

CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011**

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INTRODUCTORY SECTION

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CITY OF WAYNESBORO, VIRGINIA

**COUNCIL
(As of June 30, 2011)**

Frank S. Lucente, Mayor
Bruce Allen, Vice Mayor
Jeffrey S. Freeman
Michael E. Harris
Timothy D. Williams
Julia E. Bortle, Clerk

**OFFICIALS
(As of June 30, 2011)**

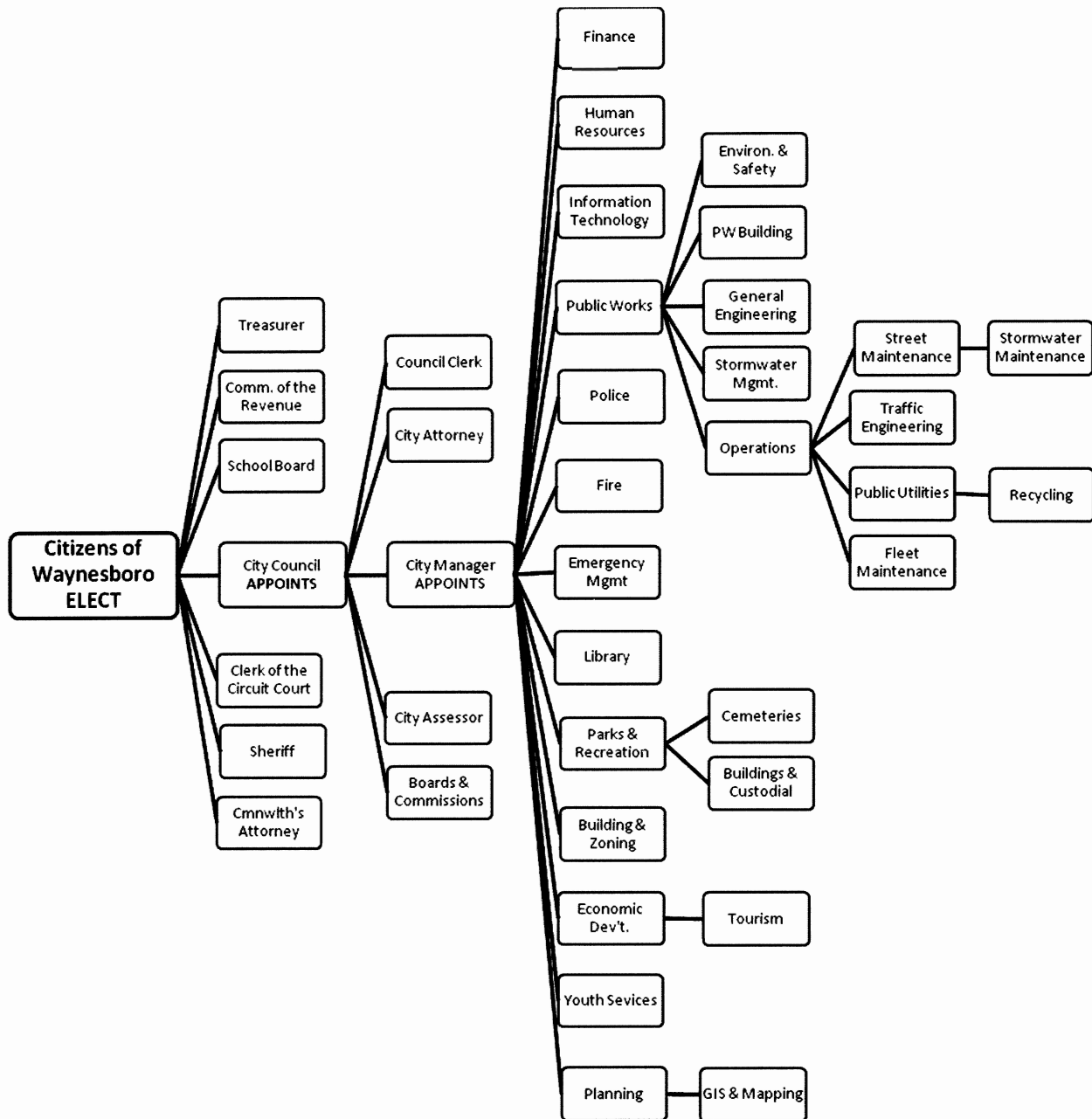
Michael G. Hamp, II	City Manager/City Auditor
Stephanie M. Beverage	City Treasurer
Donald R. Coffey	Commissioner of the Revenue
John M. Kiger	City Assessor
Charles P. Ajemian	Commonwealth's Attorney
Dr. Robin G. Crowder	Superintendent of Schools
Elizabeth Middleton	Director of Social Services
Joe Harris, Jr.	Sheriff
Nicole A. Briggs	Clerk of Circuit Court

**SCHOOL BOARD
(As of June 30, 2011)**

Kathryn E. Maneval, Chair
Brian A. Edwards, Vice Chair
Jonathan W. Lovelady
Douglas B. Norcross
Jeremy Y. Taylor
William B. Staton, Jr., Clerk

City of Waynesboro, Virginia

Organizational Structure – June 30, 2011



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 ■ 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

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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 discretely presented component units, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest and joint venture component represents the entirety of the City's ACSA Joint Landfill Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress on pages 3a through 3k and 46, 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 the basic financial statements in an appropriate operational, economic, or historical context. We and the 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.



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 schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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. The information has been subjected to the auditing procedures applied by us and the other auditors 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



November 28, 2011



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, 2011. This analysis is a cursory overview and is meant to be considered as a companion document to the *Letter of Transmittal*, *Financial Statements*, and *Notes* that follow.

Financial Highlights

- The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$51,864,149. Of this amount, \$11,988,432 (unrestricted net assets) may be used to satisfy the primary government's obligations to citizens and creditors for business-type activities. *Refer to the Government-wide Financial Analysis on page 3c for further discussion of this highlight.*
- The City's total net assets related to the primary government increased by \$2,332,655 compared to FY10.
- As of the end of FY11, the City's governmental funds reported a combined ending fund balance of 18,010,153--a decrease of \$1,230,481 in comparison to the prior year. Of this amount, \$267,972 is shown as a negative change to the fund balance of the General Fund, and \$1,063,156 is a negative change to the fund balance in the Capital Improvements Fund; the remaining increase of \$100,647 reflects changes in the fund balances of Other Governmental Funds.
- At the end of the fiscal year reported here, **unrestricted** fund balance for the *General Fund* was \$9,341,847. This represents a decrease of \$31,221, or less than 1% less than the prior fiscal year. The City's fiscal policy guideline related to fund balance was rendered obsolete with the implementation of Governmental Accounting Standards Board Statement 54 (which changed fund balance reporting); revised guidelines were not adopted by the City Council during the fiscal year ended June 30, 2011. However, the Government Finance Officers Association (GFOA) recommends the minimum General Fund unrestricted fund balance to be maintained should be no less than either two (2) months of regular operating revenues or expenditures. Following the GFOA guidelines of using two months of regular operating expenditures, General Fund unrestricted fund balance should be no less than \$6,384,001. As of the close of fiscal year 2011, the unrestricted fund balance in the General Fund exceeds the GFOA suggested fiscal policy guideline by \$2,957,845.
- The unassigned fund balance in the General Fund of \$8,204,385 equals approximately 21% of the General Fund's total expenditures. This total includes \$404,346 of FY11 funding to the Schools that was returned to the General Fund.
- The City's total long-term liabilities at the close of the FY11, including governmental and business type activities, were \$87,007,643. During fiscal year 2011, the city retired a total of \$3,395,624, predominantly through principal reductions. Over the same period, the City added a total of \$7,129,981, the majority of which was related to wastewater treatment capital improvements and a new General Obligation issue to fund stormwater and sanitary sewer infiltration and inflow projects, as well as a rehabilitation project at Wayne Hills Elementary School. At the close of the fiscal year, the amount of debt principal payments due within one year was \$4,013,934. (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. (See pages 85-104).

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 Assets* presents information on all of the City of Waynesboro's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net asset values 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 asset values 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 and 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 component units 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 one major governmental fund—the General Fund, and six non-major governmental funds. Fund financial statements immediately follow the government-wide financial statement section. Detailed statements of the non-major funds begin on page 47 of this report.
- **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 government-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, and 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. These funds include accounting for agencies such as the Department of

Social Services, Central Shenandoah Criminal Justice Training Academy, the Greater Augusta Regional Tourism Board, etc. Fiduciary funds are accounted for on a full accrual basis; and their financial statements can be found on pages 57-60 in the *combining statements* section of this report.

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. The notes can be found following the Basic Financial Statements section of this report beginning on page 16.

Government-Wide Financial Analysis

As noted earlier, a comparison of net asset values 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 exceeded liabilities by \$51,864,149 at the close of fiscal year 2011. Capital assets (e.g., land, buildings, machinery, and equipment) in FY11 comprise approximately 77% of total assets, compared with 76% in FY10. 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.

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	22,186,725	22,699,997	10,338,944	9,806,972	32,525,669	32,506,969
Capital assets	32,346,089	31,123,237	77,448,706	74,250,406	109,794,795	105,373,643
Total assets	54,532,814	53,823,234	87,787,650	84,057,378	142,320,464	137,880,612
Current and other liabilities	4,327,731	4,355,242	3,134,875	3,795,975	7,462,606	8,151,217
Long-term liabilities outstanding	33,957,549	34,633,811	49,036,160	45,564,090	82,993,709	80,197,901
Total liabilities	38,285,280	38,989,053	52,171,035	49,360,065	90,456,315	88,349,118
Net assets:						
Invested in capital assets, net of related debt	28,479,287	28,815,976	23,628,183	28,231,948	52,107,470	57,047,924
Restricted	1,709,659	895,584		-	1,709,659	895,584
Unrestricted	(13,941,412)	(14,877,379)	11,988,432	6,465,365	(1,952,980)	(8,412,014)
Total net assets	16,247,534	14,834,181	35,616,615	34,697,313	51,864,149	49,531,494

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, 2011, is \$23,371,923. 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 assets for governmental activities would be \$39,619,457 and the total net assets for the primary government would be \$75,236,072.

Approximately 11% of the City's net assets represent 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 total net assets increased by \$2,332,655 compared to FY10. This increase is the net effect of a \$919,302 increase in the net assets of the business-type activities, and a \$1,413,353 increase in the net assets of the governmental activities.

The table on the following page provides comparison information from FY10 to FY11 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 FY10, total revenues from Governmental Activities increased by \$2,344,712; a large portion of this increase was due to the receipt of a grant from the Governor's Opportunity Fund, which was part of the incentive package given to an existing manufacturing facility to expand in Waynesboro. Although revenues related to taxes on property exhibited a 2% increase, this was wholly offset by reduced collections of other taxes, most notably sales and business licenses, which continued along the downward trend that first emerged in FY09. Expenditures related to Governmental Activities increased by \$1,071,119, a large portion of which is attributable to the funding received from the Governor's Opportunity Fund, which was paid to the grant recipient in FY11, and is reflected as an increase in Community Development expenditures. Public Safety (\$289,292), Public Works (\$291,198), and Education (\$518,071) also saw significant increases in expenditures from FY10 to FY11, while General Government (\$226,091) and Parks & Recreation (\$433,914) realized significant reduction in expenditures over the same period. Overall, the change in the Governmental net asset valuation was an increase of \$1,413,353 after transfers of \$644,665 are taken into consideration.

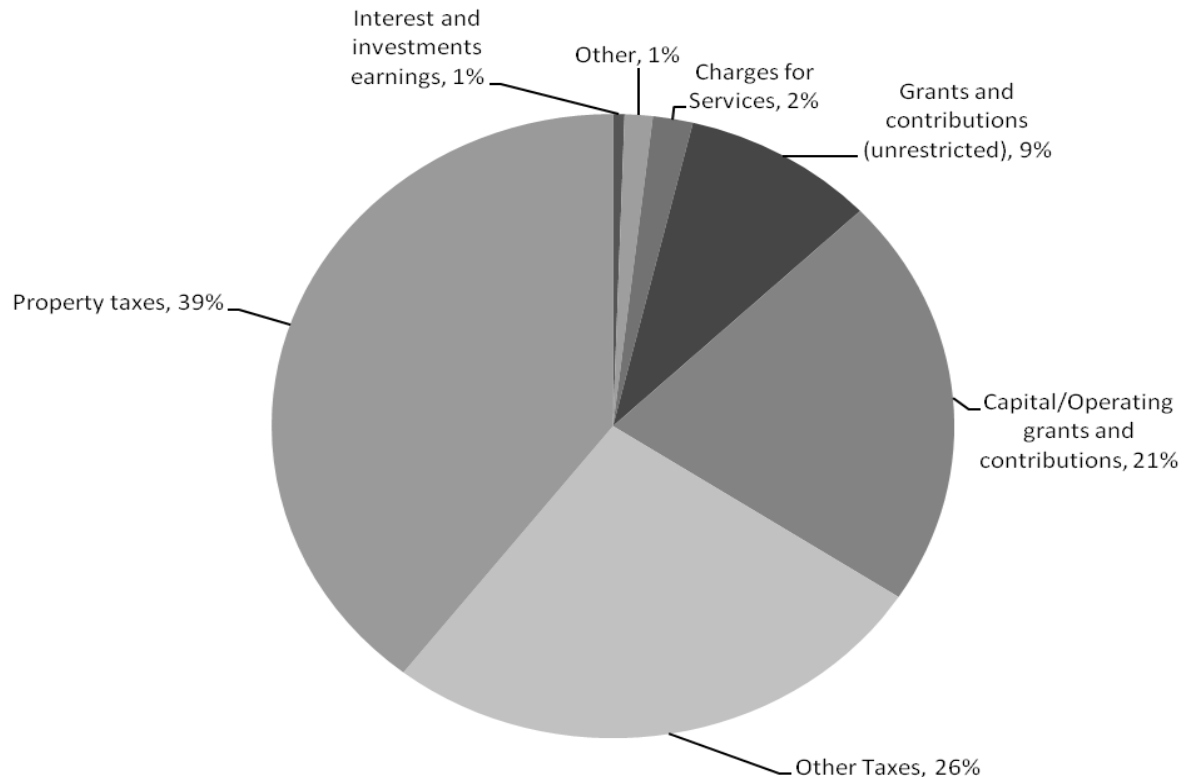
In comparison to FY10, Business-type revenues derived from charges for services increased in FY11 by \$606,333 primarily due to rate increases that went into effect July 2010. Completion of the wastewater treatment plant led to a decrease in WQIF grant receipts, leading to a \$1,861,925 decrease in capital grants and contributions. Expenses in the Water and Garbage Funds were relatively unchanged when comparing FY11 to FY10; the Landfill Operations Fund saw a significant decrease (\$615,928), which is attributable to a loss on equity interest included in the FY10 expense total; expenses in the Sewer Fund increased \$339,586, which is largely attributable to the new wastewater treatment plant becoming fully operational in FY11.

