-	6,743,555
---	---	-----------

\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$1,554,098 is based on imputed interest rate of 3.55%.	-	6,855,195
--	---	-----------

\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$85,134 is based on imputed interest rate of 3.12%.	-	416,593
--	---	---------

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

9. LONG-TERM DEBT (continued)

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

Virginia Revolving Loans: (continued)

\$1,295,000 Sewer Revenue Bond – Series 2015 issued April 28, 2015, maturing with annual installments beginning in 2019 through October 1, 2028, bearing interest from 3.125% through 5.125%. The bond is shown net of unamortized premium of \$127,265.

- 1,417,265

\$808,932 Sewer Revenue Bond – Series 2015 issued June 18, 2015, maturing semi-annually through February 1, 2036.

- 642,653

\$749,630 General Obligation Public Improvement Bonds – Series 2015B issued June 8, 2015, maturing semi-annually through March 1, 2037. Unamortized discount of \$112,856 is based on imputed interest rate of 2.05%.

674,666 -

Total Virginia Revolving Loans

674,666 19,080,592

Liability for Municipal Solid Waste Landfill Closure

1,779,718 -

Net OPEB Obligation

2,432,988 470,102

Net Pension Liability

7,593,804 1,388,161

Compensated Absences

744,471 156,021

Total Primary Government Long-Term Debt

\$ 56,266,737 \$ 34,118,250

COMPONENT UNIT SCHOOL BOARD

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

Year Ending	Governmental Activities	
	Capital Leases	
	Principal	Interest
June 30		
2020	266,490	76,563
2021	281,047	62,005
2022	296,400	46,653
2023	312,591	30,462
2024	329,666	13,385
	<u>\$ 1,486,194</u>	<u>\$ 229,068</u>

Compensated absences, and net OPEB obligation are not included in the schedule reflecting annual requirements to amortize long-term obligations since it cannot be estimated when they will be paid.

Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the Component Unit School Board for the year ended June 30, 2019:

Governmental Activities	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within one year
Capital Leases	\$ 1,738,880	\$ -	\$ 252,686	\$ 1,486,194	\$ 266,490
Net OPEB Obligation	6,581,000	-	3,061,000	3,520,000	-
Net Pension Liability	27,643,539	-	1,872,177	25,771,362	-
Compensated Absences	765,354	-	133,937	631,417	95,140
Total Governmental Activities	<u>\$ 36,728,773</u>	<u>\$ -</u>	<u>\$ 5,319,800</u>	<u>\$ 31,408,973</u>	<u>\$ 361,630</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

9. LONG-TERM DEBT (continued)

COMPONENT UNIT SCHOOL BOARD

Details of Long-Term Indebtedness

Capital Lease:

\$3,498,500 capital lease dated April 30, 2009 for an energy management project, due in semiannual installments of \$171,526, with an annual interest rate of 5.39%.

\$ 1,486,194

Net OPEB Obligation

3,520,000

Net Pension Liability

25,771,362

Compensated Absences

631,417

Total Component Unit School Board Long-Term Debt

\$ 31,408,973

10. CAPITAL LEASES

During fiscal year 2009, the Component Unit School Board entered into a lease agreement as lessee for financing an energy management project. This lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of the future minimum lease payments as of the lease inception date. The asset has been recorded as a capital asset at a cumulative cost of \$3,498,500. The asset has been classified as building improvements and will be depreciated as discussed in Note 1.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	343,052
2021	343,052
2022	343,052
2023	343,052
2024	343,054
Total minimum lease payments	\$ 1,715,262
Less: amount representing interest	(229,068)
Present value of minimum lease payments	<u>\$ 1,486,194</u>

11. CONTINGENT LIABILITIES

Federal programs in which the City participates were audited in accordance with provisions of the Title 2 US Code of Federal Regulations Part 200, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no material matters of noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests that may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments and Other Significant Commitments

In connection with the multi-purpose general obligation bonds and revenue bonds issued in 2008, the City continued major renovations to its general government projects.

	<u>Governmental</u>
Estimated project costs financed	\$ 8,043,726
Costs incurred through 6-30-19	<u>(7,311,653)</u>
Estimated remaining costs	<u>\$ 732,073</u>

In connection with the general obligation bonds issued in 2019, the City started major renovations to Waynesboro High School project.

	<u>Governmental</u>
Estimated project costs financed	\$ 19,860,000
Costs incurred through 6-30-19	<u>(9,565,579)</u>
Estimated remaining costs	<u>\$ 10,294,421</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2019:

<u>Function</u>	<u>Restricted</u>	<u>Assigned</u>
General government administration	\$ -	\$ 83,875
Judicial administration	-	60,000
Public safety	-	172,867
Public works	514,032	166,956
Parks, recreation and cultural	-	8,913
Community development	-	<u>7,500</u>
Total	<u>\$ 514,032</u>	<u>\$ 500,111</u>

Encumbrances in other funds at June 30, 2019, are as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ 607,891
Bond Fund	26,510
Water Fund	231,173
Sewer Fund	363,277
Nonmajor Enterprise Funds	68,523
Internal Service Fund	38
School Board (Component Unit)	<u>13,382</u>
Total	<u>\$ 1,310,794</u>

Blended Component Unit Commitments - Economic Development Authority

During fiscal year 2011, the EDA entered into a performance agreement with a local business in connection with Governor's Opportunity Fund grants. If the business does not meet the terms of the performance agreement, they must repay the funds received related to the Governor's Opportunity Fund grant; failure by the business to repay this amount could result in either the City or the EDA being responsible for repaying these funds. At this time, the EDA and the City have no reason to believe the performance agreement terms will not be met.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent 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's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement 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.

General Information about the Pension Plan

Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by a VRS Retirement Plan upon employment. This 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required feed
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
--	---	---

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
---	--	--

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u>: See definition under Plan 1</p> <p><u>Defined Contribution Component</u>: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non- hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u>: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u>: Not applicable.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u></p> <ul style="list-style-type: none"> • For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. • For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u></p> <p><u>Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution</u></p> <p><u>Component:</u> Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>
---	--	--

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service .</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

Employees Covered by Benefit Terms - City

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	302
Inactive members:	
Vested inactive members	74
Non-vested inactive members	94
Inactive members active elsewhere in VRS	<u>167</u>
Total inactive members	335
Active members	307
Total covered employees	944

Employees Covered by Benefit Terms – School Board – Non-professional employees

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	44
Inactive members:	
Vested inactive members	4
Non-vested inactive members	23
Inactive members active elsewhere in VRS	<u>14</u>
Total inactive members	41
Active members	30
Total covered employees	115

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 the City and School Board by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required contribution rate for the year ended June 30, 2019 was 5.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2019 was 5.73% of covered employee compensation for its non-professional employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,274,194 and \$1,338,443 for the years ended June 30, 2019 and June 30, 2018, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$71,271 and \$39,487 for the years ended June 30, 2019 and June 30, 2018, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the school division were \$2,803,252 and \$2,878,665 for the years ended June 30, 2019 and June 30, 2018, respectively.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability

The net pension liability (NPL) 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. The City and School Board's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions – General Employees – City and School Board

The total pension liability for General Employees in the City's and School Board's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35% (3.5% - 5.95% School Board Professional)
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

City - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

School Board - RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

City - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

School Board - RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

City - RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

School Board - RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions – General Employees City & School Board (continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates.
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions – General Employees City & School Board (continued)

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rate projected with scale BB to 2020; males set forward 2 years; unisex using 100% males.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rate projected with scale BB to 2020; males set forward 2 years; unisex using 100% males.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
Inflation			<u>2.50%</u>
* Expected arithmetic nominal return			<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.83%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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; the City was also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 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.

Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the City's and School Board's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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 WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. 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, 2017	\$ 73,999,747	\$ 64,308,005	\$ 9,691,742
Changes for the year:			
Service cost	1,322,862	-	1,322,862
Interest	5,042,241	-	5,042,241
Changes of assumptions	-	-	-
Differences between expected and actual expenses	(429,534)	-	(429,534)
Contributions - employer	-	1,337,978	(1,337,978)
Contributions - employee	-	650,993	(650,993)
Net investment income	-	4,720,235	(4,720,235)
Benefit payments, including refunds of employee contributions	(3,935,457)	(3,935,457)	-
Administrative expenses	-	(41,590)	41,590
Other changes	-	(4,161)	4,161
Net Changes	2,000,112	2,727,998	(727,886)
Balances at June 30, 2018	\$ 75,999,859	\$ 67,036,003	\$ 8,963,856

Changes in Net Pension Liability – School Board Non-professional

Balances at June 30, 2017	\$ 3,334,485	\$ 3,773,946	\$ (439,461)
Changes for the year:			
Service cost	80,698	-	80,698
Interest	227,102	-	227,102
Changes of assumptions	-	-	-
Differences between expected and actual expenses	79,724	-	79,724
Contributions - employer	-	39,487	(39,487)
Contributions - employee	-	37,880	(37,880)
Net investment income	-	277,009	(277,009)
Benefit payments, including refunds of employee contributions	(180,344)	(180,344)	-
Administrative expenses	-	(2,430)	2,430
Other changes	-	(245)	245
Net Changes	207,180	171,357	35,823
Balances at June 30, 2018	\$ 3,541,665	\$ 3,945,303	\$ (403,638)

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

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

The following presents the net pension liability of the City and School Board (non-professional) using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	(6.00%)	Rate (7.00%)	(8.00%)
City's Net Pension Liability	\$18,325,854	\$8,963,856	\$1,163,753
School Board–Non-Professional Net Pension Liability	\$(6,168)	\$(403,638)	\$(740,790)

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

The following presents the School Board's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	(6.00%)	Rate (7.00%)	(8.00%)
School Board – Professional Net Pension Liability	\$39,984,000	\$26,175,000	\$14,746,000

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

For the year ended June 30, 2019, the City recognized pension expense of \$479,995. At June 30, 2019, 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	\$ 443	\$ 293,886
Changes in assumptions	-	22,606
Net difference between projected and actual earnings on plan investments	1,528,226	2,057,163
Employer contributions subsequent to the measurement date	<u>1,274,194</u>	<u>-</u>
Total	<u>\$ 2,802,863</u>	<u>\$ 2,373,655</u>

\$1,274,194 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. 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

2020	\$ 28,633
2021	(149,444)
2022	(666,496)
2023	(57,679)
2024	-
Thereafter	-

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions – School Board – Non-professional***

For the year ended June 30, 2019, the School Board's non-professional pension plan recognized pension expense of \$(187,532). At June 30, 2019, the School Board 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	\$ 32,269	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	89,661	120,529
Employer contributions subsequent to Measurement Date	<u>71,271</u>	<u>-</u>
Total	<u>\$ 193,201</u>	<u>\$ 120,529</u>

\$71,271 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. 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

2020	\$46,384
2021	(2,602)
2022	(39,074)
2023	(3,307)
2024	-
Thereafter	-

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions – School Board - Professional***

At June 30, 2019, the school division reported a liability of \$26,175,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.22258% as compared to 0.22835% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,271,000. 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

13. DEFINED BENEFIT PENSION PLAN (continued)

At June 30, 2019, 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	\$ -	\$ 2,237,000
Change of assumptions	312,000	-
Net difference between projected and actual earnings on plan investments	-	555,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	158,000	1,093,000
Employer contributions subsequent to the measurement date	<u>2,803,252</u>	<u>-</u>
Total	<u>\$ 3,273,252</u>	<u>\$ 3,885,000</u>

\$2,803,252 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. 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

2020	\$(688,000)
2021	(816,000)
2022	(1,271,000)
2023	(470,000)
Thereafter	(170,000)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

14. 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; and natural disasters for which the City carries commercial insurance. 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 fiscal year 2019. All claims are paid in full at the time of damage. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended desired levels.

The City is a participating member in the Virginia Municipal League Insurance Programs (VMLIP) and the Component Unit School Board is a participating member in the School Systems of Virginia Self Insurance Program. The agreement for the formation of VMGSIA and the School Systems of Virginia Self Insurance Program provides that the risk pools will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims. In addition, both of these entities provide workers' compensation coverage in compliance with the Virginia Workers' Compensation code.

During 2015 the City established a self-funded health insurance fund to account for health insurance claims for employees and retirees. The fund is reported as a special revenue fund and revenues are from payroll deductions and retiree contributions. Claims are paid as they become due and the fund has generated a surplus of \$2,470,720 to pay out future health insurance claims. The City has an individual stop loss limit of \$125,000.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

15. SURETY BONDS

<u>VMLIP Insurance Program - Surety</u>	<u>Amount</u>
Public Employees – Blanket Bond	\$ 500,000
<u>Travelers Casualty and Surety Company of America – Surety</u>	
Treasurer/Finance Director	500,000
Commissioner of the Revenue	3,000
Clerk of the Circuit Court	103,000
Sheriff/Jail Supervisor/Jail Officer	30,000
<u>VMLIP Insurance Program – Surety</u>	
All School Board employees – Blanket Bond	250,000

16. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Cities of Waynesboro and Staunton and the County of Augusta share the costs of landfill operations on a site operated by the Augusta Regional Landfill. State and federal laws and regulations require the regional landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City recognizes a portion of these closure and post-closure care costs as a component of its equity interest in the landfill joint venture. See note one for further information on the arrangement with this organization.

In fiscal year 2008, the City began post-closure care on the old City landfill site. The \$1,779,718 reported as landfill closure and post-closure care liability at June 30, 2019, represents the cumulative amount reported to date based on the estimated costs of post-closure care for the old City landfill. This amount is based on what it would cost to perform all closure and post-closure care from 2008 through 2019 based upon a DEQ-approved inflation rate. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The applicable laws and regulations require the City to select and meet one of several approved financial assurance mechanisms to demonstrate financial responsibility for closure and post-closure care costs described above. The City has selected the Financial Ratio Test method for this purpose, and has made the requisite filings with the Virginia Department of Environmental Quality.

17. OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

Other Post-employment Benefits Program

The City's and School Board's Other Post-employment Benefits Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired City and School Board employees of participating employers. The City's and School Board's Other Post-employment Benefits Program was 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 City and School Board Other Post-employment Benefits Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the City's and School Board's Other Post-employment Benefits Program OPEB, and the City's and School Board's Other Post-employment Benefits Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) City and School Board Other Post-employment Benefits Program; and the additions to/deductions from the VRS City and School Board Other Post-employment Benefits 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

Summary of Significant Accounting Policies (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program

Plan Description

All full-time, salaried permanent employees of participating City and School Board are automatically covered by the VRS City and School Board Other Post-employment Benefits Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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 Other Post-employment Benefits 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.

The specific information about the City's and School Board's Other Post-employment Benefits Program OPEB, including eligibility, coverage and benefits is set out in the table below:

CITY'S AND SCHOOL BOARD'S OTHER POST-EMPLOYMENT BENEFITS PROGRAM PLAN PROVISIONS
<p>Eligible Employees The City's and School Board's Retiree Other Post-employment Benefits Program was established July 1, 1993 for retired City and School Board employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating City and School Board who are covered under the VRS pension plan.
<p>Benefit Amounts The City and School Board Retiree Other Post-employment Benefits Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <u>Disability Retirement</u> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Other Post-employment Benefits Program Notes:</p> <ul style="list-style-type: none"> • The monthly Other Post-employment Benefits benefit cannot exceed the individual premium amount. • No Other Post-employment Benefits for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the Other Post-employment Benefits as a retiree.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Plan Description (continued)

Employees Covered by Benefit Terms - City

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees or their beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	-
Active employees	278
Total	299

Employees Covered by Benefit Terms – School Board

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees or their beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	-
Active employees	246
Total	272

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the City and School Board by the Virginia General Assembly. The City's and School Board's contractually required employer contribution rate for the year ended June 30, 2019 was 1.21% and (0.21%) of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate 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 from the City's and School Board's Other Post-employment Benefits Program were \$120,413 and \$93,373 for the year ended June 30, 2019 and \$123,410 and \$215,331 for the year ended June 30, 2018.

Net OPEB liability

The City's and School Board's net Other Post-employment Benefits OPEB liability was measured as of June 30, 2018. The total Other Post-employment Benefits OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Actuarial Assumptions

The total OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation -	
Locality – general employees	3.5% - 5.35%
Locality – hazardous duty employees	3.5% - 4.75%
Investment rate of return	7%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2018 valuation were based on RP-2104 Mortality Table, fully generational with a base year 2006. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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:

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Long-Term Expected Rate of Return (continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
 Total	 100.00%		 4.80%
	Inflation *		2.50%
	Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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, 2018, the rate contributed by the entity for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Changes in Net OPEB Liability - City

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 3,609,000	\$ -	\$ 3,609,000
Changes for the year			
Service cost	130,000	-	130,000
Interest	130,000	-	130,000
Differences between expected and actual experience	(431,000)	-	(431,000)
Contributions - employer	-	157,000	(157,000)
Net investment income	-	-	-
Benefit payments	(157,000)	(157,000)	-
Other Changes	(427,000)	-	(427,000)
Net Changes	(755,000)	-	(755,000)
Balances at June 30 2019	\$ 2,854,000	\$ -	\$ 2,854,000

Changes in Net OPEB Liability – School Board

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 6,581,000	\$ -	\$ 6,581,000
Changes for the year			
Service cost	386,000	-	386,000
Interest	248,000	-	248,000
Difference between expected and actual experience	(903,000)	-	(903,000)
Contributions - employer	-	(23,000)	23,000
Net investment income	-	-	-
Benefit payments	23,000	23,000	-
Other changes	(2,815,000)	-	(2,815,000)
Net Changes	(3,061,000)	-	(3,061,000)
Balances at June 30 2019	\$ 3,520,000	\$ -	\$ 3,520,000

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

Sensitivity of the City's and School Board's Other Post-employment Benefits Net OPEB Liability to Changes in the Discount Rate

The following presents the City's and School Board's Other Post-employment Benefits Program net OPEB liability using the discount rate of 7.00%, as well as what the City's and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
City's Net OPEB Liability	\$3,090,000	\$2,854,000	\$2,640,000
School Board's OPEB Liability	\$3,664,000	\$3,520,000	\$3,379,000

Other Post-employment Benefits Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits Program OPEB

For the year ended June 30, 2019, the City and School Board recognized Other Post-employment Benefits Program OPEB expense of \$260,000 and (\$346,000), respectively. At June 30, 2019, the City's and School Board's reported deferred outflows of resources and deferred inflows of resources related to the City's and School Board's Other Post-employment Benefits Program from the following sources:

City's	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (372,000)
Change in assumptions	-	(368,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>120,413</u>	<u>-</u>
Total	<u>\$ 120,413</u>	<u>\$ (740,000)</u>
 School Board's	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (664,000)
Change in assumptions	-	(2,070,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>93,373</u>	<u>-</u>
Total	<u>\$ 93,373</u>	<u>\$ (2,734,000)</u>

\$120,413 and \$93,373 reported as deferred outflows of resources related to the OPEB resulting from the City's and School Board'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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

17. OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the City's and School Board's Other Post-employment Benefits Program (continued)

City's

Year ended June 30

2020	\$ (118,000)
2021	(118,000)
2022	(118,000)
2023	(118,000)
2024	(118,000)
Thereafter	(150,000)

School Board's

Year ended June 30

2020	\$ (984,000)
2021	(984,000)
2022	(766,000)
2023	-
2024	-
Thereafter	-

Other Post-employment Benefits Program Plan Data

Information about the City's and School Board's Other Post-employment Benefits Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

18. NOTES RECEIVABLE

The Blended Component Unit, Economic Development Authority, reports a note receivable related to revolving notes entered into with numerous local businesses. These notes were the result of USDA Rural Development grant funds received by the EDA to encourage small business growth in the City. The EDA matched the grant funds received from the USDA at 10% of each note. The revolving notes will be paid back to the EDA over three years with an annual interest rate of 3%. At June 30, 2019, the outstanding balance of the notes was \$61,999.