The City of Waynesboro, Virginia
Required Supplemental Information

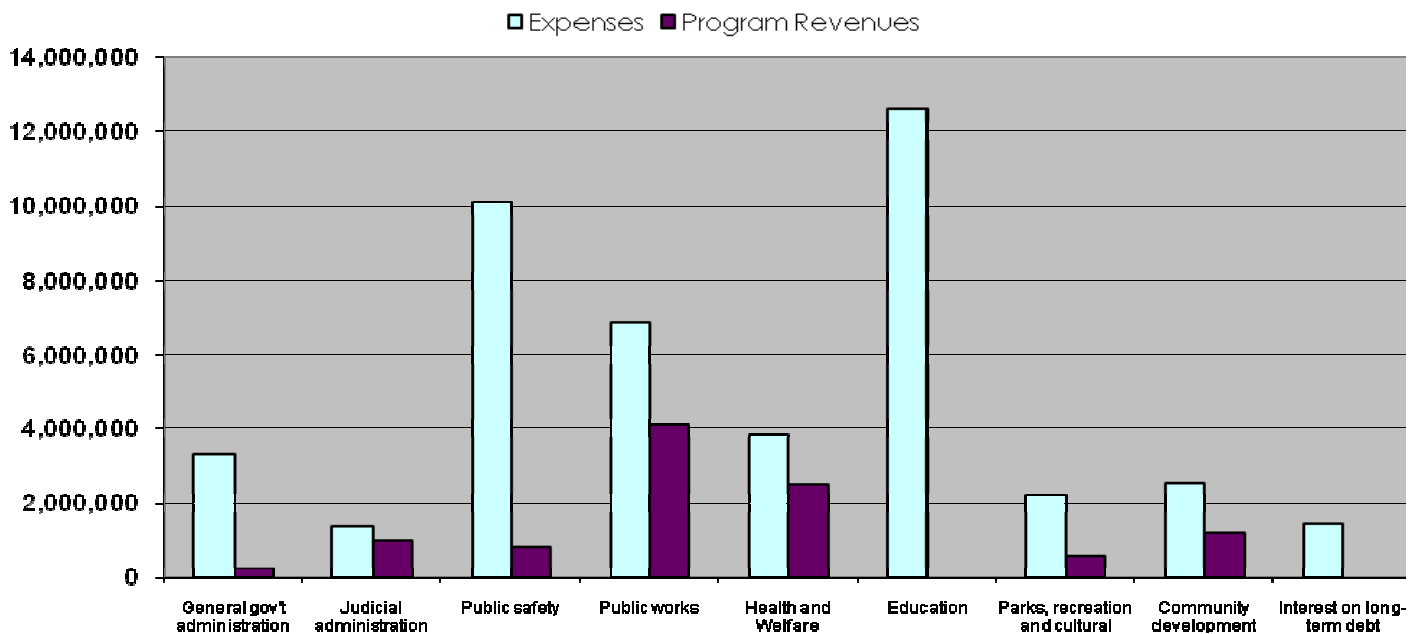
MANAGEMENT DISCUSSION & ANALYSIS
 June 30, 2011

City of Waynesboro, Virginia Changes in Net Assets						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues by source:						
Program Revenues						
Charges for services	853,647	777,688	8,811,928	8,205,595	9,665,575	8,983,283
Operating grants and contributions	8,171,171	7,389,284	5,910	5,125	8,177,081	7,394,409
Capital grants and contributions	1,437,657	585,973	1,417,616	3,279,541	2,855,273	3,865,514
General Revenues						
Property taxes	17,778,371	17,424,487			17,778,371	17,424,487
Other taxes	11,843,690	12,553,881			11,843,690	12,553,881
Grants and contrib. (unrestricted)	4,109,897	2,900,125			4,109,897	2,900,125
Interest and Investment earnings	244,466	314,491	33,932	12,731	278,398	327,222
Other	596,410	744,668	95,299	22,549	691,709	767,217
Total Revenues	45,035,309	42,690,597	10,364,685	11,525,541	55,399,994	54,216,138
Expenses by activity:						
Governmental activity						
General government admin	3,287,456	3,513,547			3,287,456	3,513,547
Judicial administration	1,382,610	1,343,998			1,382,610	1,343,998
Public safety	10,117,442	9,828,150			10,117,442	9,828,150
Public works	6,868,683	6,577,485			6,868,683	6,577,485
Health and Welfare	3,814,915	3,654,529			3,814,915	3,654,529
Education	12,613,857	12,095,786			12,613,857	12,095,786
Parks, recreation and cultural	2,190,791	2,624,705			2,190,791	2,624,705
Community development	2,556,858	2,045,703			2,556,858	2,045,703
Interest on long-term debt	1,453,059	1,530,649			1,453,059	1,530,649
Business-type activities						
Water			3,084,115	3,079,569	3,084,115	3,079,569
Sewer			4,335,813	3,996,227	4,335,813	3,996,227
Landfill operations			423,090	1,039,018	423,090	1,039,018
Garbage			957,700	910,371	957,700	910,371
Total Expenses	44,285,671	43,214,552	8,800,718	9,025,185	53,086,389	52,239,737
Change in net assets before transfers	749,638	(523,955)	1,563,967	2,500,356	2,313,605	1,976,401
Contributions to permanent fund	19,050	18,500			19,050	18,500
Transfers	644,665	711,774	(644,665)	(711,774)		
Increase (decrease) in net assets	1,413,353	206,319	919,302	1,788,582	2,332,655	1,994,901
Net assets - beginning as adjusted	14,834,181	14,613,894	34,697,313	32,908,731	49,531,494	47,522,625
Net assets -ending	16,247,534	14,820,213	35,616,615	34,697,313	51,864,149	49,517,526

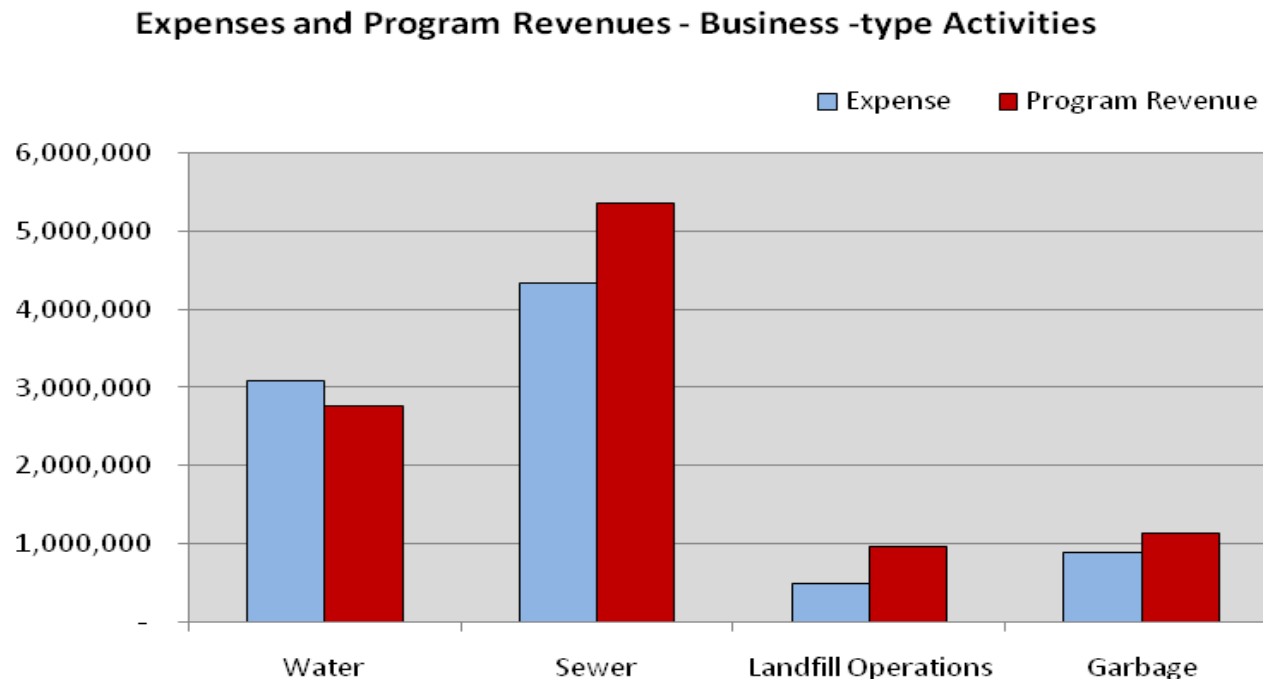
Revenues by Source - Governmental Activities



Expenses and Program Revenues-Governmental Activities



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 FY11 compared to the expenses incurred for governmental activities during FY11. 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 above, revenues exceeded associated expenditures for all business-type activities in FY11 except the Water Fund; however, excluding WQIF grant funding (for wastewater treatment plant construction) from Sewer revenues reveals that expenditures in this fund also exceed revenues. The trend of expenses exceeding revenues (excluding WQIF grant funding) in the Water and Sewer Funds began in FY 2008.

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 FY11, the City's governmental funds reported a combined ending fund balance of \$18,010,153--a decrease of \$1,230,481 in comparison with the prior year. Approximately 46% of this total amount (\$8,204,385) constitutes unassigned fund balance, representing that which 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: capital projects (\$5,478,065); cemetery perpetual care (\$510,549); Youth & Family Services (\$290,722); debt service (\$274,008); and subsequent years' expenditures (\$122,625).

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 \$8,204,385, while total fund balance was \$10,388,807. 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 21% of total fund expenditures, while total fund balance represents 27% of the total fund expenditures.

The fund balance of the City's General Fund decreased by \$267,972 during FY11, however, if the \$404,346 of School unspent FY11 appropriation funds is subtracted from the total, the net decrease becomes \$672,318. Further analysis reveals that the City budgeted for a net reduction of fund balance of \$3,536,743 in FY11, though that figure was not realized, as actual revenues exceeded the budgeted revenue amount by \$1,023,220, and actual expenditures (including net inter-fund transfers) were \$2,245,551 less than budgeted.

Capital Improvements fund. The Capital improvements fund is the capital projects fund of the City. At the end of FY11, fund balance was \$6,527,648. The net change in fund balance was (\$1,063,156). This negative variance was, for the most part, the result of expenses related to the various governmental capital improvement projects being captured in FY11, while the funding for these projects (primarily through the receipt of bond proceeds) was recorded as revenue in prior fiscal years.

Other non-major funds. As of June 30, 2011, the fund balance for the other governmental funds was \$1,093,698. This fund balance amount represents 19% of the total of all other non-major fund expenditures. The net change in fund balance was \$100,647. This positive variance resulted primarily from total transfers from the General Fund and School Board to the Debt Revenue Fund exceeding the total debt service payments made from the Debt Revenue Fund during FY11. (See Exhibit 14 on page 49 for detailed information on other non-major funds' fund balances.)

Proprietary funds. At the end of FY11, the total net assets of the enterprise funds were \$35,616,615. This figure represents an increase in net assets of \$919,302 compared to FY10. The total net assets of the internal services fund at the end of FY11 were \$1,804,981 which represents a decrease from FY10 of \$82,978, or 4%. For a more detailed accounting of the activities of these funds, refer to the Exhibits beginning on page 11 of this report.

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. Page 10 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 \$1,163,194 greater than originally budgeted revenues. This increase is largely attributable to various grant awards the City received during FY11, including Governor's Opportunity Grant funding (\$750,000), Department of Forestry funding (\$49,843), as well as reimbursements received from FEMA for extraordinary weather event expenditures (\$166,963).
- General Fund final budgeted expenses were \$2,563,736 greater than originally budgeted expenses. The expenditures associated with various revenue items in the previous paragraph comprised a large portion of the difference, as well as budget adjustments made at the time FY10 encumbrances were rolled to the new fiscal year (\$1,583,675). These encumbrances included VDOT urban maintenance funds for street paving and traffic signal installation, and an incentive payment for economic development.
- General Fund's actual revenues were \$1,023,220 greater than final budgeted revenues representing a variance of 3%.
- General Fund's actual expenditures were \$1,440,451 less than final budgeted expenditures. This variance is due in part to vacancy savings and a significant (\$404,346) unspent appropriation amount returned from the Schools.

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. For its governmental and business-type activities as of June 30, 2011 the City had a total investment in capital assets of \$107,011,354.

Total capital assets attributed to governmental activities increased by \$1,222,852, due primarily to continuing stormwater project additions and the start of the Library renovation project outpacing the amount of depreciation that accumulated during the year, as well as substantial developer capital contributions. The total capital assets attributed to the business-type activities increased by \$414,859, due primarily to continuing work on various projects. The FY11 saw the completion of the wastewater treatment plant, which ends a period of substantial capital asset additions in the enterprise funds (See note 7, which begins on page 28, for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2011 included the following:

- A portion of the South River Greenway construction was completed, amounting to \$360,037 of FY11 expenditures, funded primarily by 2007 GO bond proceeds
- \$879,345 of capital expenditures related to the ongoing Wayne Hills Stormwater Project were incurred; this project is funded through various bond issues.
- Construction of the Library renovation project began; this project is funded primarily through 2008 GO bond proceeds.
- The new wastewater treatment plant was completed. This project was funded through grants from the Water Quality Improvement Fund and loans from the Virginia Resource Authority.
- Two refuse trucks, totaling \$253,038, were purchased by the Garbage Fund, using accumulated capital replacement funds.

City of Waynesboro
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	5,264,398	5,264,398	386,268	369,088	5,650,666	5,633,486
Buildings	8,664,911	8,935,576	48,831,601	13,202,806	57,496,512	22,138,382
Improvements other than buildings	2,011,905	1,433,487	24,309,540	25,253,829	26,321,445	26,687,316
Machinery and equipment	2,330,756	2,792,655	1,046,956	844,852	3,377,712	3,637,507
Infrastructure	12,331,112	11,789,796			12,331,112	11,789,796
Construction in Progress	1,743,007	907,325	90,900	34,579,831	1,833,907	35,487,156
Total Capital Assets	32,346,089	31,123,237	74,665,265	74,250,406	107,011,354	105,373,643

Long-term debt. As of June 30, 2011, the City of Waynesboro held an A1 enhanced bond rating from Moody's Investor Service. 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. The City's Standard & Poor's rating was upgraded during FY11 from A to A+. 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 \$195,413,169. See page 98 of this report for historic debt margin comparisons.

City of Waynesboro Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
G O bonds	30,191,923	31,262,509	15,345,000	13,280,000	45,536,923	44,542,509
Literary loans	2,250,000	2,500,000			2,250,000	2,500,000
Capital Leases	32,718	1,711			32,718	1,711
VA Revolving Loans			35,465,122	32,532,214	35,465,122	32,532,214
Total O/S Debt	32,474,641	33,764,220	50,810,122	45,812,214	83,284,763	79,576,434

The table above provides comparative information related to the City's long-term outstanding debt. The increase from 2010 to 2011 for total debt outstanding for the City is a result of continuing draws from a Virginia Waste Water Revolving Loan Fund loan for construction costs associated with the wastewater treatment plant, as well as a new General Obligation Bond Issue. As of June 30, 2011, the City had long-term debt outstanding of \$83,284,763; \$50,810,122 was for business-type activities and \$32,474,641 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$1,678,406, and \$2,132,105 for business-type activities. These debt payments were budgeted as expenditures in the FY 2012 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities column, \$9,102,718 is related to general government capital projects. The remaining debt outstanding is related to School Board-component unit projects. (See Note 9, beginning on page 31, for relevant disclosures regarding the City's outstanding debt.)

Economic Factors and Next Year's Budget and Rates

The following factors influenced the preparation of the City's 2012 fiscal year budget:

- Real property value changes resulting from a City-wide reassessment called for unprecedented discussion related to the real property tax rate backdropped with the presence of high unemployment and declining consumer confidence. Ultimately, the Council adopted a rate of \$0.75 per \$100 of assessed value-- an increase from the previous rate of \$0.70, though \$0.03 less than the equalized rate of \$0.78.
- Meals and lodging tax rates were increased 1%, from 5% to 6%.
- Revenue estimates for sales and BPOL tax revenues were conservatively forecast to reflect continued economic volatility and the lack of established trends in light of a multi-year recession.
- Machinery and Tool tax revenues were forecast to decline some 30% evidencing the City's continuing shift from an industrial-based economy.
- No employee merit or COLA increases were adopted, although a one-time bonus was given to employees meeting certain criteria.
- Operational expenditures for training, materials and supplies, purchased services, and building and fleet maintenance continued to be scrutinized to compensate for flat or declining revenues.
- Many capital purchases including computer, vehicle, and equipment replacements continued to be unfunded
- According to the Bureau of Labor, the unemployment rate in September 2010 for Waynesboro was 9.1%. Although this compares favorably to the national rate of 9.2% for the same period, it surpasses the Commonwealth's September 2010 rate of 6.5%.
- Owing to increased operating expenses for water and sewer services, as well as a substantial increase in Sewer Fund debt service, base and consumption rate increases for both services were adopted.

The adopted FY12 General Fund original budget includes the use of fund balance in the amount of \$838,235 to balance revenues and expenditures—an improvement over the FY11 original budget which used \$1,109,347 of fund balance. Subsequent to the original FY12 budget, \$1,015,723 has been appropriated from fund balance, largely to fund prior fiscal year encumbrances (\$816,960) and a local match for VDOT construction costs for widening a portion of State Route 340. Notwithstanding the use of fund balance as a tool to achieving a balanced budget—a practice not traditionally used prior to FY10--the City's continuing efforts to increase revenue sources and amounts, coupled with its attention to expenditure control and timing has facilitated its navigation through the economic uncertainty that has largely defined the past three fiscal years.

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: Finance Director, 503 W. Main Street, Suite 203, Waynesboro, VA 22980.

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2011

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 16,072,398	\$ 9,252,664	\$ 25,325,062	\$ 3,103,606	\$ 371,803
Investments	220,887	-	220,887	-	-
Receivable (net of allowance for uncollectibles):					
Taxes, including penalties	588,552	-	588,552	-	-
Accounts	694,660	1,410,950	2,105,610	11,202	-
Due from external parties	34,486	-	34,486	-	-
Due from other governments	1,501,898	359,886	1,861,784	1,461,991	-
Due from component unit	216,151	-	216,151	-	-
Internal balances	1,045,850	(1,045,850)	-	-	-
Inventories	947,397	-	947,397	-	-
Prepaid items	-	-	-	162,241	-
Deferred charges	353,897	361,294	715,191	-	-
Restricted assets:					
Permanently restricted:					
Cash and cash equivalents	510,549	-	510,549	-	-
Investment in landfill joint venture	-	2,783,441	2,783,441	-	-
Capital assets not being depreciated:					
Land	5,264,398	386,268	5,650,666	274,493	-
Construction in progress	1,743,007	90,900	1,833,907	983,433	-
Capital assets, net of accumulated depreciation:					
Buildings and systems	8,664,911	48,831,601	57,496,512	39,169,148	-
Improvements other than buildings	2,011,905	24,309,540	26,321,445	1,605,808	-
Machinery and equipment	2,330,756	1,046,956	3,377,712	885,299	-
Infrastructure	12,331,112	-	12,331,112	-	-
Total assets	<u>54,532,814</u>	<u>87,787,650</u>	<u>142,320,464</u>	<u>47,657,221</u>	<u>371,803</u>
LIABILITIES					
Accounts payable and other current liabilities	1,803,629	532,500	2,336,129	3,655,014	-
Accrued interest payable	586,532	432,559	1,019,091	29,014	11,638
Due to primary government	-	-	-	216,151	-
Unearned revenue	93,452	-	93,452	-	-
Noncurrent liabilities:					
Due within one year	1,844,118	2,169,816	4,013,934	209,137	623,029
Due in more than one year	33,957,549	49,036,160	82,993,709	4,524,738	4,308,796
Total liabilities	<u>38,285,280</u>	<u>52,171,035</u>	<u>90,456,315</u>	<u>8,634,054</u>	<u>4,943,463</u>
NET ASSETS					
Invested in capital assets, net of related debt	28,479,287	23,628,183	52,107,470	39,741,364	-
Restricted for:					
Judicial administration	150,277	-	150,277	-	-
Public safety	157,339	-	157,339	-	-
Public works	693,835	-	693,835	-	-
Parks, recreation and cultural	28,950	-	28,950	-	-
Senior advocacy commission	873	-	873	-	-
Council audio visual equipment	7,996	-	7,996	-	-
Tax relief	7,691	-	7,691	-	-
Capital projects	152,149	-	152,149	-	-
Perpetual care:					
Nonexpendable	510,549	-	510,549	-	-
Unrestricted	(13,941,412)	11,988,432	(1,952,980)	(718,197)	(4,571,660)
Total net assets	<u>\$ 16,247,534</u>	<u>\$ 35,616,615</u>	<u>\$ 51,864,149</u>	<u>\$ 39,023,167</u>	<u>\$ (4,571,660)</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, 2011

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	School Board	Economic Development Authority
					Governmental Activities	Business-type Activities			
Primary government:									
Governmental activities:									
General government administration	\$ 3,287,456	\$ 25,148	\$ 220,553	\$ -	\$ (3,041,755)		\$ (3,041,755)		
Judicial administration	1,382,610	170,118	828,152	-	(384,340)		(384,340)		
Public safety	10,117,442	35,325	778,364	-	(9,303,753)		(9,303,753)		
Public works	6,868,683	15,738	2,949,591	1,144,545	(2,758,809)		(2,758,809)		
Health and welfare	3,814,915	69,765	2,424,127	-	(1,321,023)		(1,321,023)		
Education	12,613,857	-	-	-	(12,613,857)		(12,613,857)		
Parks, recreation and cultural	2,190,791	369,128	220,384	-	(1,601,279)		(1,601,279)		
Community development	2,556,858	168,425	750,000	293,112	(1,345,321)		(1,345,321)		
Interest on long-term debt	1,453,059	-	-	-	(1,453,059)		(1,453,059)		
Total governmental activities	<u>44,285,671</u>	<u>853,647</u>	<u>8,171,171</u>	<u>1,437,657</u>	<u>(33,823,196)</u>		<u>(33,823,196)</u>		
Business-type activities:									
Water	3,084,115	2,659,951	-	109,810	-	\$ (314,354)	(314,354)		
Sewer	4,335,813	4,051,980	-	1,307,806	-	1,023,973	1,023,973		
Landfill operations	423,090	971,976	-	-	-	548,886	548,886		
Garbage	957,700	1,128,021	5,910	-	-	176,231	176,231		
Total business-type activities	<u>8,800,718</u>	<u>8,811,928</u>	<u>5,910</u>	<u>1,417,616</u>	<u>-</u>	<u>1,434,736</u>	<u>1,434,736</u>		
Total primary government	<u>\$ 53,086,389</u>	<u>\$ 9,665,575</u>	<u>\$ 8,177,081</u>	<u>\$ 2,855,273</u>	<u>(33,823,196)</u>	<u>1,434,736</u>	<u>(32,388,460)</u>		
Component units:									
School board	31,807,568	488,202	18,697,345	-				\$ (12,622,021)	
Economic development authority	1,634,579	-	2,201,527	-				-	\$ 566,948
Total component unit	<u>\$ 31,807,568</u>	<u>\$ 488,202</u>	<u>\$ 18,697,345</u>	<u>\$ -</u>				<u>(12,622,021)</u>	<u>566,948</u>
General revenues:									
Taxes:									
General property					17,778,371	-	17,778,371	-	-
Sales					4,489,608	-	4,489,608	-	-
Utility					1,025,014	-	1,025,014	-	-
Business license					1,822,607	-	1,822,607	-	-
Hotel and meals					3,276,948	-	3,276,948	-	-
Tobacco					394,680	-	394,680	-	-
Other					834,833	-	834,833	-	-
Miscellaneous					373,808	95,299	469,107	116,263	-
Payment from City of Waynesboro					-	-	-	12,583,454	-
Payment from Component Unit School Board					200,000	-	200,000	-	-
Grants and contributions not restricted to specific programs					4,109,897	-	4,109,897	-	-
Unrestricted investment earnings					244,466	33,932	278,398	19,232	2,453
Gain on disposal of capital assets					22,602	-	22,602	-	-
Contributions to permanent fund principal					19,050	-	19,050	-	-
Transfers					644,665	(644,665)	-	-	-
Total general revenues and transfers					<u>35,236,549</u>	<u>(515,434)</u>	<u>34,721,115</u>	<u>12,718,949</u>	<u>2,453</u>
Change in net assets					1,413,353	919,302	2,332,655	96,928	569,401
Net assets - beginning - as adjusted (Note 19)					<u>14,834,181</u>	<u>34,697,313</u>	<u>49,531,494</u>	<u>38,926,239</u>	<u>(5,141,061)</u>
Net assets - ending					<u>\$ 16,247,534</u>	<u>\$ 35,616,615</u>	<u>\$ 51,864,149</u>	<u>\$ 39,023,167</u>	<u>\$ (4,571,660)</u>

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

FUND FINANCIAL STATEMENTS

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CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Exhibit 3

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,016,514	\$ 7,096,115	\$ 508,111	\$ 15,620,740
Investments	220,887	-	-	220,887
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	588,552	-	-	588,552
Accounts	533,915	70,458	45,675	650,048
Due from other funds	1,116,188	-	-	1,116,188
Due from component unit	216,151	-	-	216,151
Due from external parties	34,486	-	-	34,486
Due from other governments	1,117,807	-	363,770	1,481,577
Restricted assets:				
Cash and cash equivalents	-	-	510,549	510,549
Total assets	\$ 11,844,500	\$ 7,166,573	\$ 1,428,105	\$ 20,439,178
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	212,193	638,925	142,464	993,582
Accrued payroll	662,034	-	34,866	696,900
Deposits payable	2,500	-	-	2,500
Due to other funds	-	-	157,077	157,077
Amounts held for others	8,530	-	-	8,530
Deferred revenues	568,814	-	-	568,814
Compensated absences	1,622	-	-	1,622
Total liabilities	1,455,693	638,925	334,407	2,429,025
Fund balances:				
Nonspendable:				
Permanent fund principal	-	-	510,549	510,549
Restricted for:				
Judicial administration	150,277	-	-	150,277
Public safety	157,339	-	-	157,339
Public works	693,835	-	-	693,835
Parks, recreation and cultural	28,950	-	-	28,950
Senior advocacy commission	873	-	-	873
Council audio visual equipment	7,996	-	-	7,996
Tax relief	7,691	-	-	7,691
Capital projects	-	5,478,065	-	5,478,065
Committed to:				
Public works	539,172	-	-	539,172
Health and welfare	311,968	-	-	311,968
Parks, recreation and cultural	67,629	-	-	67,629
Community development	95,566	-	-	95,566
Capital projects	-	926,958	-	926,958
Assigned to:				
General government administration	17,800	-	-	17,800
Judicial administration	827	-	-	827
Public safety	8,479	-	-	8,479
Public works	57,209	-	-	57,209
Parks, recreation and cultural	13,411	-	-	13,411
Community development	25,400	-	-	25,400
Capital projects	-	122,625	-	122,625
Youth and family services	-	-	290,722	290,722
Debt service	-	-	274,008	274,008
CAPSAW	-	-	18,419	18,419
Unassigned:				
School Board	404,346	-	-	404,346
General	7,800,039	-	-	7,800,039
Total fund balances	10,388,807	6,527,648	1,093,698	18,010,153
Total liabilities and fund balances	\$ 11,844,500	\$ 7,166,573	\$ 1,428,105	\$ 20,439,178