During fiscal year 2015, the City entered into a buy-in agreement with other localities related to the Middle River Regional Jail Authority. The City reports a note receivable related to this buy-in agreement. The note will be paid back to the City over ten years with an annual interest rate of 2.17%. At June 30, 2019, the outstanding balance of the note was \$3,539,078.

19. CONDUIT DEBT OBLIGATION

During fiscal year 2013, the Blended Component Unit, Economic Development Authority, issued a revenue bond for the purpose of constructing and rehabilitating facilities deemed to be in the public interest. The bond is payable solely from the revenues of the projects and the bond shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bond. All of the EDA's rights (other than indemnification and its fees) are assigned to a Trustee to administer the bond for the benefit of the bondholder. The EDA neither receives nor disburses funds related to the bond. The EDA does not retain either the benefit of asset ownership or the liability for bond liquidation. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in the financial statements. The EDA will receive bond administration fees annually at a rate of 1/8th of 1% of the outstanding principal balance. At June 30, 2019, \$4,613,270 of such conduit bonds were outstanding.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

20. TAX ABATEMENTS/REBATES

The City enters into property tax abatements/rebate agreements with local businesses under the Code of Virginia Section 15.2-953. Under the Code, localities may grant property tax abatements/rebates to spur economic development within the City to benefit the city and its citizens. For the fiscal year ended June 30, 2019, the City abated/rebated property taxes totaling \$25,183 under this program, including the following:

- Wayne Theatre Alliance real estate taxes abated/rebates totaled \$25,183. This agreement was entered into on 1/28/2008 and the incentive is in effect until 2019.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

21. RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION

Beginning fund balance and net position has been restated for current fiscal year as detailed below:

	Fund Balance, as previously reported	Reclassify Bond Activity	Unavailable Tax Revenue	Payroll Accrual	Fund Balance, as restated at July 1, 2018
General Fund	\$ 35,280,820	(18,581,731)	540,281	381,220	\$ 17,620,590
Self-Funded Health Insurance Fund	\$ 2,371,292	-	-	(238,565)	\$ 2,132,727
Bond Fund	\$ -	18,549,870	-	-	\$ 18,549,870
Other Governmental Funds	\$ 3,431,609	-	-	19,649	\$ 3,451,258
Internal Service Fund	\$ 2,488,233	-	-	9,501	\$ 2,497,734
Water Fund	\$ 6,482,606	-	-	36,989	\$ 6,519,595
Sewer Fund	\$ 31,294,580	-	-	30,204	\$ 31,324,784
Other Enterprise Funds	\$ 5,208,486	-	-	25,214	\$ 5,233,700
School Operating Fund	\$ 407,366	(108,018)	-	-	\$ 299,348
School Other Governmental Funds	\$ (139,879)	139,879	-	-	\$ -
Total		<u>\$ -</u>	<u>\$ 540,281</u>	<u>\$ 264,212</u>	

	Governmental Activities	Business-type Activities	Component Unit School Board	Total
Net position, as previously reported	\$ 30,671,658	\$ 41,689,943	\$ 873,512	
Reclassify bond activity	(31,861)	-	31,861	-
Unavailable tax revenue	540,281	-	-	540,281
Payroll accrual	171,805	92,407	-	264,212
Capitalize Construction in Progress	-	-	680,047	680,047
Net position, as restated at July 1, 2018	<u>\$ 31,351,883</u>	<u>\$ 41,782,350</u>	<u>\$ 1,585,420</u>	

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2019

22. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 26, 2019, which is the date the financial statements were available to be issued.

23. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements which will be effective for the year ended June 30, 2020. Management has not yet evaluated the effects, if any, of adopting these standards:

GASB Statement No. 84, Fiduciary Activities:

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61:

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units, if the government acquires a 100 percent equity interest, provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND RELATED RATIOS

CITY	Exhibit 11				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,322,862	\$ 1,395,692	\$ 1,418,197	\$ 1,364,584	\$ 1,410,687
Interest	5,042,241	4,893,349	4,735,848	4,846,873	4,674,679
Changes in assumptions	-	(83,704)	-	-	-
Differences between expected and actual experience	(429,534)	(93,408)	133,586	(3,886,254)	-
Benefit payments, including refunds of employee contributions	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Net change in total pension liability	2,000,112	2,077,595	2,246,721	(1,456,438)	2,616,107
Total pension liability - beginning	73,999,747	71,922,152	69,675,431	71,131,869	68,515,762
Total pension liability ending (a)	<u>75,999,859</u>	<u>73,999,747</u>	<u>71,922,152</u>	<u>69,675,431</u>	<u>71,131,869</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,337,978	\$ 1,340,790	\$ 1,802,969	\$ 1,747,952	\$ 1,694,304
Contributions - employee	650,993	663,517	683,362	635,125	637,148
Net investment income	4,720,235	7,119,980	1,009,564	2,660,724	8,097,319
Benefit payments, including refunds of employee contributions	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Administrative expense	(41,590)	(42,294)	(37,703)	(37,243)	(44,224)
Other	(4,161)	(6,285)	(435)	(557)	427
Net change in plan fiduciary net position	2,727,998	5,041,374	(583,153)	1,224,360	6,915,715
Plan fiduciary net position - beginning	64,308,005	59,266,631	59,849,784	58,625,424	51,709,709
Plan fiduciary net position - ending (b)	<u>67,036,003</u>	<u>64,308,005</u>	<u>59,266,631</u>	<u>59,849,784</u>	<u>58,625,424</u>
City of Waynesboro's net pension liability - ending (a) - (b)	<u>\$ 8,963,856</u>	<u>\$ 9,691,742</u>	<u>\$ 12,655,521</u>	<u>\$ 9,825,647</u>	<u>\$ 12,506,445</u>
Plan fiduciary net position as a percentage of the total pension liability	88.21%	86.90%	82.40%	85.90%	82.42%
Covered payroll	\$ 13,056,242	13,153,451	13,015,233	12,776,149	12,048,335
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	68.66%	73.68%	97.24%	76.91%	103.80%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 80,698	\$ 76,422	\$ 101,863	\$ 106,501	\$ 103,795
Interest	227,102	246,759	237,820	243,416	234,497
Changes in assumptions	-	(6,561)	-	-	-
Differences between expected and actual experience	79,724	(412,930)	(20,577)	(205,893)	-
Benefit payments, including refunds of employee contributions	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)
Net change in total pension liability	207,180	(284,984)	124,971	(109,785)	170,366
Total pension liability - beginning	3,334,485	3,619,469	3,494,498	3,604,283	3,433,917
Total pension liability ending (a)	<u>3,541,665</u>	<u>3,334,485</u>	<u>3,619,469</u>	<u>3,494,498</u>	<u>3,604,283</u>
Plan fiduciary net position					
Contributions - employer	\$ 39,487	\$ 39,331	\$ 63,505	\$ 80,835	\$ 108,104
Contributions - employee	37,880	37,355	35,593	45,591	48,472
Net investment income	277,009	417,790	59,822	155,645	476,157
Benefit payments, including refunds of employee contributions	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)
Administrative expense	(2,430)	(2,475)	(2,219)	(2,229)	(2,557)
Other	(245)	(369)	(26)	(32)	25
Net change in plan fiduciary net position	171,357	302,958	(37,460)	26,001	462,275
Plan fiduciary net position - beginning	3,773,946	3,470,988	3,508,448	3,482,447	3,020,172
Plan fiduciary net position - ending (b)	<u>3,945,303</u>	<u>3,773,946</u>	<u>3,470,988</u>	<u>3,508,448</u>	<u>3,482,447</u>
City of Waynesboro's net pension liability - ending (a) - (b)	<u>\$ (403,638)</u>	<u>\$ (439,461)</u>	<u>\$ 148,481</u>	<u>\$ (13,950)</u>	<u>\$ 121,836</u>
Plan fiduciary net position as a percentage of the total pension liability	111.40%	113.18%	95.90%	100.40%	96.62%
Covered payroll	918,732	800,684	721,229	958,934	958,709
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	-43.93%	-54.89%	20.59%	-1.45%	12.71%

(1) The Schedule of Employer's Share of Net Pension Liability and Related Ratios is intended to show information for 10 years. Since 2019 is the fifth year for this presentation, only five years of data are available. However, additional years will be included as they become available.

**CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NET PENSION LIABILITY**

CITY

Exhibit 12

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	1,274,194	1,274,194	-	13,567,153	9.39%
2018	1,338,443	1,338,443	-	13,153,451	10.18%
2017	1,340,706	1,340,706	-	13,071,409	10.26%
2016	1,805,158	1,805,158	-	13,085,870	13.79%
2015	1,747,904	1,747,904	-	12,629,097	13.84%
2014	1,689,566	1,689,566	-	12,405,040	13.62%
2013	1,720,190	1,720,190	-	12,629,879	13.62%
2012	1,279,264	1,279,264	-	11,812,229	10.83%
2011	1,272,361	1,272,361	-	11,748,488	10.83%
2010	1,029,138	1,029,138	-	12,266,246	8.39%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	71,271	71,271	-	918,732	7.76%
2018	39,487	39,487	-	800,684	4.93%
2017	39,131	39,131	-	783,810	4.99%
2016	42,664	42,664	-	1,128,679	3.78%
2015	126,426	126,426	-	1,439,930	8.78%
2014	113,413	113,413	-	1,020,815	11.11%
2013	104,921	104,921	-	944,381	11.11%
2012	79,415	79,415	-	948,806	8.37%
2011	75,813	75,813	-	905,767	8.37%
2010	66,424	66,424	-	946,217	7.02%

SCHOOL BOARD COMPONENT UNIT (TEACHERS)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	2,803,252	2,803,252	-	18,260,871	15.35%
2018	2,878,665	2,878,665	-	18,071,133	15.93%
2017	2,598,021	2,598,021	-	18,019,016	14.42%
2016	2,151,749	2,151,749	-	22,649,987	9.50%
2015	3,267,648	3,267,648	-	22,535,503	14.50%
2014	2,299,687	2,299,687	-	19,722,871	11.66%
2013	1,978,240	1,978,240	-	16,966,037	11.66%
2012	1,043,343	1,043,343	-	16,482,505	6.33%
2011	636,450	636,450	-	16,194,666	3.93%
2010	1,091,369	1,091,369	-	12,387,843	8.81%

**CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN***

					Exhibit 13
	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	22.25800%	22.83500%	22.81600%	0.22613%	0.23839%
Employer's Proportionate Share of Net Pension Liability (Asset)	26,175,000	28,083,000	31,974,000	28,462,000	28,809,000
Employer's Covered Payroll	19,151,599	20,320,572	20,576,683	21,209,830	20,131,806
Employer's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	136.67%	138.20%	155.39%	134.19%	143.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

(1) The Schedule of Employer's Share of Net Pension Liability is intended to show information for 10 years. Since 2019 is the fifth year for this presentation, there are only five years available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS

CITY	Exhibit 14	
	2018	2017
Total OPEB liability		
Service cost	\$ 130,000	\$ 127,000
Interest	130,000	128,000
Changes in assumptions	(427,000)	-
Differences between expected and actual experience	(431,000)	-
Benefit payments, including refunds of employee contributions	(157,000)	(208,000)
Net change in total OPEB liability	(755,000)	47,000
Total OPEB liability - beginning	3,609,000	3,562,000
Total OPEB liability ending (a)	2,854,000	3,609,000
Plan fiduciary net position		
Contributions - employer	\$ 157,000	\$ 208,000
Benefit payments, including refunds of employee contributions	(157,000)	(208,000)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 2,854,000	\$ 3,609,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	13,022,000	12,635,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	21.92%	28.56%
SCHOOL BOARD COMPONENT UNIT		
	2018	2017
Total OPEB liability		
Service cost	\$ 386,000	\$ 377,000
Interest	248,000	231,000
Changes of benefit terms	-	-
Changes in assumptions	(2,815,000)	-
Differences between expected and actual experience	(903,000)	-
Benefit payments, including refunds of employee contributions	23,000	(283,000)
Net change in total OPEB liability	(3,061,000)	325,000
Total OPEB liability - beginning	6,581,000	6,256,000
Total OPEB liability ending (a)	3,520,000	6,581,000
Plan fiduciary net position		
Contributions - employer	\$ (23,000)	\$ 283,000
Benefit payments, including refunds of employee contributions	23,000	(283,000)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 3,520,000	\$ 6,581,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	11,123,000	16,659,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	31.65%	39.50%

(1) The Schedule of Employer's Share of Net OPEB Liability and Related Ratios is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data are available. However, additional years will be included as they become available.

**CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS PLAN**

CITY

Exhibit 15

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	120,413	120,413	-	13,022,000	0.92%
2018	123,410	123,410	-	12,635,000	0.98%
2017	208,000	208,000	-	12,635,000	1.65%
2016	232,000	232,000	-	12,387,000	1.87%
2015	209,000	238,000	-	12,387,000	1.92%
2014	199,000	199,000	-	11,981,000	1.66%
2013	155,000	155,000	-	11,981,000	1.29%
2012	195,000	195,000	-	10,091,000	1.93%
2011	168,000	168,000	-	10,091,000	1.66%
2010	152,000	152,000	-	not available	

SCHOOL BOARD COMPONENT UNIT

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	93,373	93,373	-	11,123,000	0.84%
2018	215,331	215,331	-	16,659,000	1.29%
2017	283,000	283,000	-	16,659,000	1.70%
2016	260,000	260,000	-	17,785,000	1.46%
2015	232,000	232,000	-	17,785,000	1.30%
2014	317,000	317,000	-	17,260,000	1.84%
2013	290,000	290,000	-	17,260,000	1.68%
2012	470,000	470,000	-	16,817,000	2.79%
2011	450,000	450,000	-	16,817,000	2.68%
2010	350,000	350,000	-	11,525,000	3.04%

***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Comprehensive Services Act Fund – to account for the provisions of special services to youth and families required by the Comprehensive Services Act. Financing is provided by state funds, which may be used only for this purpose.

Youth and Family Services Fund – to account for the provision of youth programs and services to local youth and families. Financing is provided by state and federal funds, related local matching funds, and other revenues.

Community Action Partnership of Staunton, Augusta and Waynesboro – to account for funds received and disbursed for the operations of the Community Action Partnership of Staunton, Augusta, and Waynesboro.

Shenandoah Valley Animal Service Center Fund – to account for funds received and disbursed related to the operations of the regional kennel provided for residents of Staunton City, Waynesboro City, and Augusta County.

Economic Development Authority Fund – to account for funds received and disbursed related to promoting the economic wellbeing of the community.

DEBT SERVICE FUNDS

Debt Revenue Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related charges.

CAPITAL PROJECT FUNDS

Capital Improvements Fund – to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

PERMANENT FUNDS

Cemetery Care Fund – to account for principal trust amounts received for the perpetual care of cemetery plots.

CITY OF WAYNESBORO, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 319,254	\$ 151,439	\$ 340,686	\$ 106,434	\$ 917,813
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	45,974	864	86,742	11,654	145,234
Due from other governments	105,378	356,243	30,040	26,408	-	-	518,069
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Total assets	\$ 105,378	\$ 356,243	\$ 395,268	\$ 178,711	\$ 427,428	\$ 118,088	\$ 1,581,116
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	297,019	11,043	96,470	12,241	155,000	571,773
Accrued payroll	-	-	23,366	-	13,427	-	36,793
Retainage payable	-	-	-	-	-	-	-
Due to other funds	105,378	59,224	-	-	-	-	164,602
Total liabilities	105,378	356,243	34,409	96,470	25,668	155,000	773,168
Fund Balances:							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Shenandoah Valley Animal Center	-	-	-	-	401,760	-	401,760
Capital projects	-	-	-	-	-	-	-
Committed to:							
Capital projects	-	-	-	-	-	-	-
Assigned to:							
Youth and family services	-	-	360,859	-	-	-	360,859
CAPSAW	-	-	-	82,241	-	-	82,241
Economic Development Authority	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(36,912)	(36,912)
Total fund balances	-	-	360,859	82,241	401,760	(36,912)	807,948
Total liabilities and fund balances	\$ 105,378	\$ 356,243	\$ 395,268	\$ 178,711	\$ 427,428	\$ 118,088	\$ 1,581,116

Exhibit 16

Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
\$ 204,405	\$ 5,461,539	\$ -	\$ 6,583,757
-	-	-	-
-	1,620	-	146,854
-	49,405	-	567,474
-	-	594,429	594,429
<u>\$ 204,405</u>	<u>\$ 5,512,564</u>	<u>\$ 594,429</u>	<u>\$ 7,892,514</u>
-	137,769	-	709,542
-	-	-	36,793
-	29,708	-	29,708
-	-	-	164,602
-	167,477	-	940,645
-	-	594,429	594,429
-	-	-	401,760
-	23,180	-	23,180
-	5,321,907	-	5,321,907
-	-	-	360,859
-	-	-	82,241
-	-	-	-
204,405	-	-	204,405
-	-	-	(36,912)
<u>204,405</u>	<u>5,345,087</u>	<u>594,429</u>	<u>6,951,869</u>
<u>\$ 204,405</u>	<u>\$ 5,512,564</u>	<u>\$ 594,429</u>	<u>\$ 7,892,514</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Special Revenue						
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund	Total
REVENUES							
Revenue from use of money and property	\$ -	\$ -	\$ 5,343	\$ 3,058	\$ 3,917	\$ 910	\$ 13,228
Charges for services	-	-	-	-	37,878	-	37,878
Miscellaneous	-	-	21,983	630	77,817	34,476	134,906
Recovered costs	-	-	292,178	110,564	301,445	-	704,187
Intergovernmental:							
Commonwealth	845,861	2,124,264	117,385	130,000	1,010	-	3,218,520
Federal	698,659	95,560	106,565	206,781	-	-	1,107,565
Total revenues	<u>1,544,520</u>	<u>2,219,824</u>	<u>543,454</u>	<u>451,033</u>	<u>422,067</u>	<u>35,386</u>	<u>5,216,284</u>
EXPENDITURES							
Current:							
Public safety	-	-	589,863	-	428,436	-	1,018,299
Public works	-	-	-	-	-	-	-
Health and welfare	2,159,589	3,763,899	44,245	490,963	-	-	6,458,696
Community development	-	-	-	-	-	416,728	416,728
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>2,159,589</u>	<u>3,763,899</u>	<u>634,108</u>	<u>490,963</u>	<u>428,436</u>	<u>416,728</u>	<u>7,893,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(615,069)</u>	<u>(1,544,075)</u>	<u>(90,654)</u>	<u>(39,930)</u>	<u>(6,369)</u>	<u>(381,342)</u>	<u>(2,677,439)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	615,069	1,544,075	138,795	-	65,426	56,069	2,419,434
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>615,069</u>	<u>1,544,075</u>	<u>138,795</u>	<u>-</u>	<u>65,426</u>	<u>56,069</u>	<u>2,419,434</u>
Net change in fund balances	-	-	48,141	(39,930)	59,057	(325,273)	(258,005)
Fund balance - beginning, as restated	-	-	312,718	122,171	342,703	288,361	1,065,953
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,859</u>	<u>\$ 82,241</u>	<u>\$ 401,760</u>	<u>\$ (36,912)</u>	<u>\$ 807,948</u>

Exhibit 17

Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
\$ -	\$ 159	\$ 9,555	\$ 22,942
-	-	-	37,878
-	-	3,240	138,146
-	43,915	-	748,102
-	-	-	3,218,520
-	281,901	-	1,389,466
-	325,975	12,795	5,555,054
-	-	-	1,018,299
-	706,180	-	706,180
-	-	-	6,458,696
-	-	-	416,728
737,799	-	-	737,799
500,556	-	-	500,556
1,238,355	706,180	-	9,838,258
(1,238,355)	(380,205)	12,795	(4,283,204)
1,438,355	4,288,114	-	8,145,903
-	(352,533)	(9,555)	(362,088)
1,438,355	3,935,581	(9,555)	7,783,815
200,000	3,555,376	3,240	3,500,611
4,405	1,789,711	591,189	3,451,258
\$ 204,405	\$ 5,345,087	\$ 594,429	\$ 6,951,869

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

	Virginia Public Assistance Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	846,169	846,169	845,861	(308)
Federal	664,847	664,847	698,659	33,812
Total revenues	<u>1,511,016</u>	<u>1,511,016</u>	<u>1,544,520</u>	<u>33,504</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	2,268,717	2,268,717	2,159,589	109,128
Total expenditures	<u>2,268,717</u>	<u>2,268,717</u>	<u>2,159,589</u>	<u>109,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(757,701)</u>	<u>(757,701)</u>	<u>(615,069)</u>	<u>142,632</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	757,701	757,701	615,069	(142,632)
Total other financing sources (uses)	<u>757,701</u>	<u>757,701</u>	<u>615,069</u>	<u>(142,632)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning, as restated	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 3,058	\$ 3,058
Charges for services	-	-	-	-
Miscellaneous	-	-	630	630
Recovered costs	110,564	110,564	110,564	-
Intergovernmental:				
Commonwealth	88,400	130,000	130,000	-
Federal	206,781	206,781	206,781	-
Total revenues	<u>405,745</u>	<u>447,345</u>	<u>451,033</u>	<u>3,688</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	490,180	501,438	490,963	10,475
Total expenditures	<u>490,180</u>	<u>501,438</u>	<u>490,963</u>	<u>10,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,435)</u>	<u>(54,093)</u>	<u>(39,930)</u>	<u>14,163</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	(84,435)	(54,093)	(39,930)	14,163
Fund balance - beginning, as restated	<u>122,171</u>	<u>122,171</u>	<u>122,171</u>	<u>-</u>
Fund balance - ending	<u>\$ 37,736</u>	<u>\$ 68,078</u>	<u>\$ 82,241</u>	<u>\$ 14,163</u>

Exhibit 18

Comprehensive Services Act Fund				Youth and Family Services Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,343	\$ 5,343
-	-	-	-	10,500	29,500	21,983	(7,517)
-	-	-	-	304,756	304,756	292,178	(12,578)
1,673,300	1,673,300	2,124,264	450,964	117,385	117,385	117,385	-
-	-	95,560	95,560	125,000	125,000	106,565	(18,435)
1,673,300	1,673,300	2,219,824	546,524	557,641	576,641	543,454	(33,187)
-	-	-	-	676,272	710,960	589,863	121,097
2,910,000	2,910,000	3,763,899	(853,899)	61,158	61,158	44,245	16,913
2,910,000	2,910,000	3,763,899	(853,899)	737,430	772,118	634,108	138,010
(1,236,700)	(1,236,700)	(1,544,075)	(307,375)	(179,789)	(195,477)	(90,654)	104,823
1,236,700	1,236,700	1,544,075	307,375	138,795	138,795	138,795	-
1,236,700	1,236,700	1,544,075	307,375	138,795	138,795	138,795	-
-	-	-	-	(40,994)	(56,682)	48,141	104,823
-	-	-	-	312,718	312,718	312,718	-
\$ -	\$ -	\$ -	\$ -	\$ 271,724	\$ 256,036	\$ 360,859	\$ 104,823
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ -	\$ 3,917	\$ 3,917				
-	11,000	37,878	26,878				
-	1,000	77,817	76,817				
-	328,312	301,445	(26,867)				
-	1,000	1,010	10				
-	-	-	-				
-	341,312	422,067	80,755				
-	399,250	428,436	(29,186)				
-	-	-	-				
-	399,250	428,436	(29,186)				
-	(57,938)	(6,369)	51,569				
-	57,938	65,426	7,488				
-	-	59,057	59,057				
342,703	342,703	342,703	-				
\$ 342,703	\$ 342,703	\$ 401,760	\$ 59,057				

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2019

Exhibit 19

	Debt Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	737,799	937,799	737,799	200,000
Interest and fiscal charges	500,556	500,556	500,556	-
Total expenditures	1,238,355	1,438,355	1,238,355	200,000
Excess (deficiency) of revenues over (under) expenditures	(1,238,355)	(1,438,355)	(1,238,355)	200,000
OTHER FINANCING SOURCES (USES)				
Transfers in	1,238,355	1,438,355	1,438,355	-
Total other financing sources and uses	1,238,355	1,438,355	1,438,355	-
Net change in fund balances	-	-	200,000	200,000
Fund balance - beginning	4,405	4,405	4,405	-
Fund balance - ending	\$ 4,405	\$ 4,405	\$ 204,405	\$ 200,000

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2019

Exhibit 20

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 159	\$ 159
Recovered Costs	-	9,000	43,915	34,915
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	309,880	281,901	(27,979)
Total revenues	-	318,880	325,975	7,095
EXPENDITURES				
Current:				
Public works	-	4,791,174	706,180	4,084,994
Total expenditures	-	4,791,174	706,180	4,084,994
Excess (deficiency) of revenues over (under) expenditures	-	(4,472,294)	(380,205)	4,092,089
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,288,114	4,288,114	-
Transfers out	-	-	(352,533)	(352,533)
Total other financing sources and uses	-	4,288,114	3,935,581	(352,533)
Net change in fund balances	-	(184,180)	3,555,376	3,739,556
Fund balance - beginning	1,789,711	1,789,711	1,789,711	-
Fund balance - ending	\$ 1,789,711	\$ 1,605,531	\$ 5,345,087	\$ 3,739,556

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERMANENT FUNDS
For the Year Ended June 30, 2019

Exhibit 21

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ 3,410	\$ 3,410	\$ 9,555	\$ 6,145
Miscellaneous	-	-	3,240	3,240
Total revenues	<u>3,410</u>	<u>3,410</u>	<u>12,795</u>	<u>9,385</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,410</u>	<u>3,410</u>	<u>12,795</u>	<u>9,385</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,410)</u>	<u>(3,410)</u>	<u>(9,555)</u>	<u>(6,145)</u>
Total other financing sources and uses	<u>(3,410)</u>	<u>(3,410)</u>	<u>(9,555)</u>	<u>(6,145)</u>
Net change in fund balances	-	-	3,240	3,240
Fund balance - beginning	<u>591,189</u>	<u>591,189</u>	<u>591,189</u>	<u>-</u>
Fund balance - ending	<u>\$ 591,189</u>	<u>\$ 591,189</u>	<u>\$ 594,429</u>	<u>\$ 3,240</u>

NONMAJOR ENTERPRISE FUNDS

Garbage Fund – to account for the provision of garbage collection services to city residents. Financing is provided by garbage collection charges received from customers.

Augusta County Service Authority (ACSA) Joint Landfill Fund – to account for the City's interest in the Augusta Regional Landfill. Financing is provided by the City's share of landfill charges collected from customers.

Stormwater Fund – to account for the provision of stormwater services to city residents. Financing is provided by stormwater charges received from customers.

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019

Exhibit 22

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,071,099	\$ 464,248	\$ 536,560	\$ 2,071,907
Accounts receivable (net of allowance for uncollectibles)	220,059	71,815	616,887	908,761
Total current assets	1,291,158	536,063	1,153,447	2,980,668
Noncurrent assets:				
Equity interest in joint venture	-	2,753,614	-	2,753,614
Capital assets:				
Buildings	113,453	-	-	113,453
Improvements other than buildings	-	-	206,636	206,636
Machinery and equipment	1,424,958	-	272,860	1,697,818
Less accumulated depreciation	(1,067,854)	-	(62,212)	(1,130,066)
Total capital assets (net of accumulated depreciation)	470,557	-	417,284	887,841
Total noncurrent assets	470,557	2,753,614	417,284	3,641,455
Total assets	1,761,715	3,289,677	1,570,731	6,622,123
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow on OPEB obligation	-	1,674	-	1,674
Deferred loss on VRS pension	61,438	19,493	56,440	137,371
Total deferred outflows of resources	61,438	21,167	56,440	139,045
LIABILITIES				
Current liabilities:				
Accounts payable	40,531	51,688	22,141	114,360
Accrued payroll	21,492	62,057	21,020	104,569
Deposits payable	1,928	-	-	1,928
Compensated absences	3,114	13,557	2,600	19,271
Total current liabilities	67,065	127,302	45,761	240,128
Noncurrent liabilities:				
Compensated absences	15,304	14,148	12,776	42,228
Net OPEB obligation	86,487	49,090	11,753	147,330
Net pension liability	196,485	18,109	180,501	395,095
Total noncurrent liabilities	298,276	81,347	205,030	584,653
Total liabilities	365,341	208,649	250,791	824,781
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on OPEB obligation	22,425	7,355	3,047	32,827
Deferred gain on VRS pension	52,030	21,610	47,797	121,437
Total deferred inflows of resources	74,455	28,965	50,844	154,264
NET POSITION				
Net investment in capital assets	470,557	-	417,284	887,841
Restricted for grant proceeds	977	-	-	977
Unrestricted	911,823	3,073,230	908,252	4,893,305
Total net position	\$ 1,383,357	\$ 3,073,230	\$ 1,325,536	\$ 5,782,123

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2019

Exhibit 23

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,150,517	\$ 773,356	\$ 1,231,549	\$ 3,155,422
Miscellaneous	1,512	4,719	-	6,231
Total operating revenues	<u>1,152,029</u>	<u>778,075</u>	<u>1,231,549</u>	<u>3,161,653</u>
OPERATING EXPENSES				
Personal services	499,109	-	445,443	944,552
Contractual services	120,332	521,430	217,714	859,476
Other supplies and expenses	152,772	-	136,643	289,415
Depreciation	96,293	-	34,590	130,883
Total operating expenses	<u>868,506</u>	<u>521,430</u>	<u>834,390</u>	<u>2,224,326</u>
Operating income (loss)	<u>283,523</u>	<u>256,645</u>	<u>397,159</u>	<u>937,327</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental:				
Commonwealth	6,207	-	3,000	9,207
Interest income	14,244	5,285	10,833	30,362
Gain (loss) on equity interest	-	(165,956)	-	(165,956)
Total nonoperating revenues (expenses)	<u>20,451</u>	<u>(160,671)</u>	<u>13,833</u>	<u>(126,387)</u>
Income before contributions and transfers	<u>303,974</u>	<u>95,974</u>	<u>410,992</u>	<u>810,940</u>
Capital contributions	-	-	206,636	206,636
Transfers in	21,670	-	14,436	36,106
Transfers out	<u>(243,986)</u>	<u>-</u>	<u>(261,273)</u>	<u>(505,259)</u>
Change in net position	81,658	95,974	370,791	548,423
Total net position - beginning, as restated	<u>1,301,699</u>	<u>2,977,256</u>	<u>954,745</u>	<u>5,233,700</u>
Total net position - ending	<u>\$ 1,383,357</u>	<u>\$ 3,073,230</u>	<u>\$ 1,325,536</u>	<u>\$ 5,782,123</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2019

	Exhibit 24			
	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 1,143,329	\$ 784,336	\$ 1,152,180	\$ 3,079,845
Cash paid to suppliers	(245,815)	(624,913)	(382,452)	(1,253,180)
Cash paid to employees	(511,316)	1,534	(436,204)	(945,986)
Other receipts (payments)	1,512	4,719	-	6,231
Net cash provided (used) by operating activities	<u>387,710</u>	<u>165,676</u>	<u>333,524</u>	<u>886,910</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subsidy from state grant	6,207	-	3,000	9,207
Transfer from other funds	21,670	-	14,436	36,106
Transfer to other funds	(243,986)	-	(261,273)	(505,259)
Net cash provided (used) by noncapital financing activities	<u>(216,109)</u>	<u>-</u>	<u>(243,837)</u>	<u>(459,946)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(20,964)	(20,964)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(20,964)</u>	<u>(20,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	14,244	5,285	10,833	30,362
Cash paid to joint venture	-	(203,410)	-	(203,410)
Net cash provided by investing activities	<u>14,244</u>	<u>(198,125)</u>	<u>10,833</u>	<u>(173,048)</u>
Net increase (decrease) in cash and cash equivalents	185,845	(32,449)	79,556	232,952
Cash and cash equivalents - beginning of year	<u>885,254</u>	<u>496,697</u>	<u>457,004</u>	<u>1,838,955</u>
Cash and cash equivalents - end of year	<u>\$ 1,071,099</u>	<u>\$ 464,248</u>	<u>\$ 536,560</u>	<u>\$ 2,071,907</u>
Cash and cash equivalents at end of year is composed of the following:				
Cash and cash equivalents	<u>\$ 1,071,099</u>	<u>\$ 464,248</u>	<u>\$ 536,560</u>	<u>\$ 2,071,907</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 283,523	\$ 256,645	\$ 397,159	\$ 937,327
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	96,293	-	34,590	130,883
(Increase) decrease in accounts receivable	(7,414)	10,980	(79,369)	(75,803)
(Increase) decrease in deferred outflow on OPEB	5,877	(539)	-	5,338
(Increase) decrease in deferred loss on VRS pension	25,871	10,789	15,729	52,389
Increase (decrease) in accounts payable	27,289	(103,483)	(28,095)	(104,289)
Increase (decrease) in accrued payroll	6,698	8,951	7,287	22,936
Increase (decrease) in net OPEB obligation	(24,534)	(6,761)	53	(31,242)
Increase (decrease) in net pension liability	(25,325)	(6,702)	(2,845)	(34,872)
Increase (decrease) in deferred inflow on OPEB	22,425	5,944	3,047	31,416
Increase (decrease) in deferred gain on VRS pension	(26,963)	(10,769)	(17,498)	(55,230)
Increase (decrease) in deposits payable	226	-	-	226
Increase (decrease) in compensated absences	3,744	621	3,466	7,831
Total Adjustments	<u>104,187</u>	<u>(90,969)</u>	<u>(63,635)</u>	<u>(50,417)</u>
Net cash provided (used) by operating activities	<u>\$ 387,710</u>	<u>\$ 165,676</u>	<u>\$ 333,524</u>	<u>\$ 886,910</u>
Noncash investing, capital, and financing activities:				
Capital Contributions of stormwater assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,636</u>	<u>\$ 206,636</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

Kimler Fund – to account for donations received for the purpose of funding scholarships.

AGENCY FUNDS

School Payroll Fringes Fund – to account for funds withheld and payment of funds for payroll withholding taxes for all school employees.