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

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Exhibit 4

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 18,010,153
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,942,455
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	20,321
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	475,362
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 assets.	2,825,647
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(36,026,404)</u>
Net assets of governmental activities	<u>\$ 16,247,534</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

Exhibit 5

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 17,860,376	\$ -	\$ -	\$ 17,860,376
Other local taxes	11,843,690	-	-	11,843,690
Permits, privilege fees and regulatory licenses	170,838	-	-	170,838
Fines and forfeitures	167,027	-	-	167,027
Revenue from use of money and property	284,859	19,343	6,649	310,851
Charges for services	387,367	-	-	387,367
Miscellaneous	184,874	25,185	112,332	322,391
Recovered costs	58,650	-	335,855	394,505
Intergovernmental:				
Local - School Board	-	-	200,000	200,000
Commonwealth	8,936,254	-	1,565,700	10,501,954
Federal	305,179	297,217	1,183,419	1,785,815
Total revenues	40,199,114	341,745	3,403,955	43,944,814
EXPENDITURES				
Current:				
General government administration	3,204,711	-	-	3,204,711
Judicial administration	1,307,187	-	-	1,307,187
Public safety	8,797,686	223,644	920,157	9,941,487
Public works	4,772,569	1,988,924	-	6,761,493
Health and welfare	473,801	-	3,332,151	3,805,952
Education	12,113,857	-	-	12,113,857
Parks, recreation, and cultural	2,285,261	44,903	-	2,330,164
Community development	2,920,682	-	-	2,920,682
Capital projects	-	500,000	-	500,000
Debt service:				
Principal retirement	1,757,070	-	550,226	2,307,296
Interest and fiscal charges	671,182	-	828,593	1,499,775
Bond issuance costs	-	23,112	-	23,112
Total expenditures	38,304,006	2,780,583	5,631,127	46,715,716
Excess (deficiency) of revenues over (under) expenditures	1,895,108	(2,438,838)	(2,227,172)	(2,770,902)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries - worker's compensation	115,957	-	-	115,957
Issuance of capital debt	-	985,000	-	985,000
Premium on debt	-	14,567	-	14,567
Capital leases	32,718	-	-	32,718
Transfers in	852,763	551,439	2,330,449	3,734,651
Transfers out	(3,164,518)	(175,324)	(2,630)	(3,342,472)
Total other financing sources and uses	(2,163,080)	1,375,682	2,327,819	1,540,421
Net change in fund balances	(267,972)	(1,063,156)	100,647	(1,230,481)
Fund balance - beginning (as adjusted)	10,656,779	7,590,804	993,051	19,240,634
Fund balance - ending	\$ 10,388,807	\$ 6,527,648	\$ 1,093,698	\$ 18,010,153

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, 2011

Exhibit 6

Net change in fund balances - total governmental funds (Exhibit 5)	\$ (1,230,481)
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 (3,157,747) exceeded depreciation (1,704,949) in the current period.	1,452,798
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(173,559)
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 assets. 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.	1,298,123
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.	32,041
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>34,431</u>
Change in net assets of governmental activities	<u>\$ 1,413,353</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, 2011

				Exhibit 7
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 17,613,581	\$ 17,613,581	\$ 17,860,376	\$ 246,795
Other local taxes	12,635,065	11,337,065	11,843,690	506,625
Permits, privilege fees and regulatory licenses	162,550	162,710	170,838	8,128
Fines and forfeitures	142,550	142,550	167,027	24,477
Revenue from use of money and property	156,070	188,574	284,859	96,285
Charges for services	385,145	397,788	387,367	(10,421)
Miscellaneous	36,223	83,696	184,874	101,178
Recovered costs	28,200	28,450	58,650	30,200
Intergovernmental:				
Commonwealth	6,853,316	8,944,397	8,936,254	(8,143)
Federal	-	277,083	305,179	28,096
Total revenues	38,012,700	39,175,894	40,199,114	1,023,220
EXPENDITURES				
Current:				
General government administration	3,254,723	3,270,357	3,204,711	65,646
Judicial administration	1,350,840	1,418,758	1,307,187	111,571
Public safety	8,935,507	9,015,363	8,797,686	217,677
Public works	4,589,386	5,481,699	4,772,569	709,130
Health and welfare	497,880	497,880	473,801	24,079
Education	12,218,716	12,218,716	12,113,857	104,859
Parks, recreation and cultural	2,319,022	2,425,229	2,285,261	139,968
Community development	1,586,989	2,970,547	2,920,682	49,865
Debt service:				
Principal retirement	1,757,070	1,757,070	1,757,070	-
Interest and fiscal charges	670,588	688,838	671,182	17,656
Total expenditures	37,180,721	39,744,457	38,304,006	1,440,451
Excess (deficiency) of revenues over (under) expenditures	831,979	(568,563)	1,895,108	2,463,671
OTHER FINANCING SOURCES (USES)				
Insurance recoveries - worker's compensation	-	-	115,957	115,957
Capital leases	-	-	32,718	32,718
Transfers in	728,500	750,398	852,763	102,365
Transfers out	(2,669,826)	(3,718,578)	(3,164,518)	554,060
Total other financing sources and uses	(1,941,326)	(2,968,180)	(2,163,080)	805,100
Net change in fund balances	(1,109,347)	(3,536,743)	(267,972)	3,268,771
Fund balance - beginning	1,109,347	3,536,743	10,656,779	7,120,036
Fund balance - ending	\$ -	\$ -	\$ 10,388,807	\$ 10,388,807

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

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	\$ 1,843,090	\$ 6,746,169	\$ 663,405	\$ 9,252,664	\$ 451,658
Accounts receivable (net of allowance for uncollectibles)	431,826	696,223	282,901	1,410,950	44,612
Due from other governments	-	359,886	-	359,886	-
Inventory	-	-	-	-	947,397
Total current assets	<u>2,274,916</u>	<u>7,802,278</u>	<u>946,306</u>	<u>11,023,500</u>	<u>1,443,667</u>
Noncurrent assets:					
Deferred charges	211,395	149,899	-	361,294	-
Equity interest in joint venture	-	-	2,783,441	2,783,441	-
Capital assets:					
Land	342,088	44,180	-	386,268	-
Buildings	9,019,357	43,318,078	113,453	52,450,888	-
Improvements other than buildings	15,789,518	29,138,079	-	44,927,597	-
Machinery and equipment	615,145	1,372,184	1,118,975	3,106,304	5,797,197
Construction in progress	-	90,900	-	90,900	-
Less accumulated depreciation	(8,298,696)	(17,252,556)	(745,440)	(26,296,692)	(4,393,563)
Total capital assets (net of accumulated depreciation)	<u>17,467,412</u>	<u>56,710,865</u>	<u>486,988</u>	<u>74,665,265</u>	<u>1,403,634</u>
Total noncurrent assets	<u>17,678,807</u>	<u>56,860,764</u>	<u>3,270,429</u>	<u>77,810,000</u>	<u>1,403,634</u>
Total assets	<u>19,953,723</u>	<u>64,663,042</u>	<u>4,216,735</u>	<u>88,833,500</u>	<u>2,847,301</u>
LIABILITIES					
Current liabilities:					
Accounts payable	6,902	135,493	128,418	270,813	86,699
Retainage payable	-	8,314	-	8,314	-
Accrued payroll	50,918	60,106	30,329	141,353	13,796
Accrued interest payable	274,566	157,993	-	432,559	-
Deposits payable	110,940	-	1,080	112,020	-
Due to other funds	-	-	25,184	25,184	933,927
Compensated absences	9,000	8,000	5,000	22,000	-
General obligation bonds - current	253,177	354,810	-	607,987	-
Revenue bonds payable - current	-	1,539,829	-	1,539,829	-
Total current liabilities	<u>705,503</u>	<u>2,264,545</u>	<u>190,011</u>	<u>3,160,059</u>	<u>1,034,422</u>
Noncurrent liabilities:					
Compensated absences	35,671	30,174	18,313	84,158	-
Net OPEB obligation	24,562	23,870	14,304	62,736	7,898
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	12,397,261	7,898,581	-	20,295,842	-
Revenue bonds payable	-	28,593,424	-	28,593,424	-
Total noncurrent liabilities	<u>12,457,494</u>	<u>36,546,049</u>	<u>32,617</u>	<u>49,036,160</u>	<u>7,898</u>
Total liabilities	<u>13,162,997</u>	<u>38,810,594</u>	<u>222,628</u>	<u>52,196,219</u>	<u>1,042,320</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,816,974	18,324,221	486,988	23,628,183	1,403,634
Unrestricted	1,973,752	7,528,227	3,507,119	13,009,098	401,347
Total net assets	<u>\$ 6,790,726</u>	<u>\$ 25,852,448</u>	<u>\$ 3,994,107</u>	<u>36,637,281</u>	<u>\$ 1,804,981</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (1,020,666)

Net assets of business-type activities \$ 35,616,615

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

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	\$ 2,659,951	\$ 4,051,980	\$ 1,834,400	\$ 8,546,331	\$ 1,846,834
Miscellaneous	29,865	18,091	47,343	95,299	908
Total operating revenues	<u>2,689,816</u>	<u>4,070,071</u>	<u>1,881,743</u>	<u>8,641,630</u>	<u>1,847,742</u>
OPERATING EXPENSES					
Personal services	1,118,034	1,324,154	646,051	3,088,239	288,408
Contractual services	194,673	90,417	455,064	740,154	142,279
Other supplies and expenses	208,793	892,417	153,452	1,254,662	1,382,091
Depreciation	947,034	1,652,044	58,099	2,657,177	378,739
Total operating expenses	<u>2,468,534</u>	<u>3,959,032</u>	<u>1,312,666</u>	<u>7,740,232</u>	<u>2,191,517</u>
Operating income (loss)	<u>221,282</u>	<u>111,039</u>	<u>569,077</u>	<u>901,398</u>	<u>(343,775)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	5,910	5,910	-
Interest income	7,297	21,425	5,210	33,932	-
Gain (loss) on disposal of assets	-	-	-	-	8,311
Gain (loss) on equity interest	-	-	265,597	265,597	-
Interest and fiscal charges	(600,512)	(336,372)	-	(936,884)	-
Amortization	(3,952)	(2,241)	-	(6,193)	-
Total nonoperating revenues (expenses)	<u>(597,167)</u>	<u>(317,188)</u>	<u>276,717</u>	<u>(637,638)</u>	<u>8,311</u>
Income before contributions and transfers	<u>(375,885)</u>	<u>(206,149)</u>	<u>845,794</u>	<u>263,760</u>	<u>(335,464)</u>
Capital contributions	109,810	1,307,806	-	1,417,616	-
Transfers in	156,158	-	-	156,158	252,486
Transfers out	<u>(305,000)</u>	<u>(386,823)</u>	<u>(109,000)</u>	<u>(800,823)</u>	<u>-</u>
Change in net assets	(414,917)	714,834	736,794	1,036,711	(82,978)
Total net assets - beginning	<u>7,205,643</u>	<u>25,137,614</u>	<u>3,257,313</u>		<u>1,887,959</u>
Total net assets - ending	<u>\$ 6,790,726</u>	<u>\$ 25,852,448</u>	<u>\$ 3,994,107</u>		<u>\$ 1,804,981</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(117,409)
Change in net assets of business-type activities					<u>\$ 919,302</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

Exhibit 10

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 2,633,977	\$ 3,991,924	\$ 1,827,839	\$ 8,453,740	\$ -
Cash received from interfund services provided	-	-	-	-	1,806,006
Cash paid to suppliers	(433,674)	(1,123,917)	(599,955)	(2,157,546)	(1,710,502)
Cash paid to employees	(1,106,351)	(1,306,528)	(637,249)	(3,050,128)	(285,829)
Other receipts (payments)	29,865	18,091	47,343	95,299	908
Net cash provided (used) by operating activities	1,123,817	1,579,570	637,978	3,341,365	(189,417)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	5,910	5,910	-
Transfer from other funds	156,158	-	-	156,158	285,957
Transfer to other funds	(305,000)	(386,823)	(83,816)	(775,639)	-
Net cash provided (used) by noncapital financing activities	(148,842)	(386,823)	(77,906)	(613,571)	285,957
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants - state	-	1,281,322	-	1,281,322	-
Proceeds from sale of capital assets	-	-	-	-	22,603
Proceeds from issuance of debt	-	5,970,848	-	5,970,848	-
Acquisition and construction of capital assets	(411,015)	(4,313,976)	(283,328)	(5,008,319)	(163,085)
Transfer from other funds	-	-	-	-	252,486
Principal paid on capital debt	(235,034)	(703,897)	-	(938,931)	-
Interest paid on capital debt	(604,847)	(299,745)	-	(904,592)	-
Bond issue costs	-	(53,981)	-	(53,981)	-
Net cash provided (used) by capital and related financing activities	(1,250,896)	1,880,571	(283,328)	346,347	112,004
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7,297	21,425	5,210	33,932	-
Cash paid to joint venture	-	-	(444,241)	(444,241)	-
Net cash provided (used) by investing activities	7,297	21,425	(439,031)	(410,309)	-
Net increase (decrease) in cash and cash equivalents	(268,624)	3,094,743	(162,287)	2,663,832	208,544
Cash and cash equivalents - beginning of year	2,111,714	3,651,426	825,692	6,588,832	243,114
Cash and cash equivalents - end of year	\$ 1,843,090	\$ 6,746,169	\$ 663,405	\$ 9,252,664	\$ 451,658

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Exhibit 10 (cont'd)
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Governmental Activities Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 221,282	\$ 111,039	\$ 569,077	\$ 901,398	\$ (343,775)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	947,034	1,652,044	58,099	2,657,177	378,739
(Increase) decrease in accounts receivable	(31,350)	(60,056)	(6,501)	(97,907)	(40,828)
(Increase) decrease in inventory	-	-	-	-	(182,940)
Increase (decrease) in accounts payable	(30,208)	(141,083)	8,561	(162,730)	(3,192)
Increase (decrease) in accrued payroll	5,245	5,526	4,441	15,212	1,578
Increase (decrease) in net OPEB obligation	3,532	4,365	1,986	9,883	1,001
Increase (decrease) in deposits payable	5,376	-	(60)	5,316	-
Increase (decrease) in compensated absences	2,906	7,735	2,375	13,016	-
Total Adjustments	902,535	1,468,531	68,901	2,439,967	154,358
Net cash provided (used) by operating activities	\$ 1,123,817	\$ 1,579,570	\$ 637,978	\$ 3,341,365	\$ (189,417)

Noncash investing, capital, and financing activities:

Capital contributions of water and sewer lines from developers	\$ 109,810	\$ 74,550	\$ -	\$ 184,360	\$ -
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CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2011

	Exhibit 11
	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$ 285,607
Accounts receivable	48,961
Due from other governments	12,388
Total assets	<u>\$ 346,956</u>
LIABILITIES	
Accounts payable	2,501
Accrued payroll	11,419
Payroll taxes and fringes payable	267,176
Due to external parties	34,486
Net OPEB obligation	12,388
Amounts held for social service clients	18,986
Total liabilities	<u>\$ 346,956</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 considered to be 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 Units:

The City has no blended component units.

Discretely Presented Component Units:

The component unit columns in the financial statements include the financial data of the City's discretely presented component units. They are reported in separate columns to emphasize that they are 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.

The Waynesboro Economic Development 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. In fiscal year 2009, the Authority issued a \$6.25 million note payable to finance an incentive grant that will be payable solely from financial assistance made available by the City to the Authority. As a result, the Authority imposes a financial burden on the City.

Separate financial statements of these component units 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 ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net assets, 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 \$2,783,441 as of June 30, 2011. 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 and the County of Augusta, 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 component and a debt service component. The City paid the Jail Authority \$1,550,544 for the year ended June 30, 2011.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Reporting Entity (cont'd)

Excluded Organizations:

The financial activities of the following organizations are excluded from the City's annual financial report because the City is not financially accountable for the organizations:

- Waynesboro Redevelopment Housing Authority

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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 and 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 deferred 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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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 Virginia Public Assistance, Comprehensive Services Act, and Youth and Family Services, and Community Action Partnership of Staunton, Augusta, Waynesboro Funds.

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, which is considered a major fund for financial reporting purposes.

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, Garbage, Landfill Operations, 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.

Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Agency funds reported by the City include the Payroll Fringes, Special Welfare, Shenandoah Valley Police Academy, and First Aid Crew Funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund 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, garbage, and landfill disposal 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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, Garbage, 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 nonoperating 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, Liabilities, and Net Assets 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 fair value. 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 consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Assets or Equity (cont'd)

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.

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 \$1,206,708 at June 30, 2011, and consisted of the following:

General Fund – taxes	\$ 549,872
Water Fund – utility billings	196,554
Sewer Fund – utility billings	334,123
Garbage Fund – utility billings	<u>126,159</u>
Total	<u>\$1,206,708</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 \$510,549 in the Cemetery Care Fund, a permanent fund, are nonspendable 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 fair market 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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Assets or Equity (cont'd)

9. 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 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 earn varying amounts of vacation dependent upon years of service. Accumulated vacation up to 56 days is paid upon termination. Law enforcement officers can earn up to 80 hours of compensatory time that would be paid upon termination.

School Board 11- and 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. School Board personnel with at least 5 years of service may be paid for up to 120 days unused sick time at a rate of \$20 per day for professional employees and \$10 per day for support personnel.

10. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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.

11. Fund Equity

Financial policies - For fiscal year 2011, no formal policy regarding fund balance has been adopted by the City. The City has implemented GASB 54 for the current year for its governmental funds. Fund balances are reported according to the following categories:

Nonspendable 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).

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. 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 - This is the residual classification of the General Fund. Only the General Fund can report a positive unassigned fund balance. Other funds can report a negative fund balance in this classification.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Assets or Equity (cont'd)

12. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets.

13. Component Unit – School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot 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 responsibility for maintaining the assets.

In the Statement of Net Assets, 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 assets of the City. The corresponding capital assets are reported as assets of the Component Unit – School Board, thereby increasing its net assets.

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, 2011, the City does not record the School Board's capital assets, they are reported as capital assets of the Component Unit – School Board.

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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One 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 \$36,026,404, \$4,762,889, and \$4,943,463 differences for the primary government and discretely presented component units-school board and economic development authority, respectively, are as follows:

		Component Units	
	Primary Government	School Board	Economic Development Authority
Bonds payable	\$ 32,441,924	\$ -	\$ -
Less: Unamortized bond issue costs	(353,897)	-	-
Plus: Issuance premium	458,650	-	-
Note payable	-	-	4,931,825
Capital leases payable	32,718	3,176,817	-
Landfill closure liability	1,886,724	-	-
Accrued interest payable	586,532	29,014	11,638
Net OPEB obligation	380,977	955,000	-
Compensated absences	592,776	602,058	-
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 36,026,404</u>	<u>\$ 4,762,889</u>	<u>\$ 4,943,463</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont'd)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (cont'd)

Another 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 assets." The details of this \$2,825,647 difference in the primary government are as follows:

Net assets of the internal service funds	\$ 1,804,981
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	903,257
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>117,409</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 2,825,647</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 assets 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 assets. 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." The details of these \$1,298,123, \$165,118, and \$589,643 differences in the primary government and discretely presented component units-school board and economic development authority, respectively, are as follows:

		Component Units	
	Primary Government	School Board	Economic Development Authority
Debt issued or incurred:			
Capital lease financing	\$ 32,718	\$ -	\$ -
Issuance of general obligation bonds	985,000	-	-
Plus premiums	14,567	-	-
Principal repayments:			
General obligation debt	(2,305,585)	-	-
Note payable	-	-	(589,643)
Capital lease	(1,711)	(165,118)	-
Bond issuance costs	<u>(23,112)</u>	<u>-</u>	<u>-</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,298,123)</u>	<u>\$ (165,118)</u>	<u>\$ (589,643)</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont'd)

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 (cont'd)

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 \$(32,041), \$217,097, and \$1,622 differences for the primary government and discretely presented component units-school board and economic development authority, respectively, are as follows:

		Component Units	
	Primary Government	School Board	Economic Development Authority
Compensated absences	\$ (14,006)	\$ (18,671)	\$ -
Accrued interest	(29,713)	(2,232)	1,622
Landfill post-closure care liability	(23,186)	-	-
Increase in net OPEB obligation	51,867	238,000	-
Amortization of bond issue costs	30,828	-	-
Amortization of issuance premium	(47,831)	-	-
Net adjustments to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (32,041)</u>	<u>\$ 217,097</u>	<u>\$ 1,622</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 \$34,431 difference in the primary government are as follows:

Change in net assets of the internal service funds	\$ (82,978)
Add: Loss from costs in excess of charges to business-type activities	<u>117,409</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 34,431</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year end.

The following procedures are used by the City in establishing the budgetary date 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 Administration, 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).

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

6. Budget data presented in the accompanying financial statements includes the original budget and the revised budget as of June 30, 2011.
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 reappropriated and honored during the subsequent year.

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, 2011 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Quality Ratings</u>	
		<u>Aaa</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 220,887	\$ 220,887	\$ -
Total Fair Value	<u>\$ 220,887</u>	<u>\$ 220,887</u>	<u>\$ -</u>

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, 2011, the City had investments with the following maturities:

<u>Investment Type</u>	<u>Fair Value</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	\$ 220,887	\$ 220,887	\$ -	\$ -
Total Fair Value	<u>\$ 220,887</u>	<u>\$ 220,887</u>	<u>\$ -</u>	<u>\$ -</u>

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.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

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	\$ -	\$ 971,839
State sales taxes	-	490,152
Local sales taxes	766,097	-
Water quality funds	359,886	-
Communications tax	205,862	-
Public assistance grants	104,409	-
Comprehensive Services Act funds	135,653	-
Other State funds	148,251	-
Total Due from the Commonwealth	<u>1,720,158</u>	<u>1,461,991</u>
Federal Government:		
Department of Forestry	6,348	-
Community Services Block Grant	39,375	-
Community Development Block Grant	67,387	-
Department of Health & Human Services	28,516	-
Total Due from the Federal Government	<u>141,626</u>	<u>-</u>
Total Due from Other Governments	<u>\$ 1,861,784</u>	<u>\$ 1,461,991</u>

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2011 consisted of the following:

Primary Government:

Due to General Fund from:

Nonmajor governmental funds	\$ 157,077
Nonmajor enterprise funds	25,184
Nonmajor Internal Service Fund	<u>933,927</u>
Total due to General Fund from other funds for cash advances	<u>\$ 1,116,188</u>

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Primary Government:

Transfers to General Fund from:

Nonmajor governmental funds	\$ 2,918
Capital Improvements Fund for operations	124,485
Water Fund for operations	305,000
Sewer Fund for operations	311,360
Nonmajor enterprise funds for operations	<u>109,000</u>
Total transfers to General Fund	<u>\$ 852,763</u>

Transfers to Capital Improvements Fund from:

General Fund for capital projects	<u>\$ 551,439</u>
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Transfers to Water Fund from:

Sewer Fund for operations	\$ 75,463
Capital Improvements Fund for operations	900
General Fund for operations	<u>79,795</u>
Total transfers to Water Fund	<u>\$ 156,158</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (cont'd)

Transfers to nonmajor governmental funds from:	
General Fund for welfare assistance	\$ 1,060,696
General Fund for debt service	<u>1,269,753</u>
Total transfers to nonmajor governmental funds	<u>\$ 2,330,449</u>
Transfers to nonmajor Internal Service Fund from:	
General Fund for equipment purchases	\$ 202,547
Capital Improvements Fund for equipment purchases	<u>49,939</u>
Total transfers to nonmajor Internal Service Fund	<u>\$ 252,486</u>
Component Unit School Board:	
Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 163,863</u>
Transfers to School Operating Fund from:	
School Construction Fund	<u>\$ 2,694</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.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

7. CAPITAL ASSETS

PRIMARY GOVERNMENT

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

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 5,264,398	\$ -	\$ -	\$ 5,264,398
Construction in progress	907,325	1,365,301	(529,619)	1,743,007
Total capital assets not being depreciated	<u>6,171,723</u>	<u>1,365,301</u>	<u>(529,619)</u>	<u>7,007,405</u>
Capital assets, being depreciated				
Buildings	13,847,564	-	-	13,847,564
Improvements other than buildings	3,408,773	711,563	-	4,120,336
Equipment	8,523,598	186,120	(243,684)	8,466,034
Infrastructure	45,220,326	1,587,468	-	46,807,794
Total capital assets being depreciated	<u>71,000,261</u>	<u>2,485,151</u>	<u>(243,684)</u>	<u>73,241,728</u>
Less accumulated depreciation for:				
Buildings	(4,911,988)	(270,665)	-	(5,182,653)
Improvements other than buildings	(1,975,286)	(133,145)	-	(2,108,431)
Equipment	(5,730,943)	(633,727)	229,392	(6,135,278)
Infrastructure	(33,430,530)	(1,046,152)	-	(34,476,682)
Total accumulated depreciation	<u>(46,048,747)</u>	<u>(2,083,689)</u>	<u>229,392</u>	<u>(47,903,044)</u>
Total capital assets being depreciated, net	<u>24,951,514</u>	<u>401,462</u>	<u>(14,292)</u>	<u>25,338,684</u>
Governmental activities capital assets, net	<u>\$ 31,123,237</u>	<u>\$ 1,766,763</u>	<u>\$ (543,911)</u>	<u>\$ 32,346,089</u>

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

Governmental activities:	
General government administration	\$ 75,561
Judicial administration	72,122
Public safety	269,998
Public works	1,495,593
Health and welfare	5,207
Parks, recreation, and cultural	133,579
Community development	<u>31,629</u>
Total depreciation expense – governmental activities	<u>\$ 2,083,689</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

7. CAPITAL ASSETS (cont'd)

PRIMARY GOVERNMENT (cont'd)

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

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 369,088	\$ 17,180	\$ -	\$ 386,268
Construction in progress	34,579,831	47,901	(34,536,832)	90,900
Total capital assets not being depreciated	<u>34,948,919</u>	<u>65,081</u>	<u>(34,536,832)</u>	<u>477,168</u>
Capital assets, being depreciated:				
Buildings	16,156,582	36,294,306	-	52,450,888
Improvements other than buildings	44,056,931	870,667	-	44,927,598
Equipment	2,812,003	378,816	(84,514)	3,106,305
Total capital assets being depreciated	<u>63,025,516</u>	<u>37,543,789</u>	<u>(84,514)</u>	<u>100,484,791</u>
Less accumulated depreciation for:				
Buildings	(2,953,776)	(665,511)	-	(3,619,287)
Improvements other than buildings	(18,803,102)	(1,814,956)	-	(20,618,058)
Equipment	(1,967,151)	(176,712)	84,514	(2,059,349)
Total accumulated depreciation	<u>(23,724,029)</u>	<u>(2,657,179)</u>	<u>84,514</u>	<u>(26,296,694)</u>
Total capital assets being depreciated, net	<u>39,301,487</u>	<u>34,886,610</u>	<u>-</u>	<u>74,188,097</u>
Business-type activities capital assets, net	<u>\$ 74,250,406</u>	<u>\$ 34,951,691</u>	<u>\$ (34,536,832)</u>	<u>\$ 74,665,265</u>