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
June 30, 2019

	Exhibit 25			
	School Operating Fund	School Nutrition Fund	School Textbook Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,456,402	\$ 603,242	\$ 572,926	\$ 3,632,570
Accounts receivable	119,036	23,052	-	142,088
Due from other governments	<u>1,044,321</u>	<u>6,545</u>	<u>-</u>	<u>1,050,866</u>
Total assets	<u>\$ 3,619,759</u>	<u>\$ 632,839</u>	<u>\$ 572,926</u>	<u>\$ 4,825,524</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	382,710	51,608	100,810	535,128
Accrued payroll	1,654,736	52,992	-	1,707,728
Compensated absences	<u>1,464</u>	<u>-</u>	<u>-</u>	<u>1,464</u>
Total liabilities	<u>2,038,910</u>	<u>104,600</u>	<u>100,810</u>	<u>2,244,320</u>
Fund balances:				
Committed to:				
Education	1,580,849	-	-	1,580,849
Assigned to:				
Education	-	528,239	472,116	1,000,355
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,580,849</u>	<u>528,239</u>	<u>472,116</u>	<u>2,581,204</u>
Total liabilities and fund balances	<u>\$ 3,619,759</u>	<u>\$ 632,839</u>	<u>\$ 572,926</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,413,647
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,603,183
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(31,422,361)
Deferred inflows of resources related to the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,739,529)</u>
Net position of governmental activities	<u>\$ 11,436,144</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	School Operating Fund	School Nutrition Fund	School Textbook Fund	Exhibit 26 Total Governmental Funds
REVENUES				
Revenue from use of money and property	\$ 35,102	\$ -	\$ -	\$ 35,102
Charges for services	104,653	281,624	-	386,277
Miscellaneous	723,582	14,853	50	738,485
Recovered costs	281,983	-	-	281,983
Intergovernmental:				
Local	15,441,376	-	-	15,441,376
Commonwealth	17,777,047	52,949	-	17,829,996
Federal	2,781,295	1,314,671	-	4,095,966
Total revenues	<u>37,145,038</u>	<u>1,664,097</u>	<u>50</u>	<u>38,809,185</u>
EXPENDITURES				
Current:				
Education	35,232,359	1,710,251	551,345	37,493,955
Capital projects	-	-	-	-
Debt Service:				
Principal retirement	252,686	-	-	252,686
Interest and fiscal charges	90,366	-	-	90,366
Total expenditures	<u>35,575,411</u>	<u>1,710,251</u>	<u>551,345</u>	<u>37,837,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,569,627</u>	<u>(46,154)</u>	<u>(551,295)</u>	<u>972,178</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	288,126	288,126
Transfers out	(288,126)	-	-	(288,126)
Total other financing sources and uses	<u>(288,126)</u>	<u>-</u>	<u>288,126</u>	<u>-</u>
Net change in fund balances	1,281,501	(46,154)	(263,169)	972,178
Fund balance Beginning - As Restated	<u>299,348</u>	<u>574,393</u>	<u>735,285</u>	
Fund balance - ending	<u>\$ 1,580,849</u>	<u>\$ 528,239</u>	<u>\$ 472,116</u>	

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

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (1,296,823) was less than capital outlays (238,589) and capital transfers from the primary government (7,692,538). 6,634,304

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (88,991)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 252,686

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. 2,080,547

Change in net position of governmental activities \$ 9,850,724

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 June 30, 2019

		Exhibit 27
	Private- Purpose Trust Kimler	Agency School Payroll Fringes
ASSETS		
Cash and cash equivalents	\$ -	\$ 633,329
Restricted assets:		
Cash and cash equivalents	14,018	-
Total assets	<u>14,018</u>	<u>\$ 633,329</u>
LIABILITIES		
Payroll taxes and fringes payable	-	633,329
Total liabilities	<u>-</u>	<u>\$ 633,329</u>
NET POSITION		
Restricted for:		
Educational purposes	<u>\$ 14,018</u>	

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FIDUCIARY FUNDS
For the Year Ended June 30, 2019

	Exhibit 28
	Private- Purpose Trust Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 498
Total additions	<u>498</u>
DEDUCTIONS	
Education expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	498
Net position - beginning	<u>13,520</u>
Net position - ending	<u>\$ 14,018</u>

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 41,900	\$ 41,900	\$ 35,102	\$ (6,798)
Charges for services	66,900	66,900	104,653	37,753
Miscellaneous	506,123	506,123	723,582	217,459
Recovered costs	229,363	229,363	281,983	52,620
Intergovernmental:				
Local	14,933,608	15,441,376	15,441,376	-
Commonwealth	18,726,053	18,787,653	17,777,047	(1,010,606)
Federal	2,474,545	2,787,013	2,781,295	(5,718)
Total revenues	<u>36,978,492</u>	<u>37,860,328</u>	<u>37,145,038</u>	<u>(715,290)</u>
EXPENDITURES				
Current:				
Education	35,698,700	36,072,768	35,232,359	840,409
Capital Projects	-	-	-	-
Debt service:				
Principal retirement	343,054	343,054	252,686	90,368
Interest and fiscal charges	-	-	90,366	(90,366)
Total expenditures	<u>36,041,754</u>	<u>36,415,822</u>	<u>35,575,411</u>	<u>840,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>936,738</u>	<u>1,444,506</u>	<u>1,569,627</u>	<u>125,121</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(302,070)	(302,070)	(288,126)	13,944
Total other financing sources and uses	<u>(302,070)</u>	<u>(302,070)</u>	<u>(288,126)</u>	<u>13,944</u>
Net change in fund balances	634,668	1,142,436	1,281,501	139,065
Fund balance - beginning	<u>299,348</u>	<u>299,348</u>	<u>299,348</u>	<u>-</u>
Fund balance - ending	<u>\$ 934,016</u>	<u>\$ 1,441,784</u>	<u>\$ 1,580,849</u>	<u>\$ 139,065</u>

Exhibit 29

School Nutrition Fund				School Textbook Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
				Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
304,936	304,936	281,624	(23,312)	-	-	-	-
9,930	9,930	14,853	4,923	-	-	50	50
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,817	35,817	52,949	17,132	-	-	-	-
1,229,643	1,229,643	1,314,671	85,028	-	-	-	-
1,580,326	1,580,326	1,664,097	83,771	-	-	50	50
1,580,326	1,580,326	1,710,251	(129,925)	302,070	302,070	551,345	(249,275)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,580,326	1,580,326	1,710,251	(129,925)	302,070	302,070	551,345	(249,275)
-	-	(46,154)	(46,154)	(302,070)	(302,070)	(551,295)	(249,225)
-	-	-	-	302,070	302,070	288,126	(13,944)
-	-	-	-	-	-	-	-
-	-	-	-	302,070	302,070	288,126	(13,944)
-	-	(46,154)	(46,154)	-	-	(263,169)	(263,169)
574,393	574,393	574,393	-	-	-	735,285	735,285
\$ 574,393	\$ 574,393	\$ 528,239	\$ (46,154)	\$ -	\$ -	\$ 472,116	\$ 472,116

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
For the Year Ended June 30, 2019

				Exhibit 30
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 532,131	\$ 12,636,216	\$ 12,535,018	\$ 633,329
Total assets	<u>\$ 532,131</u>	<u>\$ 12,636,216</u>	<u>\$ 12,535,018</u>	<u>\$ 633,329</u>
Liabilities:				
Payroll taxes and fringes payable	532,131	12,636,216	12,535,018	633,329
Total liabilities	<u>\$ 532,131</u>	<u>\$ 12,636,216</u>	<u>\$ 12,535,018</u>	<u>\$ 633,329</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK.

***CAPITAL ASSETS – USED IN THE OPERATION
OF GOVERNMENTAL FUNDS***

CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
June 30, 2019

Exhibit 31

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
PRIMARY GOVERNMENT:							
General government administration	\$ 4,923,193	\$ 1,616,856	\$ 1,623,599	\$ 50,600	\$ 1,042,062	\$ -	\$ 9,256,310
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	-	4,218,698	441,207	3,053,538	-	7,713,443
Public works	305,189	398,840	2,206,870	395,490	256,132	57,323,145	60,885,666
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	4,299	804,871	3,950,560	2,416,320	426,412	181,343	7,783,805
Community development	<u>3,507,117</u>	<u>591,580</u>	<u>-</u>	<u>2,214,952</u>	<u>40,036</u>	<u>819,659</u>	<u>7,173,344</u>
Total Primary Government	<u>\$ 8,739,798</u>	<u>\$ 3,412,147</u>	<u>\$ 15,819,815</u>	<u>\$ 5,782,607</u>	<u>\$ 4,930,665</u>	<u>\$ 58,324,147</u>	<u>\$ 97,009,179</u>
COMPONENT UNIT SCHOOL BOARD:							
Schools:							
Education	<u>\$ 523,891</u>	<u>\$ 7,918,937</u>	<u>\$ 52,216,712</u>	<u>\$ 4,335,100</u>	<u>\$ 4,436,027</u>	<u>\$ -</u>	<u>\$ 69,430,667</u>

* This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included in governmental activities in the statement of net position.

CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY*
For the Year Ended June 30, 2019

				Exhibit 32
Function and Activity	Governmental Funds Capital Assets (as restated) June 30, 2018	Additions	Deductions	Governmental Funds Capital Assets June 30, 2019
<u>PRIMARY GOVERNMENT:</u>				
General government administration	\$ 9,495,645	\$ 225,064	\$ (464,398)	\$ 9,256,311
Judicial administration	3,564,771	-	-	3,564,771
Public safety	7,367,047	346,395	-	7,713,442
Public works	59,562,419	1,323,247	-	60,885,666
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	7,742,925	40,880	-	7,783,805
Community development	<u>6,863,644</u>	<u>309,700</u>	<u>-</u>	<u>7,173,344</u>
Total Primary Government	<u>\$ 95,228,291</u>	<u>\$ 2,245,286</u>	<u>\$ (464,398)</u>	<u>\$ 97,009,179</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>				
Schools:				
Education	<u>\$ 61,499,540</u>	<u>\$ 7,931,127</u>	<u>\$ -</u>	<u>\$ 69,430,667</u>

* This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included in governmental activities in the statement of net position.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

SUPPLEMENTAL DATA

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Schedule 1			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,638,086	\$ 15,638,086	\$ 15,636,164	\$ (1,922)
Real and personal public service corporation property taxes	886,802	886,802	958,551	71,749
Personal property taxes	3,922,751	3,922,751	3,882,027	(40,724)
Mobile home taxes	5,928	5,928	5,879	(49)
Machinery and tools taxes	1,055,448	1,055,448	1,046,322	(9,126)
Rolling stock	36,862	36,862	44,986	8,124
Penalties	222,049	222,049	309,921	87,872
Interest	92,158	92,158	107,549	15,391
Total General Property Taxes	<u>21,860,084</u>	<u>21,860,084</u>	<u>21,991,399</u>	<u>131,315</u>
Other local taxes:				
Local sales and use tax	5,472,576	5,472,576	5,391,887	(80,689)
Consumers' utility taxes	1,035,020	1,035,020	1,037,799	2,779
Business license taxes	2,155,721	2,155,721	2,081,665	(74,056)
Motor vehicle licenses	466,464	466,464	477,410	10,946
Bank stock taxes	292,920	292,920	385,434	92,514
Taxes on recordation and wills	176,591	176,591	222,303	45,712
Lodging taxes	772,696	772,696	813,416	40,720
Restaurant food taxes	5,106,883	5,106,883	5,103,783	(3,100)
Tobacco taxes	517,956	517,956	491,704	(26,252)
Short-term rental taxes	4,401	4,401	2,729	(1,672)
Payments in lieu of tax	31,000	31,000	27,048	(3,952)
Total Other Local Taxes	<u>16,032,228</u>	<u>16,032,228</u>	<u>16,035,178</u>	<u>2,950</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	11,079	11,079	9,623	(1,456)
Permits and other licenses	184,960	184,960	232,621	47,661
Total Permits, Privilege Fees, and Regulatory Licenses	<u>196,039</u>	<u>196,039</u>	<u>242,244</u>	<u>46,205</u>
Fines and forfeitures:				
Parking fines	10,000	10,000	4,756	(5,244)
Fines and forfeitures	151,465	151,465	157,146	5,681
Total Fines and Forfeitures	<u>161,465</u>	<u>161,465</u>	<u>161,902</u>	<u>437</u>
Revenue from use of money and property:				
Revenue from use of money	156,565	156,565	559,288	402,723
Revenue from use of property	46,762	46,762	45,062	(1,700)
Total Revenue from Use of Money and Property	<u>203,327</u>	<u>203,327</u>	<u>604,350</u>	<u>401,023</u>
Charges for services:				
Commonwealth's attorney fees	2,813	2,813	3,238	425
Charges for court appointed attorney	15,050	15,050	10,757	(4,293)
Charges for maintenance of buildings and grounds	1,125	1,125	17,268	16,143
Charges for passport fees	-	-	14,771	14,771
Charges for planning services	24,419	24,419	30,404	5,985
Charges for recreation	246,500	247,550	213,618	(33,932)
Charges for library	26,050	27,517	24,729	(2,788)
Charges for miscellaneous services	16,150	16,150	25,985	9,835
Total Charges for Services	<u>332,107</u>	<u>334,624</u>	<u>340,770</u>	<u>6,146</u>
Miscellaneous revenue:				
Gifts and donations	-	11,321	17,802	6,481
Other revenue	711,731	773,557	789,205	15,648
Total Miscellaneous Revenue	<u>711,731</u>	<u>784,878</u>	<u>807,007</u>	<u>22,129</u>
Recovered Costs	<u>5,000</u>	<u>11,052</u>	<u>131,324</u>	<u>120,272</u>
Total Revenue from Local Sources	<u>39,501,981</u>	<u>39,583,697</u>	<u>40,314,174</u>	<u>730,477</u>

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,925	\$ 1,925	\$ 3,036	\$ 1,111
Grantor tax	45,131	45,131	55,133	10,002
Sales tax on rental passenger vehicles	85,698	85,698	86,547	849
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	750,760	750,760	778,540	27,780
Rolling stock tax	15,382	15,382	15,240	(142)
Communications tax	1,224,712	1,224,712	1,100,652	(124,060)
Recordation tax	70,427	70,427	58,526	(11,901)
Total Non-categorical Aid	<u>3,915,492</u>	<u>3,915,492</u>	<u>3,819,131</u>	<u>(96,361)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	395,827	395,827	438,442	42,615
Sheriff	298,708	298,708	290,284	(8,424)
Commissioner of the revenue	90,586	90,586	93,069	2,483
Treasurer	84,632	84,632	86,831	2,199
Clerk of circuit court	251,400	251,400	242,578	(8,822)
Registrar/Electoral board	37,029	37,029	37,500	471
Total Shared Expenses	<u>1,158,182</u>	<u>1,158,182</u>	<u>1,188,704</u>	<u>30,522</u>
Other categorical aid:				
Street and highway maintenance	3,773,676	3,885,245	3,885,245	-
Library	146,583	147,423	147,423	-
Virginia Arts	5,000	5,000	-	(5,000)
Fire Board funds	-	-	72,708	72,708
Drug seizure	-	-	26,545	26,545
Victim/witness	102,387	25,597	17,156	(8,441)
E-911 wireless	139,742	139,742	93,937	(45,805)
EMS grants	-	19,931	40,731	20,800
Other state funds	-	6,700	9,179	2,479
Total Other Categorical Aid	<u>4,167,388</u>	<u>4,229,638</u>	<u>4,292,924</u>	<u>63,286</u>
Total Categorical Aid	<u>5,325,570</u>	<u>5,387,820</u>	<u>5,481,628</u>	<u>93,808</u>
Total Revenue from the Commonwealth	<u>9,241,062</u>	<u>9,303,312</u>	<u>9,300,759</u>	<u>(2,553)</u>
Revenue from the Federal Government:				
Categorical aid:				
DMV grants	-	-	6,027	6,027
LEMP grant	-	7,500	7,500	-
Revenue from the Federal Government: (cont'd)				
Categorical aid: (cont'd)				
Victim/witness	-	76,790	51,467	(25,323)
Total Categorical Aid	-	84,290	64,994	(19,296)
Total Revenue from the Federal Government	-	84,290	64,994	(19,296)
Total General Fund	<u>\$ 48,743,043</u>	<u>\$ 48,971,299</u>	<u>\$ 49,679,927</u>	<u>\$ 708,628</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	846,169	846,169	845,861	(308)

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Virginia Public Assistance Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	\$ 664,847	\$ 664,847	\$ 698,659	\$ 33,812
Total Virginia Public Assistance Fund	\$ 1,511,016	\$ 1,511,016	\$ 1,544,520	\$ 33,504
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	1,673,300	1,673,300	2,124,264	450,964
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	-	-	95,560	95,560
Total Comprehensive Services Act Fund	\$ 1,673,300	\$ 1,673,300	\$ 2,219,824	\$ 546,524
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	5,343	5,343
Miscellaneous revenue:				
Gifts and donations	10,500	21,500	13,186	(8,314)
Other revenue	-	8,000	8,797	797
Total Miscellaneous Revenue	10,500	29,500	21,983	(7,517)
Recovered Costs	304,756	304,756	292,178	(12,578)
Total Revenue from Local Sources	315,256	334,256	319,504	(14,752)
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	117,385	117,385	117,385	-
Total Revenue from the Commonwealth	117,385	117,385	117,385	-
Revenue from the Federal Government:				
Categorical aid:				
Substance abuse/mental health	125,000	125,000	106,565	(18,435)
Total Revenue from the Federal Government	125,000	125,000	106,565	(18,435)
Total Youth and Family Services Fund	\$ 557,641	\$ 576,641	\$ 543,454	\$ (33,187)
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	3,058	3,058
Miscellaneous revenue:				
Other revenue	-	-	630	630
Recovered Costs	110,564	110,564	110,564	-
Total Revenue from Local Sources	110,564	110,564	114,252	3,688
Revenue from the Commonwealth:				
Categorical aid:				
TANF grant	88,400	130,000	130,000	-
Total Revenue from the Commonwealth	88,400	130,000	130,000	-

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
CSBG grant	206,781	206,781	206,781	-
Total Revenue from the Federal Government	206,781	206,781	206,781	-
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 405,745	\$ 447,345	\$ 451,033	\$ 3,688
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	3,917	3,917
Charges for services:				
Animal adoption fees	-	5,000	30,183	25,183
Animal control fees	-	6,000	7,695	1,695
Total Charges for Services	-	11,000	37,878	26,878
Miscellaneous revenue:				
Gifts and donations	-	-	74,872	74,872
Other revenue	-	1,000	2,945	1,945
Total Miscellaneous Revenue	-	1,000	77,817	76,817
Recovered Costs	-	328,312	301,445	(26,867)
Total Revenue from Local Sources	-	340,312	421,057	80,745
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	1,000	1,010	10
Total Revenue from the Commonwealth	-	1,000	1,010	10
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 341,312	\$ 422,067	\$ 80,755
Total Special Revenue Funds	\$ 4,147,702	\$ 4,549,614	\$ 5,180,898	\$ 631,284
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	159	159
Recovered Costs	-	9,000	43,915	34,915
Total Revenue from Local Sources	-	9,000	44,074	35,074
Revenue from the Federal and State Government:				
Categorical aid:				
VDOT grants	-	292,393	25,801	(266,592)
CDBG grant	-	17,487	256,100	238,613
Total Revenue from the Federal Government	-	309,880	281,901	(27,979)
Total Capital Improvements Fund	\$ -	\$ 318,880	\$ 325,975	\$ 7,095
Total Capital Projects Funds	\$ -	\$ 318,880	\$ 325,975	\$ 7,095

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 3,410	\$ 3,410	\$ 9,555	\$ 6,145
Miscellaneous revenue:				
Other revenue	-	-	3,240	3,240
Total Revenue from Local Sources	3,410	3,410	12,795	9,385
Total Perpetual Care Fund	\$ 3,410	\$ 3,410	\$ 12,795	\$ 9,385
Total Permanent Funds	\$ 3,410	\$ 3,410	\$ 12,795	\$ 9,385
Grand Total - Revenues - Primary Government	\$ 52,894,155	\$ 53,843,203	\$ 55,199,595	\$ 1,356,392
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	31,400	31,400	32,487	1,087
Revenue from use of property	10,500	10,500	2,615	(7,885)
Total Revenue from Use of Money and Property	41,900	41,900	35,102	(6,798)
Charges for services:				
Charges for education	66,900	66,900	104,653	37,753
Total Charges for Services	66,900	66,900	104,653	37,753
Miscellaneous revenue:				
Gifts and donations	-	-	2,045	2,045
Other revenue	506,123	506,123	721,537	215,414
Total Miscellaneous Revenue	506,123	506,123	723,582	217,459
Recovered Costs	229,363	229,363	281,983	52,620
Total Revenue from Local Sources	844,286	844,286	1,145,320	301,034
Revenue from Local Government:				
Contribution from City of Waynesboro	14,933,608	15,441,376	15,441,376	-
Revenue from the Commonwealth:				
Categorical Aid:				
Adult education	47,251	47,251	47,251	-
At risk	679,520	679,520	692,794	13,274
Basic school aid	8,364,967	8,364,967	7,612,524	(752,443)
Early intervention	66,545	66,545	53,665	(12,880)
English as a second language	104,987	104,987	89,434	(15,553)
Foster children	100,163	100,163	67,411	(32,752)
GED funding	15,717	15,717	16,710	993
Gifted and talented children	93,931	93,931	87,617	(6,314)
Group life	36,422	36,422	33,974	(2,448)
Operating costs	725,719	725,719	752,968	27,249
Primary class size	556,668	556,668	517,965	(38,703)
Race to GED expansion	98,791	98,791	98,791	-
Remedial education	507,811	507,811	478,189	(29,622)
Share of state sales tax	3,654,693	3,654,693	3,703,350	48,657
Social security	527,166	527,166	491,730	(35,436)
Special education	1,011,540	1,011,540	1,020,700	9,160
Standards of learning	41,197	41,197	45,618	4,421
Teacher retirement	1,161,682	1,161,682	1,083,594	(78,088)
Technology initiative	302,800	334,718	237,919	(96,799)

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Operating Fund: (cont'd)				
Revenue from the Commonwealth: (cont'd)				
Textbook payments	\$ 193,019	\$ 193,019	\$ 180,045	\$ (12,974)
Vocational education	352,180	372,515	329,512	(43,003)
Other state funds	<u>83,284</u>	<u>92,631</u>	<u>135,286</u>	<u>42,655</u>
Total Revenue from the Commonwealth	<u>18,726,053</u>	<u>18,787,653</u>	<u>17,777,047</u>	<u>(1,010,606)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Adult literacy	605,741	655,938	655,627	(311)
Title I	983,765	1,058,765	1,094,119	35,354
Title II - Teacher Quality	139,212	156,212	145,101	(11,111)
Title III	15,815	22,831	15,973	(6,858)
Title IV	-	29,575	27,636	(1,939)
Title VIB	646,947	700,291	704,125	3,834
Title VIB - Preschool grant	15,519	16,142	15,439	(703)
Title IXA - Homeless	-	25,000	38,693	13,693
Inclusive Practice Partnership	-	5,500	5,495	(5)
Vocational education	67,546	67,546	79,087	11,541
Other federal grants	<u>-</u>	<u>49,213</u>	<u>-</u>	<u>(49,213)</u>
Total Revenue from the Federal Government	<u>2,474,545</u>	<u>2,787,013</u>	<u>2,781,295</u>	<u>(5,718)</u>
Total School Operating Fund	<u>\$ 36,978,492</u>	<u>\$ 37,860,328</u>	<u>\$ 37,145,038</u>	<u>\$ (715,290)</u>
School Nutrition Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	<u>304,936</u>	<u>304,936</u>	<u>281,624</u>	<u>(23,312)</u>
Miscellaneous Revenue	<u>9,930</u>	<u>9,930</u>	<u>14,853</u>	<u>4,923</u>
Total Revenue from Local Sources	<u>314,866</u>	<u>314,866</u>	<u>296,477</u>	<u>(18,389)</u>
Revenue from the Commonwealth:				
School food programs	<u>35,817</u>	<u>35,817</u>	<u>52,949</u>	<u>17,132</u>
Revenue from the Federal Government:				
School food programs	<u>1,229,643</u>	<u>1,229,643</u>	<u>1,314,671</u>	<u>85,028</u>
Total School Nutrition Fund	<u>\$ 1,580,326</u>	<u>\$ 1,580,326</u>	<u>\$ 1,664,097</u>	<u>\$ 83,771</u>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	<u>302,070</u>	<u>302,070</u>	<u>50</u>	<u>(302,020)</u>
Total School Textbook Fund	<u>\$ 302,070</u>	<u>\$ 302,070</u>	<u>\$ 50</u>	<u>\$ (302,020)</u>
Total Special Revenue Funds	<u>\$ 38,860,888</u>	<u>\$ 39,742,724</u>	<u>\$ 38,809,185</u>	<u>\$ (933,539)</u>
Grand Total - Revenues - Component Unit School Board	<u>\$ 38,860,888</u>	<u>\$ 39,742,724</u>	<u>\$ 38,809,185</u>	<u>\$ (933,539)</u>

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Schedule 2
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 77,123	\$ 78,260	\$ 72,044	\$ 6,216
Clerk of Council	62,204	61,854	62,177	(323)
Total Legislative	<u>139,327</u>	<u>140,114</u>	<u>134,221</u>	<u>5,893</u>
General and Financial Administration:				
Manager	469,779	465,102	460,234	4,868
City Attorney	120,000	120,000	150,183	(30,183)
Human Resources	382,123	426,446	355,590	70,856
Commissioner of Revenue	331,256	331,701	267,451	64,250
Assessor	393,109	347,047	297,693	49,354
Treasurer	337,681	340,743	292,726	48,017
Finance	716,679	831,917	763,455	68,462
Information Technology	1,359,873	1,359,873	1,322,298	37,575
Risk Management	316,909	326,909	318,671	8,238
Central Office	38,997	38,997	33,180	5,817
Total General and Financial Administration	<u>4,466,406</u>	<u>4,588,735</u>	<u>4,261,481</u>	<u>327,254</u>
Board of Elections:				
Electoral Board and Officials	179,887	179,887	150,760	29,127
Total General Government Administration	<u>4,785,620</u>	<u>4,908,736</u>	<u>4,546,462</u>	<u>362,274</u>
Judicial Administration:				
Courts:				
Circuit Court	81,577	81,577	70,335	11,242
General District Court	36,544	36,544	24,568	11,976
Court Services	1,170	1,170	875	295
Juvenile and Domestic Relations	7,347	7,555	6,367	1,188
Clerk of the Circuit Court	392,214	392,185	384,347	7,838
Sheriff	483,912	505,176	510,951	(5,775)
Victim/Witness Assistance	102,268	102,268	68,623	33,645
Total Courts	<u>1,105,032</u>	<u>1,126,475</u>	<u>1,066,066</u>	<u>60,409</u>
Commonwealth Attorney:				
Commonwealth Attorney	537,970	537,970	535,846	2,124
Total Commonwealth Attorney	<u>537,970</u>	<u>537,970</u>	<u>535,846</u>	<u>2,124</u>
Total Judicial Administration	<u>1,643,002</u>	<u>1,664,445</u>	<u>1,601,912</u>	<u>62,533</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	5,625,205	5,725,154	5,522,915	202,239
Fire and Rescue Services:				
Fire Department	2,873,908	2,977,879	2,905,349	72,530
First Aid Crew	64,000	64,000	81,694	(17,694)
EMS Council	9,808	9,808	-	9,808
Total Fire and Rescue Services	<u>2,947,716</u>	<u>3,051,687</u>	<u>2,987,043</u>	<u>64,644</u>
Correction and Detention:				
Middle River Regional Jail	1,568,772	1,568,772	1,539,326	29,446
Juvenile Detention Home	178,129	178,129	145,688	32,441
Total Correction and Detention	<u>1,746,901</u>	<u>1,746,901</u>	<u>1,685,014</u>	<u>61,887</u>
Inspections:				
Inspector's Office	540,891	542,391	435,014	107,377

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Schedule 2 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Other Protection:				
Emergency Operations Center	\$ 1,101,691	\$ 1,305,284	\$ 1,157,658	\$ 147,626
Total Other Protection	1,101,691	1,305,284	1,157,658	147,626
Total Public Safety	11,962,404	12,371,417	11,787,644	583,773
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	1,083,383	1,090,651	999,681	90,970
Public Works Operations Administration	366,596	366,596	346,028	20,568
Highways, Streets, Bridges, and Sidewalks	3,298,243	3,410,784	2,410,665	1,000,119
Traffic Engineering	602,656	621,231	347,270	273,961
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	5,350,878	5,489,262	4,103,644	1,385,618
Sanitation and Waste Removal:				
Landfill closure	311,310	348,165	148,510	199,655
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	98,311	90,201	97,831	(7,630)
Total Public Works	5,760,499	5,927,628	4,349,985	1,577,643
Health and Welfare:				
Health:				
Supplement of Local Health Department	214,618	214,618	214,618	-
Contribution to VCSB	150,208	150,208	150,208	-
Total Health	364,826	364,826	364,826	-
Welfare:				
Area Agency on Aging	31,250	31,250	31,250	-
Property Tax Relief-Elderly Handicapped	113,515	113,515	154,969	(41,454)
Other Contributions	31,814	31,814	31,814	-
Total Welfare	176,579	176,579	218,033	(41,454)
Total Health and Welfare	541,405	541,405	582,859	(41,454)
Education:				
Contributions to Community College	35,346	47,846	47,846	-
Contribution to City School Board	14,933,608	15,441,376	15,441,376	-
Total Education	14,968,954	15,489,222	15,489,222	-
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	501,758	502,968	460,333	42,635
Municipal Parks	814,940	850,082	793,661	56,421
Municipal Pools	172,238	197,237	183,352	13,885
Recreation Programs	353,079	370,929	258,570	112,359
Custodial	699,652	749,072	764,480	(15,408)
Cemeteries	143,667	154,635	153,620	1,015
Total Parks and Recreation	2,685,334	2,824,923	2,614,016	210,907
Library:				
Library Administration	870,156	874,709	872,258	2,451

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Schedule 2 (continued)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Parks, Recreation and Cultural: (cont'd)				
Cultural Enrichment:				
Contributions	\$ 41,000	\$ 41,000	\$ 33,860	\$ 7,140
Total Parks, Recreation, and Cultural	<u>3,596,490</u>	<u>3,740,632</u>	<u>3,520,134</u>	<u>220,498</u>
Community Development:				
Planning and Community Development:				
City Planner	400,801	393,801	354,522	39,279
Economic Development	240,337	288,218	287,697	521
Tourism Department	283,111	337,647	298,016	39,631
Shenandoah Valley Airport	<u>44,052</u>	<u>44,052</u>	<u>44,052</u>	<u>-</u>
Total Planning and Community Development	<u>968,301</u>	<u>1,063,718</u>	<u>984,287</u>	<u>79,431</u>
Debt Service:				
Principal Retirement	1,156,268	1,156,268	1,156,230	38
Interest and Fiscal Charges	394,997	1,376,065	961,892	414,173
Total Debt Service	<u>1,551,265</u>	<u>2,532,333</u>	<u>2,118,122</u>	<u>414,211</u>
Total General Fund	<u>\$ 45,777,940</u>	<u>\$ 48,239,536</u>	<u>\$ 44,980,627</u>	<u>\$ 3,258,909</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	<u>\$ 2,268,717</u>	<u>\$ 2,268,717</u>	<u>\$ 2,159,589</u>	<u>\$ 109,128</u>
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	<u>\$ 2,910,000</u>	<u>\$ 2,910,000</u>	<u>\$ 3,763,899</u>	<u>\$ (853,899)</u>
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	542,931	577,619	473,046	104,573
VJCCA Programs	<u>133,341</u>	<u>133,341</u>	<u>116,817</u>	<u>16,524</u>
Total Public Safety	<u>676,272</u>	<u>710,960</u>	<u>589,863</u>	<u>121,097</u>
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	<u>61,158</u>	<u>61,158</u>	<u>44,245</u>	<u>16,913</u>
Total Youth and Family Services Fund	<u>\$ 737,430</u>	<u>\$ 772,118</u>	<u>\$ 634,108</u>	<u>\$ 138,010</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	<u>490,180</u>	<u>501,438</u>	<u>490,963</u>	<u>10,475</u>
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 490,180</u>	<u>\$ 501,438</u>	<u>\$ 490,963</u>	<u>\$ 10,475</u>

Continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Schedule 2 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	\$ -	\$ 399,250	\$ 428,436	\$ (29,186)
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 399,250	\$ 428,436	\$ (29,186)
Total Special Revenue Funds	\$ 6,406,327	\$ 6,851,523	\$ 7,476,995	\$ (625,472)
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	737,799	937,799	737,799	200,000
Interest and Fiscal Charges	500,556	500,556	500,556	-
Total Debt Service	1,238,355	1,438,355	1,238,355	200,000
Total Debt Revenue Fund	\$ 1,238,355	\$ 1,438,355	\$ 1,238,355	\$ 200,000
Total Debt Service Funds	\$ 1,238,355	\$ 1,438,355	\$ 1,238,355	\$ 200,000
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks		802,605	249,510	553,095
Other Public Works Improvements	-	40,667	456,670	(416,003)
Miscellaneous and future year	-	3,947,902	-	3,947,902
Total Public Works	-	4,791,174	706,180	4,084,994
Total Capital Improvements Fund	\$ -	\$ 4,791,174	\$ 706,180	\$ 4,084,994
Total Capital Projects Funds	\$ -	\$ 4,791,174	\$ 706,180	\$ 4,084,994
Grand Total - Expenditures - Primary Government	\$ 53,422,622	\$ 61,320,588	\$ 54,402,157	\$ 6,918,431
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	27,752,362	27,998,401	27,230,188	768,213
Administration, Attendance, and Health	2,077,731	2,089,151	2,231,814	(142,663)
Total Administration and Instruction of Schools	29,830,093	30,087,552	29,462,002	625,550
Operating Costs:				
Pupil Transportation	1,290,596	1,341,094	1,228,062	113,032
Operation and Maintenance of School Plant	3,449,127	3,441,683	3,328,161	113,522
Technology	1,128,884	1,202,439	1,214,134	(11,695)
Total Operating Costs	5,868,607	5,985,216	5,770,357	214,859
Total Education	35,698,700	36,072,768	35,232,359	840,409
Debt Service:				
Principal Retirement	343,054	343,054	252,686	90,368
Interest and Fiscal Charges	-	-	90,366	(90,366)
Total Debt Service	343,054	343,054	343,052	2
Total School Operating Fund	\$ 36,041,754	\$ 36,415,822	\$ 35,575,411	\$ 840,411

continued

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Schedule 2 (continued)
				Variance with
				Final Budget -
				Positive
				(Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Nutrition Fund:				
Education:				
Food Service	\$ 1,580,326	\$ 1,580,326	\$ 1,710,251	\$ (129,925)
School Textbook Fund:				
Education:				
Instructional Costs	\$ 302,070	\$ 302,070	\$ 551,345	\$ (249,275)
Total Special Revenue Funds	\$ 37,924,150	\$ 38,298,218	\$ 37,837,007	\$ 461,211
Grand Total - Expenditures -				
Component Unit - School Board	\$ 37,924,150	\$ 38,298,218	\$ 37,837,007	\$ 461,211

THIS PAGE IS INTENTIONALLY LEFT BLANK.