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

Business-type activities:	
Water	\$ 947,035
Sewer	1,652,044
Garbage	<u>58,100</u>
Total depreciation expense – business-type activities	<u>\$ 2,657,179</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

7. CAPITAL ASSETS (cont'd)

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, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 274,493	\$ -	\$ -	\$ 274,493
Construction in progress	-	983,433	-	983,433
Total capital assets not being depreciated	<u>274,493</u>	<u>983,433</u>	<u>-</u>	<u>1,257,926</u>
Capital assets, being depreciated:				
Buildings	50,416,120	-	-	50,416,120
Improvements other than buildings	3,721,951	18,731	-	3,740,682
Equipment	3,161,105	311,646	(209,831)	3,262,920
Total capital assets being depreciated	<u>57,299,176</u>	<u>330,377</u>	<u>(209,831)</u>	<u>57,419,722</u>
Less accumulated depreciation for:				
Buildings	(10,274,141)	(972,831)	-	(11,246,972)
Improvements other than buildings	(1,994,285)	(140,589)	-	(2,134,874)
Equipment	(2,445,167)	(142,285)	209,831	(2,377,621)
Total accumulated depreciation	<u>(14,713,593)</u>	<u>(1,255,705)</u>	<u>209,831</u>	<u>(15,759,467)</u>
Total capital assets being depreciated, net	<u>42,585,583</u>	<u>(925,328)</u>	<u>-</u>	<u>41,660,255</u>
School Board capital assets, net	<u>\$ 42,860,076</u>	<u>\$ 58,105</u>	<u>\$ -</u>	<u>\$ 42,918,181</u>

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

Governmental activities:	
Education	<u>\$ 1,255,705</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

8. DEFERRED REVENUE

Governmental funds report deferred 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 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred Property Tax Revenue, representing uncollected tax billings at June 30, 2011 (General Fund)	\$ 471,892	\$ -
Property Taxes Paid in Advance, representing property taxes not yet due, but paid by June 30, 2011 (General Fund)	-	96,922
Total deferred revenue for governmental funds	<u>\$ 471,892</u>	<u>\$ 96,922</u>

9. LONG-TERM DEBT

PRIMARY GOVERNMENT

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

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		State Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,411,928	\$ 1,360,019	\$ 250,000	\$ 67,500	\$ 16,478	\$ 181
2013	1,435,911	1,295,354	250,000	60,000	16,240	419
2014	1,303,147	1,234,508	250,000	52,500	-	-
2015	1,340,763	1,174,199	250,000	45,000	-	-
2016	1,388,775	1,108,172	250,000	37,500	-	-
2017-2021	7,032,033	4,536,597	1,000,000	75,000	-	-
2022-2026	6,739,534	2,971,590	-	-	-	-
2027-2031	5,339,832	1,429,761	-	-	-	-
2032-2036	3,425,000	557,266	-	-	-	-
2037-2041	775,000	16,953	-	-	-	-
	<u>\$ 30,191,923</u>	<u>\$ 15,684,419</u>	<u>\$ 2,250,000</u>	<u>\$ 337,500</u>	<u>\$ 32,718</u>	<u>\$ 600</u>

Year Ending June 30	Business-Type Activities					
	General Obligation Bonds		Virginia Revolving Loans			
	Principal	Interest	Taxable G.O Bonds		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 330,000	\$ 718,158	\$ 266,117	\$ 159,228	\$ 1,535,988	\$ 94,734
2013	345,000	700,027	274,161	151,184	1,540,988	91,313
2014	360,000	684,297	282,447	142,898	1,540,988	88,563
2015	375,000	667,062	290,984	134,361	1,545,988	85,984
2016	395,000	648,015	299,779	125,566	1,545,988	82,603
2017-2021	2,255,000	2,964,780	1,640,411	486,314	7,804,940	344,406
2022-2026	2,780,000	2,448,504	1,903,763	222,961	7,934,940	205,531
2027-2031	3,455,000	1,769,640	415,963	9,382	6,641,677	36,794
2032-2036	3,430,000	936,500	-	-	-	-
2037-2041	1,620,000	122,500	-	-	-	-
	<u>\$ 15,345,000</u>	<u>\$ 11,659,483</u>	<u>\$ 5,373,625</u>	<u>\$ 1,431,894</u>	<u>\$ 30,091,497</u>	<u>\$ 1,029,928</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Compensated absences 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 the long-term debt transactions of the City for the year ended June 30, 2011:

Governmental Activities	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
General Obligation Bonds	\$ 31,262,509	\$ 985,000	\$ 2,055,586	\$ 30,191,923	\$ 1,411,928
Unamortized Bond Premium	491,914	14,567	47,831	458,650	46,712
State Literary Loans	2,500,000	-	250,000	2,250,000	250,000
Capital Leases	1,711	32,718	1,711	32,718	16,478
Liability for Landfill Closure	1,909,910	-	23,186	1,886,724	-
Net OPEB Obligation	336,007	52,869	-	388,876	-
Compensated Absences	606,782	42,927	56,933	592,776	119,000
Total Governmental Activities	<u>\$ 37,108,833</u>	<u>\$ 1,128,081</u>	<u>\$ 2,435,247</u>	<u>\$ 35,801,667</u>	<u>\$ 1,844,118</u>
Business-type Activities					
General Obligation Bonds	\$ 13,280,000	\$ 2,310,000	\$ 245,000	\$ 15,345,000	\$ 330,000
Unamortized Bond Premium	206,244	34,009	13,293	226,960	15,711
VRA Loan - Taxable G.O. Bond	5,631,935	-	258,310	5,373,625	266,117
VRA Loan - Sewer Revenue Bond	26,900,279	3,626,840	435,622	30,091,497	1,535,988
Net OPEB Obligation	52,853	9,883	-	62,736	-
Compensated Absences	93,142	21,168	8,152	106,158	22,000
Total Business-type Activities	<u>\$ 46,164,453</u>	<u>\$ 6,001,900</u>	<u>\$ 960,377</u>	<u>\$ 51,205,976</u>	<u>\$ 2,169,816</u>
Primary Government Totals	<u>\$ 83,273,286</u>	<u>\$ 7,129,981</u>	<u>\$ 3,395,624</u>	<u>\$ 87,007,643</u>	<u>\$ 4,013,934</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$7,898 at June 30, 2011, 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:

\$369,327 School Bonds – Valley Vo Tech, issued July 31, 1991, maturing annually through July 15, 2011 bearing interest from 4.85% to 6.6% payable semiannually.

	Govern- mental	Business- type
	\$ 22,120	\$ -

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

General Obligation Bonds: (cont'd)

\$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.

<u>Govern- mental</u>	<u>Business- type</u>
\$ 2,522,062	\$ -

\$14,380,000 General Obligation Public Improvement Bonds – Series 2005 (City and Schools – Kate Collins Middle School), issued August 9, 2005, maturing annually through July 15, 2036, bearing interest at a 4.2849% fixed interest rate payable semiannually. The bonds are shown net of unamortized premium of \$50,252.

12,935,252	-
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\$17,080,000 General Obligation Public Improvement Bonds – Series 2007 (General, Water, Sewer) issued August 29, 2007, maturing annually through January 15, 2029, bearing interest from 4.0% to 5.0% payable semiannually. The bonds are shown net of unamortized premium of \$33,831 for governmental activities and unamortized premium of \$151,443 for business-type activities.

2,778,831	13,186,443
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\$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 \$247,124.

5,774,865	-
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\$5,870,000 General Obligation Public Improvement Bonds – Series 2008 (General) issued November 21, 2008, maturing annually through October 1, 2028, bearing interest from 3.125% to 5.201% payable semiannually. The bond is shown net of unamortized premium of \$112,982.

5,617,982	-
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\$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
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\$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 \$14,461 for governmental activities and unamortized premium of \$33,761 for business-type activities.

<u>589,461</u>	<u>1,383,761</u>
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Total General Obligation Bonds

<u>30,650,573</u>	<u>15,530,204</u>
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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>2,250,000</u>	<u>-</u>
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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

	<u>Govern- mental</u>	<u>Business- type</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.	\$ -	\$ 5,373,625
\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031.	-	14,594,900
\$2,125,000 Sewer Revenue Bond – Series 2008B issued November 21, 2008, maturing annually through October 1, 2028, bearing interest from 3.125% to 5.375% payable semiannually. The bond is shown net of an unamortized premium of \$41,756.	-	2,036,756
\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030.	-	13,501,597
Total Virginia Revolving Loans	-	35,506,878
Capital Leases:		
\$32,718 capital lease dated April 21, 2011 for the purchase of a mower, due in annual installments of \$16,659, with an annual interest rate of 2.5803%.	32,718	-
Liability for Municipal Solid Waste Landfill Closure	1,886,724	-
Net OPEB Obligation	388,876	62,736
Compensated Absences	592,776	106,158
Total Primary Government Long-Term Debt	\$ 35,801,667	\$ 51,205,976

COMPONENT UNIT SCHOOL BOARD

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

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 174,137	\$ 168,915
2013	183,650	159,402
2014	193,682	149,370
2015	204,262	138,790
2016	215,420	127,632
2017-2021	1,267,009	448,251
2022-2024	938,657	90,505
	<u>\$ 3,176,817</u>	<u>\$ 1,282,865</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

9. LONG-TERM DEBT (cont'd)

COMPONENT UNIT SCHOOL BOARD (cont'd)

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, 2011:

Governmental Activities	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
Capital Leases	\$ 3,341,935	\$ -	\$ 165,118	\$ 3,176,817	\$ 174,137
Net OPEB Obligation	717,000	238,000	-	955,000	-
Compensated Absences	620,728	15,648	34,318	602,058	35,000
Total Governmental Activities	<u>\$ 4,679,663</u>	<u>\$ 253,648</u>	<u>\$ 199,436</u>	<u>\$ 4,733,875</u>	<u>\$ 209,137</u>

Details of Long-Term Indebtedness

Capital Leases:

\$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%.

\$ 3,176,817

Net OPEB Obligation

955,000

Compensated Absences

602,058

Total Component Unit School Board Long-Term Debt

\$ 4,733,875

COMPONENT UNIT ECONOMIC DEVELOPMENT AUTHORITY

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

Year Ending	Governmental Activities	
June 30	Note Payable	
	Principal	Interest
2012	\$ 623,029	\$ 268,158
2013	659,813	231,375
2014	692,869	206,439
2015	714,840	225,070
2016	778,026	161,885
2017-2018	1,463,248	127,670
	<u>\$ 4,931,825</u>	<u>\$ 1,220,597</u>

Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the Component Unit Economic Development Authority for the year ended June 30, 2011:

Governmental Activities	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
Note Payable	\$ 5,521,468	\$ -	\$ 589,643	\$ 4,931,825	\$ 623,029
Total Governmental Activities	<u>\$ 5,521,468</u>	<u>\$ -</u>	<u>\$ 589,643</u>	<u>\$ 4,931,825</u>	<u>\$ 623,029</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

9. LONG-TERM DEBT (cont'd)

COMPONENT UNIT ECONOMIC DEVELOPMENT AUTHORITY (cont'd)

Details of Long-Term Indebtedness

Note Payable:

\$6,250,000 Note Payable – Series 2009 issued April 29, 2009
for an economic incentive grant, maturing monthly through January 15,
2018, bearing interest from 5.75% to 8.5% payable monthly. \$ 4,931,825

Total Component Unit Economic Development Authority Long-Term Debt \$ 4,931,825

10. CAPITAL LEASES

During fiscal year 2011, the City entered into a lease agreement as lessee for financing the acquisition of a mower. 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 equipment has been recorded as a capital asset at a total cost of \$50,718, with \$32,718 of it being financed through this lease agreement. The asset has been classified as equipment and is being 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, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 16,659
2013	16,659
Total minimum lease payments	\$ 33,318
Less: amount representing interest	(600)
Present value of minimum lease payments	<u>\$ 32,718</u>

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, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 343,052
2013	343,052
2014	343,052
2015	343,052
2016	343,052
Thereafter	2,744,422
Total minimum lease payments	\$ 4,459,682
Less: amount representing interest	(1,282,865)
Present value of minimum lease payments	<u>\$ 3,176,817</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

11. CONTINGENT LIABILITIES

Federal programs in which the City participates were audited in accordance with provisions of U.S. Office of Management and Budget Circular A-133, *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 affect on the financial condition of the government.

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

In connection with the multi-purpose general obligation bonds issued in 2007, the City continued major renovations to its general government projects.

	<u>Governmental</u>
Estimated project costs financed	\$ 3,329,695
Costs incurred through 6-30-11	<u>(3,121,289)</u>
Estimated remaining costs	<u>\$ 208,406</u>

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

	<u>Governmental</u>
Estimated project costs financed	\$ 6,009,199
Costs incurred through 6-30-11	<u>(1,223,395)</u>
Estimated remaining costs	<u>\$ 4,785,804</u>

In connection with the multi-purpose general obligation bonds issued in 2010, the City continued major renovations to its general government projects.

	<u>Governmental</u>
Estimated project costs financed	\$ 976,000
Costs incurred through 6-30-11	<u>(302,465)</u>
Estimated remaining costs	<u>\$ 673,535</u>

The City is under a consent order with the State Water Board to perform collection system improvements in its sanitary sewer system to reduce inflow and infiltration in the system and to construct sewage treatment plant improvements capable of treating flows created by wet weather. The City expects to finance these projects through sewer fees, state grants, revenue bonds, and low-interest loans from the Department of Environmental Quality. In connection with the sewer system revenue bond issued in 2009, the City continued major renovations to its sewer system and rehabilitation and expansion of its sewage treatment plant.