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	<u>Tables</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 - 4	139-145
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	5 - 8	146-149
<i>Debt Capacity</i> These schedules contain trend information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	9 - 13	150-154
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	14 - 15	155-156
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.	16 - 18	157-159

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Table 1

	2010	2011	2012	2013	2014	2015 (1)	2016	2017	2018 (2)	2019
Governmental activities										
Net investment in capital assets	\$ 28,815,976	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091	\$ 30,091,461	\$ 31,418,630	\$ 33,791,619	\$ 33,980,786	\$ 34,787,121
Restricted	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,460,899
Unrestricted	(14,891,347)	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)	(11,390,137)	(6,053,354)	(5,112,956)	(25,378,115)	(20,982,977)
Total governmental activities net position	<u>\$ 14,820,213</u>	<u>\$ 16,247,534</u>	<u>\$ 21,355,913</u>	<u>\$ 19,721,125</u>	<u>\$ 23,112,850</u>	<u>\$ 20,826,199</u>	<u>\$ 27,158,569</u>	<u>\$ 30,646,369</u>	<u>\$ 30,671,658</u>	<u>\$ 27,265,043</u>
Business-type activities										
Net investment in capital assets	28,231,948	23,628,183	24,126,240	32,958,276	32,955,974	32,895,991	32,896,027	31,859,390	32,772,413	32,528,272
Restricted	-	-	-	-	-	-	-	-	-	977
Unrestricted	6,465,365	11,988,432	11,804,718	10,494,915	9,752,065	7,933,035	8,340,522	9,238,420	8,917,530	9,693,985
Total business-type activities net position	<u>\$ 34,697,313</u>	<u>\$ 35,616,615</u>	<u>\$ 35,930,958</u>	<u>\$ 43,453,191</u>	<u>\$ 42,708,039</u>	<u>\$ 40,829,026</u>	<u>\$ 41,236,549</u>	<u>\$ 41,097,810</u>	<u>\$ 41,689,943</u>	<u>\$ 42,223,234</u>
Primary government										
Net investment in capital assets	57,047,924	52,107,470	52,708,583	61,702,839	64,089,065	62,987,452	64,314,657	65,651,009	66,753,199	67,315,393
Restricted	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,461,876
Unrestricted	(8,425,982)	(1,952,980)	2,235,956	(151,467)	(11,848)	(3,457,102)	2,287,168	4,125,464	(16,460,585)	(11,288,992)
Total primary government net position	<u>\$ 49,517,526</u>	<u>\$ 51,864,149</u>	<u>\$ 57,286,871</u>	<u>\$ 63,174,316</u>	<u>\$ 65,820,889</u>	<u>\$ 61,655,225</u>	<u>\$ 68,395,118</u>	<u>\$ 71,744,179</u>	<u>\$ 72,361,601</u>	<u>\$ 69,488,277</u>
School Board Component Unit										
Net investment in capital assets	\$ 39,518,141	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991	\$ 36,571,516	\$ 36,148,835	\$ 35,391,084	\$ 34,360,416	\$ 41,927,453
Restricted	56,579	-	-	-	-	-	-	-	-	-
Unrestricted	(648,481)	(718,197)	(824,406)	(1,329,615)	(2,172,690)	(33,145,847)	(32,811,413)	(32,273,726)	(33,486,905)	(30,491,309)
Total governmental activities net position	<u>\$ 38,926,239</u>	<u>\$ 39,023,167</u>	<u>\$ 37,967,077</u>	<u>\$ 36,790,247</u>	<u>\$ 35,052,301</u>	<u>\$ 3,425,669</u>	<u>\$ 3,337,422</u>	<u>\$ 3,117,358</u>	<u>\$ 873,511</u>	<u>\$ 11,436,144</u>

Notes:

- (1) The City implemented net pension liability reporting in fiscal year 2015 as required by GASB 68.
(2) The City implemented net OPEB liability reporting in fiscal year 2018 as required by GASB 75.

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

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 3,513,547	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629	\$ 7,015,817	\$ 9,900,958	\$ 10,482,872	\$ 11,283,368	\$ 12,887,236
Judicial administration	1,343,998	1,382,610	1,375,669	1,541,889	1,530,639	1,478,788	1,393,274	1,501,243	1,536,332	1,608,858
Public safety	9,828,150	10,117,442	10,543,735	11,041,793	10,965,288	10,962,688	10,574,111	11,404,402	11,847,803	12,394,461
Public works	6,577,485	6,868,683	4,888,803	7,084,792	6,832,130	5,690,103	6,813,144	7,233,241	6,299,523	4,940,088
Health and welfare	3,654,529	3,814,915	3,960,411	3,896,292	4,852,442	5,375,620	5,325,427	5,455,336	5,890,677	7,047,841
Education	12,095,786	12,613,857	12,474,733	12,952,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,861,807
Parks, recreation and culture	2,624,705	2,190,791	2,955,145	2,852,606	2,911,705	2,904,112	2,935,329	2,808,386	3,235,722	3,569,855
Community development	2,045,703	2,556,858	1,497,846	688,295	91,647	1,352,385	644,256	1,292,122	1,289,798	1,147,717
Interest on long-term debt	1,530,649	1,453,059	1,477,542	1,605,156	1,453,602	1,633,675	1,100,085	981,433	971,326	1,722,502
Total governmental activities expenses	<u>43,214,552</u>	<u>44,285,671</u>	<u>42,657,383</u>	<u>45,132,250</u>	<u>45,693,322</u>	<u>50,258,508</u>	<u>51,962,566</u>	<u>56,660,997</u>	<u>58,155,173</u>	<u>69,180,365</u>
Business-type activities:										
Water	3,079,569	3,084,115	3,004,078	3,078,347	3,297,434	3,101,533	2,946,249	3,792,452	3,631,173	3,866,372
Sewer	3,996,227	4,335,813	4,469,768	5,340,416	5,741,003	5,418,648	5,452,764	5,498,658	5,160,072	5,481,883
Landfill Operations	1,039,018	423,090	414,018	688,241	714,131	626,565	610,135	751,715	988,762	687,386
Refuse	910,371	957,700	1,104,390	1,011,546	1,070,287	1,085,308	909,655	1,039,989	801,878	866,285
Stormwater	-	-	-	-	-	-	917,556	637,709	678,925	826,700
Total business-type activities expenses	<u>9,025,185</u>	<u>8,800,718</u>	<u>8,992,254</u>	<u>10,118,550</u>	<u>10,822,855</u>	<u>10,232,054</u>	<u>10,836,359</u>	<u>11,720,523</u>	<u>11,260,810</u>	<u>11,728,626</u>
Total primary government expenses	<u>\$ 52,239,737</u>	<u>\$ 53,086,389</u>	<u>\$ 51,649,637</u>	<u>\$ 55,250,800</u>	<u>\$ 56,516,177</u>	<u>\$ 60,490,562</u>	<u>\$ 62,798,925</u>	<u>\$ 68,381,520</u>	<u>\$ 69,415,983</u>	<u>\$ 80,908,991</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	24,446	25,148	40,182	36,338	30,922	22,921	12,239	13,226	27,881	8,022,179
Judicial administration	147,024	170,118	197,290	212,018	226,112	281,363	207,183	160,160	135,752	204,318
Public safety	21,189	35,325	436,082	268,103	327,960	305,586	377,559	363,657	361,045	445,647
Public works	15,874	15,738	22,500	17,627	18,052	53,749	14,083	18,651	25,283	25,093
Health and welfare	-	69,765	69,765	143,038	87,250	87,250	87,250	110,564	110,564	127,171
Parks, recreation and culture	353,479	369,128	394,767	327,945	250,997	251,192	251,196	264,999	259,539	238,347
Community development	200,676	168,425	155,923	225,882	219,301	184,136	228,503	209,253	229,552	306,940
Operating grants and contributions	7,389,284	8,171,171	7,444,708	8,326,003	8,524,997	12,307,578	15,122,085	16,417,961	16,555,954	10,174,092
Capital grants and contributions	585,973	1,437,657	368,431	180,832	1,321,893	667,397	942,253	1,247,986	193,603	281,901
Total governmental activities revenues	<u>8,737,945</u>	<u>10,462,475</u>	<u>9,129,648</u>	<u>9,737,786</u>	<u>11,007,484</u>	<u>14,161,172</u>	<u>17,242,351</u>	<u>18,806,457</u>	<u>17,899,173</u>	<u>19,825,688</u>
Business-type activities:										
Charges for services:										
Water	2,653,141	2,659,951	2,832,835	3,457,578	3,595,736	3,602,682	3,573,258	3,802,813	4,035,430	3,875,205
Sewer	3,747,884	4,051,980	5,156,159	5,066,599	5,382,235	5,368,271	5,312,609	5,654,003	5,871,019	5,879,570
Landfill operations	681,827	971,976	670,726	781,904	626,250	690,095	731,978	706,647	728,729	773,356
Refuse	1,122,743	1,128,021	1,126,637	1,124,421	1,196,942	1,194,867	1,161,423	1,175,056	1,189,772	1,150,517
Stormwater	-	-	-	-	-	-	1,200,963	1,247,386	1,200,480	1,231,549
Operating grants and contributions	5,125	5,910	5,000	7,216	6,366	6,357	8,558	6,192	6,993	9,207
Capital grants and contributions	3,279,541	1,417,616	155,346	21,275	282,689	64,170	22,000	102,535	463,965	526,806
Total business-type activities revenues	<u>11,490,261</u>	<u>10,235,454</u>	<u>9,946,703</u>	<u>10,458,993</u>	<u>11,090,218</u>	<u>10,926,442</u>	<u>12,010,789</u>	<u>12,694,632</u>	<u>13,496,388</u>	<u>13,446,210</u>
Total primary government revenues	<u>\$ 20,228,206</u>	<u>\$ 20,697,929</u>	<u>\$ 19,076,351</u>	<u>\$ 20,196,779</u>	<u>\$ 22,097,702</u>	<u>\$ 25,087,614</u>	<u>\$ 29,253,140</u>	<u>\$ 31,501,089</u>	<u>\$ 31,395,561</u>	<u>\$ 33,271,898</u>
Net (Expense)/Revenue										
Governmental activities	\$ (34,476,607)	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)	\$ (36,097,336)	\$ (34,720,215)	\$ (37,854,540)	\$ (40,256,000)	\$ (49,354,677)
Business-type activities	2,465,076	1,434,736	954,449	340,443	267,363	694,388	1,174,430	974,109	2,235,578	1,717,584
Total primary government net expense	<u>\$ (32,011,531)</u>	<u>\$ (32,388,460)</u>	<u>\$ (32,573,286)</u>	<u>\$ (35,054,021)</u>	<u>\$ (34,418,475)</u>	<u>\$ (35,402,948)</u>	<u>\$ (33,545,785)</u>	<u>\$ (36,880,431)</u>	<u>\$ (38,020,422)</u>	<u>\$ (47,637,093)</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	17,424,487	17,778,371	19,820,066	18,527,350	18,864,334	19,228,131	19,577,555	20,084,623	20,882,667	22,384,195
Sales taxes	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887
Utility taxes	1,022,522	1,025,014	1,004,623	1,031,726	1,030,193	1,041,682	1,032,821	1,030,149	1,044,069	1,037,799
Business license taxes	1,795,885	1,822,607	1,935,728	2,050,853	1,997,600	2,068,303	2,206,222	2,130,404	2,232,450	2,081,665
Hotel and meals taxes	2,878,449	3,276,948	4,037,742	4,259,246	4,448,874	4,751,154	4,970,141	5,109,283	5,192,580	5,917,199
Communication sales taxes	1,358,560	-	-	-	-	-	-	-	-	-
Tobacco taxes	392,881	394,680	416,691	398,681	378,197	378,828	370,607	357,547	336,686	491,704
Other local taxes	828,617	834,833	776,681	842,557	853,752	908,019	905,552	966,863	949,732	1,114,924
Unrestricted grants and contributions	2,900,125	4,109,897	4,034,685	4,120,323	4,215,912	4,796,487	5,043,586	4,190,347	4,147,046	3,809,924
Payment from Component Unit School Board	315,789	200,000	200,000	200,000	200,000	200,000	-	-	-	-
Investment earnings	314,491	244,466	113,331	145,171	136,103	142,359	165,902	293,209	286,750	1,182,404
Miscellaneous	458,724	392,858	680,575	535,939	476,393	297,710	410,838	552,364	452,287	395,752
Gain(loss) on sale of capital assets	3,655	22,602	37,470	19,388	(10,564)	15,280	9,814	33,913	19,583	23,877
Special items	-	-	-	-	-	6,359,697	-	-	-	-
Transfers	711,774	644,665	722,000	648,000	855,795	678,000	865,986	1,197,197	1,377,912	1,436,507
Total governmental activities	<u>34,682,926</u>	<u>35,236,549</u>	<u>38,636,114</u>	<u>37,597,591</u>	<u>38,386,438</u>	<u>46,414,490</u>	<u>41,052,585</u>	<u>41,342,340</u>	<u>42,532,311</u>	<u>45,267,837</u>
Business-type activities:										
Investment earnings	12,731	33,932	37,849	37,539	39,093	38,771	46,249	49,018	73,112	130,733
Miscellaneous	22,549	95,299	44,045	41,976	26,572	185,139	52,611	21,862	47,382	16,742
Gain(loss) on sale of capital assets	-	-	-	-	90,530	10,342	219	13,469	2,609	12,332
Transfers	(711,774)	(644,665)	(722,000)	(648,000)	(855,795)	(678,000)	(865,986)	(1,197,197)	(1,377,912)	(1,436,507)
Total business-type activities	<u>(676,494)</u>	<u>(515,434)</u>	<u>(640,106)</u>	<u>(568,485)</u>	<u>(699,600)</u>	<u>(443,748)</u>	<u>(766,907)</u>	<u>(1,112,848)</u>	<u>(1,254,809)</u>	<u>(1,276,700)</u>
Total primary government	<u>\$ 34,006,432</u>	<u>\$ 34,721,115</u>	<u>\$ 37,996,008</u>	<u>\$ 37,029,106</u>	<u>\$ 37,686,838</u>	<u>\$ 45,970,742</u>	<u>\$ 40,285,678</u>	<u>\$ 40,229,492</u>	<u>\$ 41,277,502</u>	<u>\$ 43,991,137</u>
Change in Net Position										
Governmental activities	206,319	1,413,353	5,108,379	2,203,127	3,700,600	10,317,154	6,332,370	3,487,800	2,276,311	(4,086,840)
Business-type activities	1,788,582	919,302	314,343	(228,042)	(432,237)	250,640	407,523	(138,739)	980,769	440,884
Total primary government	<u>\$ 1,994,901</u>	<u>\$ 2,332,655</u>	<u>\$ 5,422,722</u>	<u>\$ 1,975,085</u>	<u>\$ 3,268,363</u>	<u>\$ 10,567,794</u>	<u>\$ 6,739,893</u>	<u>\$ 3,349,061</u>	<u>\$ 3,257,080</u>	<u>\$ (3,645,956)</u>
Expenses										
School Board Component Unit:										
Education	<u>\$ 33,673,788</u>	<u>\$ 31,807,568</u>	<u>\$ 32,721,840</u>	<u>\$ 34,443,290</u>	<u>\$ 35,093,147</u>	<u>\$ 35,624,368</u>	<u>\$ 34,877,857</u>	<u>\$ 38,262,381</u>	<u>\$ 37,936,112</u>	<u>\$ 36,562,008</u>
Total School Board component unit expenses	<u>33,673,788</u>	<u>31,807,568</u>	<u>32,721,840</u>	<u>34,443,290</u>	<u>35,093,147</u>	<u>35,624,368</u>	<u>34,877,857</u>	<u>38,262,381</u>	<u>37,936,112</u>	<u>36,562,008</u>
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	553,422	488,202	559,761	431,285	478,999	577,445	870,221	743,310	691,627	668,260
Operating grants and contributions	19,640,208	18,697,345	18,493,906	19,746,721	19,255,186	20,289,940	20,462,618	21,239,894	21,317,552	21,836,971
Capital grants and contributions	115,789	-	-	-	-	-	-	-	-	-
Total School Board component unit revenues	<u>20,309,419</u>	<u>19,185,547</u>	<u>19,053,667</u>	<u>20,178,006</u>	<u>19,734,185</u>	<u>20,867,385</u>	<u>21,332,839</u>	<u>21,983,204</u>	<u>22,009,179</u>	<u>22,505,231</u>
Net (Expense)/Revenue										
School Board Component Unit	<u>(13,364,369)</u>	<u>(12,622,021)</u>	<u>(13,668,173)</u>	<u>(14,265,284)</u>	<u>(15,358,962)</u>	<u>(14,756,983)</u>	<u>(13,545,018)</u>	<u>(16,279,177)</u>	<u>(15,926,933)</u>	<u>(14,056,777)</u>
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Waynesboro	12,065,383	12,583,454	12,444,330	12,920,240	13,411,837	13,812,917	13,239,886	15,465,866	15,765,278	23,133,914
Investment earnings	3,992	19,232	27,752	33,864	33,719	35,232	37,293	32,233	18,857	35,102
Miscellaneous	161,649	116,263	140,001	134,350	175,460	183,843	179,592	561,014	758,951	738,485
Total School Board Component Unit	<u>12,231,024</u>	<u>12,718,949</u>	<u>12,612,083</u>	<u>13,088,454</u>	<u>13,621,016</u>	<u>14,031,992</u>	<u>13,456,771</u>	<u>16,059,113</u>	<u>16,543,086</u>	<u>23,907,501</u>
Change in Net Position										
School Board Component Unit	<u>\$ (1,133,345)</u>	<u>\$ 96,928</u>	<u>\$ (1,056,090)</u>	<u>\$ (1,176,830)</u>	<u>\$ (1,737,946)</u>	<u>\$ (724,991)</u>	<u>\$ (88,247)</u>	<u>\$ (220,064)</u>	<u>\$ 616,153</u>	<u>\$ 9,850,724</u>

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

Table 3

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,807,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,849,322	-	-	-	-	-	-	-	-	-
Restricted	-	1,046,961	1,667,383	642,134	1,089,914	1,358,725	938,389	920,956	21,010,377	1,382,290
Committed	-	1,014,335	683,745	4,134,909	4,190,258	3,900,782	4,155,703	3,621,574	3,790,186	9,474,173
Assigned	-	123,126	1,277,007	526,948	319,698	502,899	167,899	302,517	460,601	2,436,027
Unassigned	-	8,204,385	11,385,888	8,923,216	9,054,972	9,761,313	11,058,122	9,323,445	10,019,656	2,463,499
Total general fund	<u>\$ 10,656,779</u>	<u>\$ 10,388,807</u>	<u>\$ 15,014,023</u>	<u>\$ 14,227,207</u>	<u>\$ 14,654,842</u>	<u>\$ 15,523,719</u>	<u>\$ 16,320,113</u>	<u>\$ 14,168,492</u>	<u>\$ 35,280,820</u>	<u>\$ 15,755,989</u>
All Other Governmental Funds										
Reserved	813,025	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	307,281	-	-	-	-	-	-	-	-	-
Capital projects funds	7,269,278	-	-	-	-	-	-	-	-	-
Debt service funds	180,303	-	-	-	-	-	-	-	-	-
Nonspendable	-	510,549	522,799	542,549	561,049	582,549	586,029	589,149	591,189	594,429
Restricted	-	5,478,065	3,617,202	2,479,482	1,599,807	391,432	358,415	530,099	540,489	11,484,180
Committed	-	926,958	487,621	1,033,646	246,579	386,498	903,444	2,711,980	1,905,932	5,321,907
Assigned	-	705,774	751,682	719,023	1,036,474	1,894,804	2,574,832	3,193,323	3,036,931	2,230,222
Unassigned	-	-	-	-	-	-	-	(909,269)	(271,640)	(36,912)
Total all other governmental funds	<u>\$ 8,569,887</u>	<u>\$ 7,621,346</u>	<u>\$ 5,379,304</u>	<u>\$ 4,774,700</u>	<u>\$ 3,443,909</u>	<u>\$ 3,255,283</u>	<u>\$ 4,422,720</u>	<u>\$ 6,115,282</u>	<u>\$ 5,802,901</u>	<u>\$ 19,593,826</u>