	<u>Business-type</u>
Estimated project costs financed	\$ 14,624,858
Costs incurred through 6-30-11	<u>(13,867,218)</u>
Estimated remaining costs	<u>\$ 757,640</u>

In addition, the City has undertaken a non-binding obligation to appropriate amounts from its annual budget to fund the repayment of a \$6,250,000 revenue note issued by the Component Unit Economic Development Authority. The revenue note repayment terms are reported in Note 9.

The City has reserves for encumbrances; commitments are detailed in Note 18.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

13. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Waynesboro contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). In addition, the City of Waynesboro School Board contributes to the VRS for both its professional and non-professional employees. All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for the City of Waynesboro – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. For the year ended June 30, 2011, the City elected to cover 100% of contributions for employees under Plan 1. Employees in Plan 2 had to contribute the 5% member contribution. The City's contribution rate for the fiscal year ended June 30, 2011 was 10.83% of annual covered payroll. The City School Board's contribution rate for the fiscal year ended June 30, 2011 was 8.37% of annual covered payroll of non-professional employees.

The City School Board's required contributions to the teacher cost-sharing pool were \$636,450 for the year ended June 30, 2011, \$1,091,369 for the fiscal year ended June 30, 2010, \$1,436,378, and for the fiscal year ended June 30, 2009. In each year, the School Board contributed 100% of the required contributions.

Annual Pension Cost

For fiscal year 2011, the City's annual pension cost of \$1,272,361 was equal to the City's required and actual contributions. Also, for fiscal year 2011, the City School Board's annual pension cost of \$75,813 for its non-professional employees was equal to the School Board's required and actual contributions. The required contributions were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>City</u>			
June 30, 2009	\$ 1,068,435	100%	\$ -
June 30, 2010	1,029,138	100%	-
June 30, 2011	1,272,361	100%	-
<u>City School Board (non-professional employees)</u>			
June 30, 2009	\$ 70,246	100%	\$ -
June 30, 2010	66,424	100%	-
June 30, 2011	75,813	100%	-

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the City's plan was 78.95% funded. The actuarial accrued liability for benefits was \$61,720,788 and the actuarial value of assets was \$48,728,800, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,991,988. The covered payroll (annual payroll of active employees covered by the plan) was \$12,466,997, and ratio of the UAAL to the covered payroll was 104.21%. As of June 30, 2010, the City School Board's plan for its non-professional employees was 80.04% funded. The actuarial accrued liability for benefits was \$3,480,318 and the actuarial value of assets was \$2,785,601, resulting in an unfunded actuarial accrued liability (UAAL) of \$694,717. The covered payroll (annual payroll of active employees covered by the plan) was \$920,536, and ratio of the UAAL to the covered payroll was 75.47%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

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 2011. 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 Group Self Insurance Association (VMGSIA) 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.

15. SURETY BONDS

<u>Travelers Casualty and Surety Company of America – Surety</u>	
Treasurer	\$ 500,000
Commissioner of the Revenue	3,000
Clerk of the Circuit Court	103,000
Sheriff	30,000
<u>Fidelity and Deposit Company of Maryland – Surety</u>	
Treasurer	20,000
<u>UTICA National Insurance Group – Surety</u>	
All School Board employees – Blanket Bond	100,000
<u>CNA Insurance Company – Surety</u>	
Superintendent/Agent of the School Board	10,000
Deputy Agent of the School Board	10,000
Clerk of the School Board	10,000
Deputy Clerk of the School Board	10,000
Staff Bookkeeper of the School Board	10,000
Payroll Bookkeeper of the School Board	10,000

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 postclosure 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 postclosure care costs as a component of its equity interest in the landfill joint venture. In fiscal year 2008, the City began postclosure care on the old City landfill site.

The \$1,886,724 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the estimated costs of postclosure care for the old City landfill. This amount is based on what it would cost to perform all closure and postclosure care in 2008, 2009, 2010, and 2011 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

17. OTHER POSTEMPLOYMENT BENEFITS

PRIMARY GOVERNMENT

Plan Description

The City administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. In addition, retirees with 10 or more years of consecutive full-time service are eligible for cost sharing up to 60% of the purported rate (not including dependent coverage). The plan was established under the authority of the Waynesboro City Council.

Funding Policy

The City has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$232,000 for fiscal year 2011. The annual employer contributions for fiscal year 2011 were \$168,000.

The City has elected not to pre-fund OPEB liabilities. The funding policy of the City is to contribute to the plan the net claims paid during the year. The City is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 232,000
Interest on net OPEB obligation	18,000
Adjustment to annual required contribution	<u>(18,000)</u>
Annual OPEB cost (expense)	232,000
Estimated Contributions made	<u>(168,000)</u>
Increase (decrease) in net OPEB obligation	64,000
Net OPEB obligation, beginning of year	400,000
Net OPEB obligation, end of year	<u>\$ 464,000</u>

Trend Information:

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is shown as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2009	\$ 340,000	42.9%	\$ 194,000
June 30, 2010	358,000	42.5%	400,000
June 30, 2011	232,000	72.4%	464,000

Funded Status and Funding Progress:

As of July 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$2,656,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,656,000. For fiscal year 2010, the covered payroll (annual payroll of active employees covered by the plan) was \$10,091,000, and the ratio of the UAAL to the covered payroll was 26.3%.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

17. OTHER POSTEMPLOYMENT BENEFITS (cont'd)

PRIMARY GOVERNMENT (cont'd)

Funded Status and Funding Progress (cont'd)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2010 was 30 years.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse.

90% of actives currently enrolled in the City's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

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

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums are assumed to increase 9.50% for Pre-Medicare coverage and Medicare Supplement in 2011 and 2012. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

COMPONENT UNIT SCHOOL BOARD

Plan Description

The School Board administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the Waynesboro City School Board.

Funding Policy

The School Board has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$688,000 for fiscal year 2011. The annual employer contributions for fiscal year 2011 were \$450,000.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

17. OTHER POSTEMPLOYMENT BENEFITS (cont'd)

COMPONENT UNIT SCHOOL BOARD (cont'd)

Annual OPEB Cost and Net OPEB Obligation (cont'd)

The School Board has elected not to pre-fund OPEB liabilities. The funding policy of the School Board is to contribute to the plan the net claims paid during the year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 688,000
Interest on net OPEB obligation	32,000
Adjustment to annual required contribution	<u>(32,000)</u>
Annual OPEB cost (expense)	688,000
Estimated Contributions made	<u>(450,000)</u>
Increase (decrease) in net OPEB obligation	238,000
Net OPEB obligation, beginning of year	717,000
Net OPEB obligation, end of year	<u>\$ 955,000</u>

Trend Information:

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is shown as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2009	\$ 672,000	46.4%	\$ 360,000
June 30, 2010	707,000	49.5%	717,000
June 30, 2011	688,000	65.4%	955,000

Funded Status and Funding Progress:

As of July 1, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$5,865,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,865,000. For the fiscal year ended June 30, 2009, the covered payroll (annual payroll of active employees covered by the plan) was \$16,817,000, and the ratio of the UAAL to the covered payroll was 34.9%.

Funded Status and Funding Progress: (cont'd)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

17. OTHER POSTEMPLOYMENT BENEFITS (cont'd)

COMPONENT UNIT SCHOOL BOARD (cont'd)

Actuarial Methods and Assumptions: (cont'd)

In the July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2009 was 30 years.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse.

90% of actives currently enrolled in the School Board's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

Demographic Assumptions – Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of School Board employees. All employees are assumed to participate in the State of Virginia Retirement System.

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums are assumed to increase 8.00% for Pre-Medicare coverage and Medicare Supplement in 2009. This rate decreases 1% per year until an ultimate rate of 5.0% is reached.

18. FUND BALANCE

The General Fund has the following amounts restricted, committed, and assigned at June 30, 2011:

Function	Restricted	Committed	Assigned
General government administration	\$ -	\$ -	\$ 17,800
Judicial administration	150,277	-	827
Public safety	157,339	-	8,479
Public works	693,835	539,172	57,209
Health and welfare	-	311,968	-
Parks, recreation and cultural	28,950	67,629	13,411
Senior advocacy commission	873	-	-
Council audio visual equipment	7,996	-	-
Tax relief	7,691	-	-
Community development	-	95,566	25,400
Total	<u>\$ 1,046,961</u>	<u>\$ 1,014,335</u>	<u>\$ 123,126</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2011

18. FUND BALANCE (Cont'd)

The City has encumbered funds for fiscal year 2012 expenditures in the General Fund in the following categories, included in fund balance at June 30, 2011:

Function	Restricted	Assigned
General government administration	\$ -	\$ 17,800
Judicial administration	-	827
Public safety	-	8,479
Public works	693,835	57,209
Parks, recreation and cultural	-	13,411
Community development	-	25,400
Total	<u>\$ 693,835</u>	<u>\$ 123,126</u>

19. PRIOR PERIOD ADJUSTMENTS

Beginning fund balance as of July 1, 2010 was restated for the following prior period adjustment:

Fund Financial Statements	Community Action Partnership of Staunton, Augusta, Waynesboro
Fund balance at June 30, 2010, as last reported:	\$ -
Adjustments:	
To restate agency fund as special revenue fund	13,968
Fund balance, restated at July 1, 2010	<u>\$ 13,968</u>

20. SUBSEQUENT EVENTS

On October 31, 2011, the City issued debt for \$3,519,000 as General Obligation bond to acquire land in the City. Payments will begin in fiscal year 2012 and continue through October 2026, with a stated interest rate of 3.96%.

On August 10, 2011, the Economic Development Authority, a component unit, refinanced the outstanding portion of the April 28, 2009, \$6,250,000 loan. The outstanding balance of \$4,829,957 at August 10, 2011 was refinanced with a stated interest rate of 4% with payments to be made through April 2018.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

CITY						Exhibit 12
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2008	\$ 45,992,526	\$ 52,080,809	\$ 6,088,283	88.31%	\$ 12,469,774	48.82%
June 30, 2009	49,224,675	58,717,476	9,492,801	83.83%	12,870,214	73.76%
June 30, 2010	48,728,800	61,720,788	12,991,988	78.95%	12,466,997	104.21%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2008	\$ 2,836,604	\$ 2,999,027	\$ 162,423	94.58%	\$ 923,972	17.58%
June 30, 2009	2,820,476	3,236,510	416,034	87.15%	1,051,548	39.56%
June 30, 2010	2,785,601	3,480,318	694,717	80.04%	920,536	75.47%

CITY POST-EMPLOYMENT BENEFITS PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2009	\$ -	\$ 3,812,000	\$ 3,812,000	0.00%	\$ 13,036,900	29.24%
July 1, 2010	-	2,656,000	2,656,000	0.00%	10,091,000	26.32%

SCHOOL BOARD COMPONENT UNIT POST-EMPLOYMENT BENEFITS PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 5,490,000	\$ 5,490,000	0.00%	\$ 11,525,000	47.64%
July 1, 2009	-	5,865,000	5,865,000	0.00%	16,817,000	34.88%

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

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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.

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.

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, 2011**

	Special Revenue		
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 211,722
Accounts receivable	-	-	6,300
Due from other governments	104,409	135,653	123,708
Restricted assets:			
Cash and cash equivalents	-	-	-
Total assets	\$ 104,409	\$ 135,653	\$ 341,730
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	82,985	16,142
Accrued payroll	-	-	34,866
Due to other funds	104,409	52,668	-
Total liabilities	104,409	135,653	51,008
Fund Balances:			
Nonspendable:			
Permanent fund principal	-	-	-
Assigned to:			
Youth and family services	-	-	290,722
Debt service	-	-	-
CAPSAW	-	-	-
Total fund balances	-	-	290,722
Total liabilities and fund balances	\$ 104,409	\$ 135,653	\$ 341,730

Exhibit 13

Community Action Partnership of Staunton, Augusta & Waynesboro Fund		Debt Service Debt Revenue Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Total			
\$ 22,381	\$ 234,103	\$ 274,008	\$ -	\$ 508,111
39,375	45,675	-	-	45,675
-	363,770	-	-	363,770
-	-	-	510,549	510,549
<u>\$ 61,756</u>	<u>\$ 643,548</u>	<u>\$ 274,008</u>	<u>\$ 510,549</u>	<u>\$ 1,428,105</u>
43,337	142,464	-	-	142,464
-	34,866	-	-	34,866
-	157,077	-	-	157,077
<u>43,337</u>	<u>334,407</u>	<u>-</u>	<u>-</u>	<u>334,407</u>
-	-	-	510,549	510,549
-	290,722	-	-	290,722
-	-	274,008	-	274,008
<u>18,419</u>	<u>18,419</u>	<u>-</u>	<u>-</u>	<u>18,419</u>
<u>18,419</u>	<u>309,141</u>	<u>274,008</u>	<u>510,549</u>	<u>1,093,698</u>
<u>\$ 61,756</u>	<u>\$ 643,548</u>	<u>\$ 274,008</u>	<u>\$ 510,549</u>	<u>\$ 1,428,105</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue		
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund
REVENUES			
Revenue from use of money and property	\$ -	\$ -	\$ 1,194
Miscellaneous	-	-	88,742
Recovered costs	-	-	266,090
Intergovernmental:			
Local - School Board	-	-	-
Commonwealth	720,254	719,625	125,821
Federal	601,288	-	323,362
Total revenues	1,321,542	719,625	805,209
EXPENDITURES			
Current:			
Public safety	-	-	920,157
Health and welfare	1,847,334	1,099,529	56,611
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,847,334	1,099,529	976,768
Excess (deficiency) of revenues over (under) expenditures	(525,792)	(379,904)	(171,559)
OTHER FINANCING SOURCES (USES)			
Transfers in	525,792	379,904	155,000
Transfers out	-	-	-
Total other financing sources and uses	525,792	379,904	155,000
Net change in fund balances	-	-	(16,559)
Fund balance - beginning (as adjusted)	-	-	307,281
Fund balance - ending	\$ -	\$ -	\$ 290,722