(1) With the implementation of GASB Statement No. 54 in Fiscal Year 2011, the fund balance terminology was changed.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

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

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	\$ 17,604,173	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063	\$ 19,356,344	\$ 19,534,896	\$ 20,010,239	\$ 20,604,501	\$ 21,991,399
Sales taxes	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887
Other local taxes	8,276,914	7,354,082	8,171,465	8,583,063	8,708,616	9,147,986	9,469,518	9,610,071	9,755,517	10,643,291
Permits, privilege fees and regulatory licenses	177,958	170,838	156,939	208,253	219,973	180,351	216,732	192,623	182,714	242,244
Fines and forfeitures	145,287	167,027	190,807	195,247	206,543	258,418	186,866	143,191	123,413	161,902
Revenues from use of money and property	372,488	310,851	155,142	195,246	181,754	196,296	223,189	337,182	332,303	1,100,168
Charges for services	396,579	387,367	439,765	389,346	304,491	343,875	320,243	331,122	350,079	378,648
Miscellaneous	450,724	322,391	510,028	355,209	373,154	5,157,768	8,186,878	8,431,437	8,391,745	8,945,085
Recovered costs	333,526	394,505	799,509	699,041	704,473	668,130	741,411	748,658	779,980	879,426
Intergovernmental	10,367,422	12,487,769	11,782,542	12,581,314	13,987,916	13,314,831	13,655,806	14,050,959	13,144,405	13,973,739
Total revenues	42,402,038	43,944,814	47,019,676	46,443,310	48,629,832	54,172,839	58,029,100	59,251,923	59,275,206	63,707,789
Expenditures										
General government administration	3,455,029	3,204,711	3,424,066	3,405,476	3,592,910	7,080,032	10,885,148	11,422,599	11,899,595	13,140,973
Judicial administration	1,244,498	1,307,187	1,295,198	1,472,117	1,455,629	1,453,153	1,493,599	1,474,245	1,553,616	1,601,912
Public safety	9,537,907	9,941,487	10,181,785	11,008,118	10,798,557	10,693,388	11,056,875	11,339,732	12,143,873	12,805,943
Public works	5,630,528	6,761,493	4,836,876	7,666,797	7,774,030	6,585,131	6,503,352	7,594,812	5,653,176	5,056,165
Health and welfare	3,647,964	3,805,952	3,953,428	3,887,883	4,843,683	5,395,565	5,410,066	5,467,008	5,917,467	7,041,555
Education (1)	12,095,786	12,113,857	12,474,733	12,950,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,408,159
Parks, recreation and culture	2,764,188	2,330,164	2,742,398	2,723,097	2,745,531	2,826,740	3,079,450	3,268,620	3,238,316	3,520,134
Community development	1,599,940	2,920,682	1,762,793	1,329,120	1,226,971	1,315,093	1,319,981	1,324,067	1,351,835	1,401,015
Capital projects	-	500,000	4,960,867	2,396	21,222	-	-	-	-	-
Debt service:										
Principal retirement	2,223,843	2,307,296	1,794,863	2,678,211	2,626,338	4,964,903	2,708,363	2,732,970	2,040,548	1,894,029
Interest and fiscal charges	1,588,914	1,499,775	1,522,276	1,634,500	1,540,320	2,360,894	1,136,227	1,056,435	966,779	1,462,448
Bond issuance costs	-	23,112	15,800	-	-	100,430	15,600	-	38,926	-
Redemption of debt	-	-	-	-	-	15,965,000	-	-	-	-
Total expenditures	43,788,597	46,715,716	48,965,083	48,758,358	50,067,431	72,585,649	56,884,643	61,182,450	60,604,755	71,332,333
Excess of revenues over (under) expenditures	(1,386,559)	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)	(18,412,810)	1,144,457	(1,930,527)	(1,329,549)	(7,624,544)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Insurance recoveries	-	115,957	128,736	141,036	79,009	56,302	36,644	95,628	34,688	110,120
Refunding bonds issued	-	-	-	-	-	16,389,513	-	-	19,860,000	-
Debt issued	-	985,000	3,519,100	-	-	2,225,219	216,083	533,547	-	-
Premium on debt	-	14,567	-	-	-	742,144	-	-	1,182,437	-
Capital lease	-	32,718	-	278,806	-	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	-
Transfers in	2,402,169	3,734,651	3,539,351	4,818,149	4,820,987	4,211,415	5,417,342	6,607,459	5,543,753	9,944,498
Transfers out	(1,939,190)	(3,342,472)	(2,858,606)	(4,407,371)	(4,365,553)	(4,531,532)	(4,850,695)	(5,765,166)	(4,491,382)	(8,834,704)
Total other financing sources and uses	462,979	1,540,421	4,328,581	830,620	534,443	19,093,061	819,374	1,471,468	22,129,496	1,219,914
Net change in fund balances	\$ (923,580)	\$ (1,230,481)	\$ 2,383,174	\$ (1,484,428)	\$ (903,156)	\$ 680,251	\$ 1,963,831	\$ (459,059)	\$ 20,799,947	\$ (6,404,630)
Debt service as a percentage of noncapital expenditures	8.9%	8.8%	7.8%	9.3%	9.0%	33.2%	7.0%	6.5%	5.1%	4.9%

Notes:

- (1) Education expenditures include the City's contribution to the School Board Component Unit.

CITY OF WAYNESBORO, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 5

Fiscal Year	Real Property (1)(3)				Personal Property (2)								Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100	Public Service	Tax Rate per \$100	Machinery & Tools	Tax Rate per \$100	Rolling Stock	Tax Rate per \$100				
2010	1,379,263,067	478,952,000	71,816,305	0.70	150,126,941	5.00	250,296	5.00	36,118,308	3.00	787,070	3.00	2,117,313,987	1.04	2,178,833,278	97.18%
2011	1,429,091,737	444,059,100	80,980,848	0.70	157,670,813	5.00	231,250	5.00	23,683,493	3.00	786,156	3.00	2,136,503,397	1.04	2,202,136,392	97.02%
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.07	1,972,346,376	96.45%
2015	1,237,499,214	440,617,500	100,000,407	0.80	107,481,558	5.00	221,268	5.00	36,083,097	3.00	884,170	3.00	1,922,787,214	1.08	1,994,917,925	96.38%
2016	1,272,771,849	424,794,500	101,047,914	0.80	109,676,225	5.00	189,109	5.00	37,017,769	3.00	757,350	3.00	1,946,254,716	1.08	2,020,597,423	96.32%
2017	1,282,429,807	429,112,500	110,025,904	0.80	114,423,092	5.00	159,022	5.00	36,363,961	3.00	1,169,610	3.00	1,973,683,896	1.08	2,052,101,439	96.18%
2018	1,314,087,898	426,535,900	100,858,392	0.87	108,163,276	5.00	124,434	5.00	35,593,125	3.00	1,233,240	3.00	1,986,596,265	1.13	2,069,122,926	96.01%
2019	1,320,572,984	428,064,200	106,200,822	0.90	108,330,215	5.00	81,934	5.00	35,023,485	3.00	1,498,237	3.00	1,999,771,877	1.16	2,081,924,545	96.05%

Notes:

- (1) Property assessed at 100% of actual value. Tax rates are assessed per \$100 of assessed value.
 (2) Motor vehicles assessed at 50% of actual value and all others assessed at 100% of actual value. Tax rates are assessed per \$100 of assessed value.
 (3) Assessed values include properties eligible for tax relief for the elderly.

Source:

City of Waynesboro, Assessor's Office

**CITY OF WAYNESBORO, VIRGINIA
DIRECT PROPERTY TAX RATES (1)
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Table 6

Fiscal Year	City Direct Rates (2)			Total Direct Rate
	Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
2010	0.64	0.35	0.05	1.04
2011	0.64	0.37	0.03	1.04
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07
2015	0.74	0.28	0.06	1.08
2016	0.74	0.28	0.06	1.08
2017	0.74	0.29	0.06	1.09
2018	0.81	0.27	0.05	1.13
2019	0.83	0.27	0.05	1.16

Notes:

- (1) The City is autonomous from any other political subdivision of the Commonwealth of Virginia, and there are no overlapping taxing powers with other political subdivisions.
- (2) Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

Source:

City of Waynesboro, Assessor's Office

**CITY OF WAYNESBORO, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Table 7

<u>Taxpayer</u>	December 31, 2018			December 31, 2009		
	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total Taxable Assessed <u>Value</u>	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total Taxable Assessed <u>Value</u>
Avintiv/Poly-Bond, Inc.	\$ 34,109,812	1	1.72%	\$ 19,828,531	2	1.05%
Windigrove LLC	22,660,900	2	1.14%	-		0.00%
Waynesboro Town Center	22,328,800	3	1.13%	31,488,400	4	1.67%
Walmart	17,403,537	4	0.88%	19,087,220	5	1.01%
Invista/DuPont	15,165,073	5	0.77%	47,092,074	1	2.50%
Lowe's Home Center	12,568,534	6	0.63%	14,262,882	8	0.76%
Waynesboro Station LLC	12,225,300	7	0.62%	-		0.00%
Target	11,632,803	8	0.59%	13,391,830	7	0.71%
DuPont Community Credit Union	9,903,955	9	0.50%	11,013,551	6	0.58%
HD Development of Maryland	9,054,400	10	0.46%	10,088,100	10	0.54%
Ntelos/CFW Communications			-	18,148,286	3	0.96%
Waynesboro Plaza LLC			-	12,367,900	9	0.66%
Total	<u>\$ 167,053,114</u>		<u>8.43%</u>	<u>\$ 196,768,774</u>		<u>10.44%</u>

Source:

City of Waynesboro, Commissioner of the Revenue

**CITY OF WAYNESBORO, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	18,947,394	(56,333)	18,891,061	18,344,884	96.82%	536,216	18,881,100	99.95%
2011	19,072,989	(39,165)	19,033,824	18,584,504	97.44%	448,886	19,033,390	100.00%
2012	19,079,144	(30,810)	19,048,334	18,708,395	98.06%	333,518	19,041,913	99.97%
2013	19,811,574	(57,211)	19,754,363	19,331,996	97.58%	417,048	19,749,044	99.97%
2014	20,238,326	(43,583)	20,194,743	19,814,287	97.90%	362,940	20,177,227	99.91%
2015	20,602,887	1,383	20,604,270	20,291,309	98.49%	264,578	20,555,887	99.77%
2016	20,926,459	1,558	20,928,017	20,634,703	98.61%	229,031	20,863,734	99.69%
2017	21,305,548	2,391	21,307,939	20,990,103	98.52%	212,908	21,203,011	99.51%
2018	22,424,812	(36,150)	22,388,662	21,982,776	98.03%	214,038	22,196,814	99.14%
2019	23,263,009	-	23,263,009	22,763,818	97.85%	-	22,763,818	97.85%

Source:

City of Waynesboro, Treasurer

Notes:

(1) Includes the Commonwealth's personal property tax reimbursement.

CITY OF WAYNESBORO, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	State Literary Loans	Notes Payable (2)	Capital Leases	General Obligation Bonds	Sewer Revenue Bonds	Virginia Revolving Loan			
2010	31,262,509	2,500,000	-	1,711	13,280,000	26,900,278	5,631,935	79,576,433	10.95%	3,734
2011	30,191,923	2,250,000	-	32,718	15,345,000	21,149,556	5,373,625	74,342,822	9.55%	3,522
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	9.31%	3,522
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	8.70%	3,501
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	8.20%	3,326
2015	29,552,306	1,250,000	-	3,108	13,835,487	19,170,953	4,259,916	68,071,770	7.18%	3,110
2016	27,313,134	1,000,000	-	-	13,422,539	18,753,439	3,960,137	64,449,249	6.80%	2,887
2017	25,363,711	750,000	-	-	13,007,540	18,020,115	3,651,297	60,792,663	6.42%	2,723
2018	43,433,163	500,000	-	-	12,575,263	16,801,232	3,170,447	76,480,105	8.07%	3,425
2019	41,789,133	250,000	-	-	12,133,286	15,947,996	3,005,331	73,125,746	7.06%	3,232

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

Notes:

- (1) See the Schedule of Demographic and Economic Statistics on Table 14 for personal income and population data.
- (2) Beginning in 2013, the Economic Development Authority was presented as a blended component unit.

CITY OF WAYNESBORO, VIRGINIA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 10

Fiscal Year	General Bonded Debt				Less: Amounts Available in Debt Service Fund	Net General Bonded Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	State Literary Loans	Notes Payable (3)	Total				
2010	31,262,509	2,500,000	-	33,762,509	180,303	33,582,206	1.54%	1,576
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,524
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,593
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,655
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,536
2015	29,552,306	1,250,000	-	30,802,306	4,402	30,797,904	1.54%	1,407
2016	27,313,134	1,000,000	-	28,313,134	4,405	28,308,729	1.40%	1,268
2017	25,363,711	750,000	-	26,113,711	4,405	26,109,306	1.27%	1,169
2018	43,433,163	500,000	-	43,933,163	4,405	43,928,758	2.12%	1,968
2019	41,789,133	250,000	-	42,039,133	204,405	41,834,728	2.01%	1,849

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

Notes:

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on Table 14.
- (3) Beginning in 2013, the Economic Development Authority was presented as a blended component unit.

CITY OF WAYNESBORO, VIRGINIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
As of June 30, 2019

Table 11

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Waynesboro</u>	<u>Amount Applicable to City of Waynesboro</u>
City of Waynesboro	\$ 42,039,133	100%	\$ 42,039,133

Notes:

- (1) The City is autonomous from any other political subdivision of the Commonwealth of Virginia, and there is no overlapping debt or taxing powers.

**CITY OF WAYNESBORO, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

Table 12

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 193,003,137	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613	\$ 177,811,712	\$ 179,861,426	\$ 182,156,821	\$ 184,148,219	185,483,801
Total net debt applicable to limit	<u>52,494,141</u>	<u>52,886,540</u>	<u>53,998,965</u>	<u>54,869,493</u>	<u>51,861,205</u>	<u>48,893,307</u>	<u>45,691,405</u>	<u>42,768,143</u>	<u>59,674,468</u>	<u>56,973,345</u>
Legal debt margin	<u>\$ 140,508,996</u>	<u>\$ 142,526,629</u>	<u>\$ 127,782,868</u>	<u>\$ 128,651,062</u>	<u>\$ 124,475,408</u>	<u>\$ 128,918,405</u>	<u>\$ 134,170,021</u>	<u>\$ 139,388,678</u>	<u>\$ 124,473,751</u>	<u>\$ 128,510,456</u>
Total net debt applicable to the limit as a percentage of debt limit	27.20%	27.06%	29.71%	29.90%	29.41%	27.50%	25.40%	23.48%	32.41%	30.72%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value of Real Property	\$ 1,854,838,006
Debt Limit - 10%	185,483,801
Debt Applicable to Limit:	
General obligation debt	57,177,750
Less: Amount set aside for repayment of general obligation debt	<u>(204,405)</u>
Total net debt applicable to limit	<u>56,973,345</u>
Legal Debt Margin	<u>\$ 128,510,456</u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed real property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF WAYNESBORO, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Table 13

Fiscal Year	Sewer Revenue Bonds					
	Sewer Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	3,755,032	2,178,984	1,576,048	60,000	101,181	9.78
2011	4,091,496	2,306,988	1,784,508	435,622	98,450	3.34
2012	5,203,047	2,167,385	3,035,662	780,021	849,756	1.86
2013	5,095,721	2,575,558	2,520,163	1,018,555	613,747	1.54
2014	5,408,414	2,659,610	2,748,804	817,036	812,515	1.69
2015	5,394,218	2,264,042	3,130,176	2,170,626	787,477	1.06
2016	5,352,566	2,373,561	2,979,005	910,735	753,579	1.79
2017	5,683,109	2,403,328	3,279,781	963,476	729,373	1.94
2018	5,913,933	2,122,853	3,791,080	1,227,046	852,538	1.82
2019	5,945,807	2,480,393	3,465,414	1,276,312	496,350	1.95

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

Notes:

- (1) Sewer charges and other includes investment earnings.
- (2) Operating expenses do not include interest or depreciation.

**CITY OF WAYNESBORO, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Table 14

Fiscal Year	Population(1)	Personal Income (amounts expressed in thousands)	Per capita income(2)	Median age *	High School Graduate or higher	Bachelor's Degree or higher	School enrollment(5)	Unemployment rate (3)
2010	22,241	737,534	33,161	40.6	77.9%	20.6%	3,024	8.60%
2011	21,006	695,593	33,114	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%
2015	21,366	804,730	37,664	38.8	83.6%	19.1%	3,048	5.30%
2016	21,491	859,645	40,000	38.8	84.6%	19.0%	3,033	4.00%
2017	21,887	872,320	39,856	*	84.9%	18.4%	3,013	4.20%
2018	22,327	947,429	42,434	*	86.3%	22.6%	2,967	3.60%
2019	22,628	1,035,718	44,316	*	85.8%	22.3%	2,868	3.00%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) U.S. Census Bureau - Data presented is percentage of persons 25 years or older attaining the described educational status
- (5) City of Waynesboro School Board.
- * Median age info not available

CITY OF WAYNESBORO, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Table 15

<u>Employer</u>	<u>2019 (1)</u>			<u>2010 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Waynesboro School Board	500-999	1	4.82%	500-999	1	5.24%
Walmart	250-499	2	2.41%	250-499	5	2.62%
Invista/Dupont	250-499	3	2.41%	250-499	2	2.62%
City of Waynesboro	250-499	4	2.41%	250-499	3	2.62%
Lumos	100-249	5	0.96%			
Virginia Panel Corporation	100-249	6	0.96%	100-249	9	1.05%
Chicopee Incorporated	100-249	7	0.96%	100-249	7	1.05%
DuPont Community Credit Union	100-249	8	0.96%			
Lowes' Home Centers, Inc.	100-249	9	0.96%			
Target Corp.	100-249	10	0.96%			
Ntelos				250-499	4	2.62%
Augusta Lumber				100-249	6	1.05%
Adecco				100-249	8	1.05%
Kroger				100-249	10	1.05%
Total	1,850		17.82%	2,000		20.97%

Source: Virginia Labor Market Information, www.virginialmi.com

Percentage calculations and totals are based on the minimum number of employees in the respective range.

Notes:

(1) Data is for January, February, and March of 2019 and 2010, respectively.

CITY OF WAYNESBORO, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Table 16

	2010	2011	2012	2013	2014	2015	2016	2017	2018 *	2019 *
<u>Function/Program</u>										
General government administration	41.5	31.2	33.5	30.2	31.0	31.6	32.7	33.8	44	45
Judicial administration	9.3	8.4	8.9	9.2	9.2	8.9	9.7	9.5	20	22
Public safety:										
Police	67.7	65.4	68.1	65.0	63.8	65.7	65.9	67.8	68	72
Fire	37.4	37.0	38.5	37.4	35.5	38.1	38.5	37.4	34	34
Correction and detention	14.7	15.3	16.6	15.6	13.1	12.0	12.0	12.3	28	24
Building inspections	5.6	5.8	5.4	5.9	5.8	5.6	5.8	5.9	8	7
Emergency management	16.8	17.3	22.7	22.9	24.6	23.1	24.8	26.2	21	21
Animal control	1.1	1.0	5.4	7.4	8.3	8.3	9.3	10.8	9	8
Public works:										
General engineering/administrative	44.3	44.4	45.4	41.8	40.9	40.9	21.0	24.7	43	46.87
Building and grounds	12.6	31.3	6.4	8.0	8.3	8.7	7.0	6.0	4	4
Equipment rental	8.4	0.0	6.8	6.7	6.8	7.2	7.2	6.4	7	7
Waterworks	24.3	21.9	24.2	28.2	29.6	27.8	27.9	29.5	22.5	23.5
Sewage/collection	41.5	43.1	46.4	31.9	35.3	35.5	36.0	31.9	27.5	26.5
Sanitation	33.4	32.2	31.4	28.7	29.0	31.4	28.7	29.0	15	15.5
Stormwater	N/A	N/A	N/A	N/A	N/A	N/A	8.2	7.2	8	10.63
Parks, recreation and cultural:										
Parks	1.1	1.1	8.4	7.9	7.3	7.3	23.1	24.8	51	51
Library	15.7	15.6	15.5	15.0	14.8	14.5	14.5	14.5	22	22
Community development	5.6	5.2	6.1	5.9	6.2	6.2	5.9	5.9	7	7
Schools	488.0	485.0	484.0	482.0	488.0	480.0	484.0	490.0	488.0	504.1
Total	869.0	861.2	873.7	849.6	857.4	852.8	862.1	873.6	927.0	951.1

Source: City and School Finance Departments

Notes:

* FY18 and FY19 numbers for the City are the number of approved positions (Full-Time, Part-Time and Seasonal), not the FTE, which inflates the total. New software system not currently set up to track FTE.

**CITY OF WAYNESBORO, VIRGINIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Table 17

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Building & Zoning										
Building permits issued (total)	772	730	946	968	875	874	957	955	778	1,122
Building inspections conducted (total)	1,716	1,593	1,587	2,179	2,502	2,522	2,431	2,523	2,037	3,206
New residential construction	42	28	29	63	48	40	41	31	27	82
New commercial construction	7	2	4	12	4	8	5	5	6	7
Zoning permits issued	114	112	146	140	114	112	110	130	95	79
Property Maintenance Cases	160	340	307	357	340	320	334	259	261	291
Property Maintenance Inspections	248	667	661	865	776	654	676	523	569	555
Planning										
Conditional use permits	3	5	4	5	2	4	2	1	4	3
Rezoning requests	0	0	0	2	2	2	2	1	2	2
Major subdivision reviews	1	1	1	1	1	0	1	4	4	2
Minor subdivision reviews	12	12	9	2	8	11	10	12	14	13
Vacate streets/alleys	2	3	2	0	1	1	1	0	1	1
Public Safety										
Arrests	2,390	2,099	2,414	2,134	2,051	1,651	2,364	1,938	2,463	2,232
Parking violations	702	696	592	133	263	750	296	487	520	357
Traffic citations	1,707	1,700	2,131	1,800	1,920	2,269	1,368	986	1,222	1,246
Judicial - Circuit Court										
Civil and criminal cases	1,137	890	958	910	1,001	1,300	1,173	1,386	1,372	1,592
Deeds recorded	3,268	2,764	2,381	2,724	3,162	2,570	2,491	2,701	3,082	2,619
Judgments	1,023	958	1,019	943	974	993	842	830	840	873
Passports issued *	616	631	628	777	927	1,059	1,523	1,722	822	0
Library										
Total collection	155,212	151,038	148,050	152,829	153,022	147,030	146,927	127,906	123,921	103,597
Total circulation	318,703	294,945	267,440	309,659	317,896	307,630	309,672	311,735	310,711	287,213
Visitors/patrons	224,540	215,458	166,207	167,314	183,023	172,459	162,191	158,200	151,694	135,327
Public Works										
Meters placed for new construction	56	48	35	43	51	58	46	29	46	59
Meters replaced	173	155	179	724	853	1,684	613	1,280	207	826
Education										
Number of teachers, Elementary (K-5)	175	179	172	179	169	161	160	164	162	151
Number of teachers, Secondary (6-12)	82	85	80	82	78	79	80	78	78	90
Number of teachers, District-Wide (K-12)	14	11	12	11	11	10	10	10	10	11
Number of students, District-Wide (K-12)	3,024	3,102	3,079	3,010	3,024	3,048	3,033	3,013	2,967	2,868

Source: Various Departments in the City

Notes:

* The Circuit Court stopped processing passports during FY2018.

**CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years**

Table 18

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	10	13	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	117.1	117.24	117.24	117.24	117.24*	119.15#	125.69	125.69	125.69	126.36
Water lines (miles)	116.92	117.4	117.4	117.4	117.4*	149.02#	149.02	149.11@	149.89	153.57
Fire hydrants	804	808	808	809	809*	729#	736	745	763	768
Waste water treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	108.02	108.04	108.04	108.04	108.04*	130.72#	130.72	130.8@	129.01	129.65
Parks, Recreation & Cultural										
Parks	5	5	5	5	5	5	5	6	6	6
Acreage	365	365	365	365	365	365	365	367	367	367

Source: Various Departments in the City

Notes:

(*) Updated data not available for FY14

(#) Changes for FY15 do not necessarily represent additions made during FY15 as data for FY14 was unavailable and the data source used for FY15 was different than the source used in prior years

(@) Updated data in FY18; numbers reported in prior year were incorrect.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

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

The Honorable Members of the City Council
 City of Waynesboro, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2019. Our report includes a reference to other auditors who audited the financial statements of 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 compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. 08-1, 18-1, and 19-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated November 25, 2019.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Didawick & Company, P.C.

November 25, 2019

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

The Honorable Members of the City Council
 City of Waynesboro, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, 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, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and Specifications for Audits of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City 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, 2019.

Report on Internal Control over Compliance

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

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

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

This 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.

Didawick & Company, P.C.

November 25, 2019

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

I. SUMMARY OF THE AUDITORS' RESULTS

- a. The auditors' report expresses an unmodified opinion on the financial statements of the City of Waynesboro.
- b. Three deficiencies disclosed during the audit of the financial statements are reported in the 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*. Items 08-1, 18-1, and 19-1 are reported as a material weakness.
- c. No instances of noncompliance material to the financial statements of the City of Waynesboro were disclosed during the audit.
- d. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
- e. The auditors' report on compliance for the major federal award programs for the City of Waynesboro expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
- g. The programs tested as major programs included:

	<u>CFDA No.</u>
Special Education Cluster	
Special Education State Grants.....	84.027
Special Education – Preschool Grants.....	84.173
Child Nutrition Cluster	
School Breakfast Program.....	10.553
National School Lunch Program.....	10.555
Summer Food Service Program for Children.....	10.559
Foster Care Title IV-E.....	93.658
- h. The threshold for distinguishing Type A and B programs was \$750,000.
- i. The City of Waynesboro was not determined to be a low-risk auditee.

II. FINDINGS – FINANCIAL STATEMENTS AUDIT

08-1 Financial Statements – City and School Board (Material Weakness)

Condition:

Material audit adjustments were required in order for the City's financial statements to be fairly stated in accordance with generally accepted accounting principles (GAAP) for governments.

Criteria:

A system of internal controls over financial reporting includes controls over the general ledger and the preparation of the financial statements. The auditor cannot be a compensating control for the client.

Cause:

Internal controls over financial reporting under GAAP were inadequately designed.

Effect:

Because of the failure to adjust financial accounts, such as capital asset-related accounts, accrued revenues and expenditures, etc., the financial statements, prior to the posting of audit adjustments, were not fairly stated.

Recommendation:

The City and School Board should implement procedures to ensure that all adjustments for GAAP financial reporting have been made at the close of the City's fiscal year.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

08-1 Financial Statements – City and School Board (Material Weakness) (continued)

City Response:

The City's Finance Department is aware of this weakness and continues to review and modify the City's financial reporting process, with the goal to have all data completely and accurately posted prior to the year-end audit. For fiscal year 2019 the quantity of audit adjustments were reduced significantly compared with prior years.

School Board Response:

The School Board's Finance Office is aware of this weakness. We will continue to review and modify our procedures to have all data accurately posted prior to the year-end audit.

18-1 Cash Reconciliation – City (Material Weakness)

Condition:

The City did not successfully reconcile cash balances in a timely manner during the fiscal year.

Criteria:

A system of internal controls over financial reporting includes timely reconciliation of cash balances.

Cause:

Bank reconciliation procedures were not adequately adapted to new enterprise wide software system.

Effect:

Because of the inability of the City to prepare timely reconciliations of cash balances to bank activity a key process for the detections of potential errors or fraud has not been performed.

Recommendation:

The City should develop processes that allow for timely reconciliation of all cash accounts.

City Response:

Throughout the year the City developed adequate bank reconciliation procedures which will continue going forward. No issues were detected by the auditors during the current year with regards to ending cash balances.

19-1 Grant Reimbursement – Economic Development Authority (Material Weakness)

Condition:

The Economic Development Authority ("EDA") requested state grant reimbursement funds for three checks that it failed to remit to the vendor prior to submitting the reimbursement request.

Criteria:

A system of internal controls over cash disbursements related to grant compliance requires timely submission of vendor payments and accurate reporting of such payments when requesting reimbursement.

Cause:

Internal controls are not properly designed to prevent disbursement of funds in excess of those available.

Effect:

The request for grant reimbursement submitted by the EDA included check details for payments of reimbursable expenditures that were not remitted to the vendor.

Recommendation:

The City should develop policies and procedures to ensure both timely remittance of all vendor payments once those payments are approved and prevent disbursements in excess of available funds.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

19-1 Grant Reimbursement – Economic Development Authority (Material Weakness) (continued)

City Response:

The EDA ultimately submitted payment to the vendor after the grant reimbursement was received. The procedures for grant accounting and cash disbursements for the EDA will be reviewed by the City and corrected to ensure they meet compliance with all future grant requirements. The City will also review procedures to ensure funds are available to meet expenditure needs.

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

IV. SUMMARY OF PRIOR YEAR FINDINGS RELATIVE TO FEDERAL AWARD PROGRAMS

None

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition Cluster:</u>			
<u>United States Department of Agriculture</u>			
School Breakfast Program	10.553	Department of Education, 40591 & 40253	\$ 386,087
National School Lunch Program			
National School Lunch Program	10.555	Department of Agriculture and Consumer Services, Non-cash commodities	60,721
National School Lunch Program	10.555	Department of Education, 40623 & 40254	884,331
Total National School Lunch Program			945,052
Summer Food Service Program for Children			
Summer Food Service Program for Children	10.559	Department of Education	8,295
Total United States Department of Agriculture			1,339,434
Total Child Nutrition Cluster			\$ 1,339,434
<u>Special Education Cluster (IDEA):</u>			
<u>Department of Education</u>			
Special Education Grants to States	84.027	Department of Education, 43071	709,620
Special Education Preschool Grants	84.173	Department of Education, 62521	15,439
Total Department of Education			725,059
Total Special Education Cluster (IDEA)			\$ 725,059
<u>Other Programs:</u>			
<u>United States Department of Agriculture</u>			
Child Nutrition Discretionary Grants			
Child Nutrition Discretionary Grants	10.579	Department of Agriculture	\$ 14,616
Total Child Nutrition Discretionary Grants			14,616
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	Department of Education	21,342
Fresh Fruit and Vegetable Program	10.582	Department of Defense	42,000
Total Fresh Fruit and Vegetable Program			63,342
Total United States Department of Agriculture			\$ 77,958
<u>Department of Housing and Urban Development</u>			
Community Development Block Grants - Entitlement Grants	14.218		256,100
Total Department of Housing and Urban Development			256,100
<u>United States Department of Justice</u>			
Crime Victim Assistance	16.575	Department of Criminal Justice Services, 18-V9273VW16	51,467
Total United States Department of Justice			51,467

continued

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Program Expenditures</u>
<u>Department of Transportation</u>			
Highway Planning and Construction	20.205	Virginia Department of Transportation	\$ 25,801
State and Community Highway Safety	20.600	Virginia Department of Motor Vehicles	6,027
Total Department of Transportation			31,828
<u>Department of Education</u>			
Adult Education - Basic Grants to States	84.002	Department of Education	655,627
Title I Grants to Local Educational Agencies	84.010	Department of Education	1,094,119
Career and Technical Education - Basic Grants to States	84.048	Department of Education	79,087
Education for Homeless Children and Youth	84.196	Department of Education	38,693
Rural Education	84.358	Department of Education	27,636
English Language Acquisition Grants	84.365	Department of Education	15,973
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Department of Education	145,101
Total Department of Education			2,056,236
<u>Department of Health and Human Services</u>			
Drug-Free Communities Support Program Grants	93.276		106,565
Promoting Safe and Stable Families	93.556	Department of Social Services, 85429, 85430	5
Refugee and Entrant Assistance	93.566	Department of Social Services, 81901	(339)
Temporary Assistance for Needy Families (477 Cluster - Version 2)			
Aid to Dependent Children	93.558	Department of Social Services, 80801	(182)
VIEW-Component & Supportive Services	93.558	Department of Social Services, 87201 & 87202	5,345
VIEW-Transitional	93.558	Department of Social Services, 87204 & 87211	4,554
VIEW-Transportation	93.558	Department of Social Services, 87207	18,192
Total Temporary Assistance for Needy Families (477 Cluster - Version 2)			27,909
Community Services Block Grant	93.569	Department of Social Services	206,781
Department of Health and Human Services Child Care and Development Block Grant	93.575	Department of Social Services	(1,401)
Foster Care - Title IV-E:			
ARRA - Residential Foster Care Payments	93.658	Department of Social Services, 81107	158,606
Child Placing Agencies	93.658	Department of Social Services, 81108	38,533
Agency Foster Homes	93.658	Department of Social Services, 81110	28,408
Licensed Child	93.658	Department of Social Services, 81112	49,277
Fostering Futures LCP	93.658	Department of Social Services, 81401, 81403, 81404 & 81113	4,633
Total Foster Care - Title IV-E			279,457

continued

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Program Expenditures</u>
<u>Department of Health and Human Services (cont'd)</u>			
Adoption Assistance:			
Subsidized Adoption	93.659	Department of Social Services, 81201	\$ 230,343
Nonrecurring IV-E Adoption	93.659	Department of Social Services, 81202	3,306
Federal Adoption	93.659	Department of Social Services, 81203	140,999
Total Adoption Assistance			<u>374,648</u>
Social Services Block Grant:			
Child Protective Services	93.667	Department of Social Services, 82402	95,560
State Adoption	93.667	Department of Social Services, 81701	10,589
Adult Services - Homebound Companion	93.667	Department of Social Services, 83304	6,836
Prevention Services	93.667	Department of Social Services, 83306	773
Adult Protective Services	93.667	Department of Social Services, 89501	182
Total Social Services Block Grant			<u>113,940</u>
Total Department of Health and Human Services			<u>1,107,565</u>
Department of Homeland Security			
Emergency Management Performance Grants	97.042	Department of Emergency Management	<u>7,500</u>
Total Department of Homeland Security			<u>7,500</u>
Total Other Programs			<u>\$ 3,588,654</u>
Total Expenditures of Federal Awards			<u>\$ 5,653,147</u>
LOANS OUTSTANDING: (Note 2)			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	<u>\$ 2,504,442</u>

**CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

1. BASIS OF PRESENTATION

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

2. LOANS OUTSTANDING

During prior years, the City received federal funding from the Virginia Water Facilities Revolving Fund, authorized under the Capitalization Grants for Clean Water State Revolving Funds program. The outstanding loan balance under this program of \$2,504,442 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2019.

3. INDIRECT COST RATE

The City has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SUMMARY OF STATE AND LOCAL COMPLIANCE MATTERS

The Honorable Members of the City Council
 City of Waynesboro, Virginia

As more fully described in the Independent Auditors' Report on Compliance for the year ended June 30, 2019, 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 Investments Laws
- Conflicts of Interest Act
- Debt Provisions
- Retirement Systems
- Procurement Laws
- Sheriff Internal Controls

State Agency Requirements:

- Education
- Comprehensive Service Act Funds
- Social Services
- Highway Maintenance Funds
- Stormwater Utility Program

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances

Didawick & Company, P.C.

November 25, 2019