Exhibit 14

Community Action Partnership of Staunton, Augusta & Waynesboro Fund		Debt Service Debt Revenue Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Total			
\$ 54	\$ 1,248	\$ 2,771	\$ 2,630	\$ 6,649
4,540	93,282	-	19,050	112,332
69,765	335,855	-	-	335,855
-	-	200,000	-	200,000
-	1,565,700	-	-	1,565,700
258,769	1,183,419	-	-	1,183,419
333,128	3,179,504	202,771	21,680	3,403,955
-	920,157	-	-	920,157
328,677	3,332,151	-	-	3,332,151
-	-	550,226	-	550,226
-	-	828,593	-	828,593
328,677	4,252,308	1,378,819	-	5,631,127
4,451	(1,072,804)	(1,176,048)	21,680	(2,227,172)
-	1,060,696	1,269,753	-	2,330,449
-	-	-	(2,630)	(2,630)
-	1,060,696	1,269,753	(2,630)	2,327,819
4,451	(12,108)	93,705	19,050	100,647
13,968	321,249	180,303	491,499	993,051
\$ 18,419	\$ 309,141	\$ 274,008	\$ 510,549	\$ 1,093,698

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, 2011

	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	897,864	897,864	720,254	(177,610)
Federal	972,686	972,686	601,288	(371,398)
Total revenues	1,870,550	1,870,550	1,321,542	(549,008)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	2,382,000	2,445,500	1,847,334	598,166
Total expenditures	2,382,000	2,445,500	1,847,334	598,166
Excess (deficiency) of revenues over (under) expenditures	(511,450)	(574,950)	(525,792)	49,158
OTHER FINANCING SOURCES (USES)				
Transfers in	511,450	574,950	525,792	(49,158)
Total other financing sources and uses	511,450	574,950	525,792	(49,158)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 15

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,194	\$ 1,194
-	-	-	-	65,075	69,075	88,742	19,667
-	-	-	-	269,500	269,500	266,090	(3,410)
1,079,729	1,079,729	719,625	(360,104)	156,867	159,867	125,821	(34,046)
-	-	-	-	247,500	338,133	323,362	(14,771)
1,079,729	1,079,729	719,625	(360,104)	738,942	836,575	805,209	(31,366)
-	-	-	-	884,532	979,165	920,157	59,008
1,803,500	1,740,000	1,099,529	640,471	63,835	66,835	56,611	10,224
1,803,500	1,740,000	1,099,529	640,471	948,367	1,046,000	976,768	69,232
(723,771)	(660,271)	(379,904)	280,367	(209,425)	(209,425)	(171,559)	37,866
723,771	660,271	379,904	(280,367)	155,000	155,000	155,000	-
723,771	660,271	379,904	(280,367)	155,000	155,000	155,000	-
-	-	-	-	(54,425)	(54,425)	(16,559)	37,866
-	-	-	-	54,425	54,425	307,281	252,856
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,722	\$ 290,722

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS
For the Year Ended June 30, 2011

Exhibit 16

	Debt Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 2,771	\$ 2,771
Intergovernmental:				
Local - School Board	-	-	200,000	200,000
Total revenues	-	-	202,771	202,771
EXPENDITURES				
Debt Service:				
Principal retirement	550,226	550,226	550,226	-
Interest and fiscal charges	828,594	828,594	828,593	1
Total expenditures	1,378,820	1,378,820	1,378,819	1
Excess (deficiency) of revenues over (under) expenditures	(1,378,820)	(1,378,820)	(1,176,048)	202,772
OTHER FINANCING SOURCES (USES)				
Transfers in	955,541	1,269,753	1,269,753	-
Total other financing sources and uses	955,541	1,269,753	1,269,753	-
Net change in fund balances	(423,279)	(109,067)	93,705	202,772
Fund balance - beginning	423,279	109,067	180,303	71,236
Fund balance - ending	\$ -	\$ -	\$ 274,008	\$ 274,008

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, 2011

Exhibit 17

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 19,343	\$ 19,343
Miscellaneous	-	25,185	25,185	-
Intergovernmental:				
Federal	-	234,737	297,217	62,480
Total revenues	-	259,922	341,745	81,823
EXPENDITURES				
Current:				
Public safety	-	100,190	223,644	(123,454)
Public works	-	742,198	1,988,924	(1,246,726)
Parks, recreation, and cultural	-	33,586	44,903	(11,317)
Capital projects	-	-	500,000	(500,000)
Debt service:				
Bond issuance costs	-	-	23,112	(23,112)
Total expenditures	-	875,974	2,780,583	(1,904,609)
Excess (deficiency) of revenues over (under) expenditures	-	(616,052)	(2,438,838)	(1,822,786)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	985,000	985,000
Premium on debt	-	-	14,567	14,567
Transfers in	-	549,858	551,439	1,581
Transfers out	-	(18,250)	(175,324)	(157,074)
Total other financing sources and uses	-	531,608	1,375,682	844,074
Net change in fund balances	-	(84,444)	(1,063,156)	(978,712)
Fund balance - beginning	-	84,444	7,590,804	7,506,360
Fund balance - ending	\$ -	\$ -	\$ 6,527,648	\$ 6,527,648

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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.

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2011

Exhibit 18

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 350,207	\$ 313,198	\$ 663,405
Accounts receivable (net of allowance for uncollectibles)	199,752	83,149	282,901
Total current assets	549,959	396,347	946,306
Noncurrent assets:			
Equity interest in joint venture	-	2,783,441	2,783,441
Capital assets:			
Buildings	113,453	-	113,453
Machinery and equipment	1,118,975	-	1,118,975
Less accumulated depreciation	(745,440)	-	(745,440)
Total capital assets (net of accumulated depreciation)	486,988	-	486,988
Total noncurrent assets	486,988	2,783,441	3,270,429
Total assets	1,036,947	3,179,788	4,216,735
LIABILITIES			
Current liabilities:			
Accounts payable	1,488	126,930	128,418
Accrued payroll	30,329	-	30,329
Deposits payable	1,080	-	1,080
Due to other funds	25,184	-	25,184
Compensated absences	5,000	-	5,000
Total current liabilities	63,081	126,930	190,011
Noncurrent liabilities:			
Compensated absences	18,313	-	18,313
Net OPEB obligation	14,304	-	14,304
Total noncurrent liabilities	32,617	-	32,617
Total liabilities	95,698	126,930	222,628
NET ASSETS			
Invested in capital assets, net of related debt	486,988	-	486,988
Unrestricted	454,261	3,052,858	3,507,119
Total net assets	\$ 941,249	\$ 3,052,858	\$ 3,994,107

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011

Exhibit 19

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,128,021	\$ 706,379	\$ 1,834,400
Miscellaneous	43,483	3,860	47,343
Total operating revenues	<u>1,171,504</u>	<u>710,239</u>	<u>1,881,743</u>
OPERATING EXPENSES			
Personal services	646,051	-	646,051
Contractual services	31,974	423,090	455,064
Other supplies and expenses	153,452	-	153,452
Depreciation	58,099	-	58,099
Total operating expenses	<u>889,576</u>	<u>423,090</u>	<u>1,312,666</u>
Operating income (loss)	<u>281,928</u>	<u>287,149</u>	<u>569,077</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental:			
Commonwealth	5,910	-	5,910
Interest income	2,320	2,890	5,210
Gain (loss) on equity interest	-	265,597	265,597
Total nonoperating revenues (expenses)	<u>8,230</u>	<u>268,487</u>	<u>276,717</u>
Income before contributions and transfers	<u>290,158</u>	<u>555,636</u>	<u>845,794</u>
Transfers out	<u>(109,000)</u>	<u>-</u>	<u>(109,000)</u>
Change in net assets	181,158	555,636	736,794
Total net assets - beginning	<u>760,091</u>	<u>2,497,222</u>	<u>3,257,313</u>
Total net assets - ending	<u>\$ 941,249</u>	<u>\$ 3,052,858</u>	<u>\$ 3,994,107</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011

			Exhibit 20
	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,117,929	\$ 709,910	\$ 1,827,839
Cash paid to suppliers	(185,767)	(414,188)	(599,955)
Cash paid to employees	(637,249)	-	(637,249)
Other receipts (payments)	43,483	3,860	47,343
Net cash provided (used) by operating activities	<u>338,396</u>	<u>299,582</u>	<u>637,978</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from state grant	5,910	-	5,910
Transfer to other funds	(83,816)	-	(83,816)
Net cash provided (used) by noncapital financing activities	<u>(77,906)</u>	<u>-</u>	<u>(77,906)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(283,328)	-	(283,328)
Net cash provided (used) by capital and related financing activities	<u>(283,328)</u>	<u>-</u>	<u>(283,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,320	2,890	5,210
Cash paid to joint venture	-	(444,241)	(444,241)
Net cash provided by investing activities	<u>2,320</u>	<u>(441,351)</u>	<u>(439,031)</u>
Net increase (decrease) in cash and cash equivalents	(20,518)	(141,769)	(162,287)
Cash and cash equivalents - beginning of year	<u>370,725</u>	<u>454,967</u>	<u>825,692</u>
Cash and cash equivalents - end of year	<u>\$ 350,207</u>	<u>\$ 313,198</u>	<u>\$ 663,405</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 281,928	\$ 287,149	\$ 569,077
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	58,099	-	58,099
(Increase) decrease in accounts receivable	(10,032)	3,531	(6,501)
Increase (decrease) in accounts payable	(341)	8,902	8,561
Increase (decrease) in accrued payroll	4,441	-	4,441
Increase (decrease) in net OPEB obligation	1,986	-	1,986
Increase (decrease) in deposits payable	(60)	-	(60)
Increase (decrease) in compensated absences	2,375	-	2,375
Total Adjustments	<u>56,468</u>	<u>12,433</u>	<u>68,901</u>
Net cash provided (used) by operating activities	<u>\$ 338,396</u>	<u>\$ 299,582</u>	<u>\$ 637,978</u>

Noncash investing, capital, and financing activities:

There are no noncash activities to disclose.

FIDUCIARY FUNDS**AGENCY FUNDS**

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

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

Shenandoah Valley Police Academy – to account for funds received and disbursed for the payroll costs of the Shenandoah Valley Police Academy.

First Aid Crew – to account for funds received and disbursed for supplies and utilities to benefit the Waynesboro First Aid Crew.

Greater Augusta Regional Tourism Board – to account for local contributions and other revenues to fund the operations of the Greater Augusta Regional Tourism Board.

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CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2011

Exhibit 21

	Payroll Fringes Fund	Special Welfare Fund	Shenandoah Valley Police Academy Fund	First Aid Crew Fund	Greater Augusta Regional Tourism Board Fund	Total
ASSETS						
Cash and cash equivalents	\$ 266,621	\$ 18,986	\$ -	\$ -	\$ -	\$ 285,607
Accounts receivable	555	-	29,062	19,344	-	48,961
Due from other governments	-	-	12,388	-	-	12,388
Total assets	<u>\$ 267,176</u>	<u>\$ 18,986</u>	<u>\$ 41,450</u>	<u>\$ 19,344</u>	<u>\$ -</u>	<u>\$ 346,956</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,788	\$ 713	\$ -	\$ 2,501
Accrued payroll	-	-	11,419	-	-	11,419
Payroll taxes and fringes payable	267,176	-	-	-	-	267,176
Due to external parties	-	-	15,855	18,631	-	34,486
Net OPEB obligation	-	-	12,388	-	-	12,388
Amounts held for social service clients	-	18,986	-	-	-	18,986
Total liabilities	<u>\$ 267,176</u>	<u>\$ 18,986</u>	<u>\$ 41,450</u>	<u>\$ 19,344</u>	<u>\$ -</u>	<u>\$ 346,956</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2011

Exhibit 22

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 287,698	\$ 9,558,408	\$ 9,579,485	\$ 266,621
Accounts receivable	2,120	555	2,120	555
Total assets	<u>\$ 289,818</u>	<u>\$ 9,558,963</u>	<u>\$ 9,581,605</u>	<u>\$ 267,176</u>
Liabilities:				
Payroll taxes and fringes payable	\$ 289,818	\$ 9,558,963	\$ 9,581,605	\$ 267,176
Total liabilities	<u>\$ 289,818</u>	<u>\$ 9,558,963</u>	<u>\$ 9,581,605</u>	<u>\$ 267,176</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ 21,566	\$ 34,131	\$ 36,711	\$ 18,986
Due from other governments	2,737	-	2,737	-
Total assets	<u>\$ 24,303</u>	<u>\$ 34,131</u>	<u>\$ 39,448</u>	<u>\$ 18,986</u>
Liabilities:				
Accounts payable	\$ 2,737	\$ -	\$ 2,737	\$ -
Amounts held for social services clients	21,566	34,131	36,711	18,986
Total liabilities	<u>\$ 24,303</u>	<u>\$ 34,131</u>	<u>\$ 39,448</u>	<u>\$ 18,986</u>
Shenandoah Valley Police Academy Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 551,850	\$ 551,850	\$ -
Accounts receivable	241,062	29,062	241,062	29,062
Due from other governments	-	12,388	-	12,388
Total assets	<u>\$ 241,062</u>	<u>\$ 593,300</u>	<u>\$ 792,912</u>	<u>\$ 41,450</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,788	\$ -	\$ 1,788
Accrued payroll	23,320	11,419	23,320	11,419
Due to external parties	206,605	-	190,750	15,855
Net OPEB obligation	11,137	1,251	-	12,388
Total liabilities	<u>\$ 241,062</u>	<u>\$ 14,458</u>	<u>\$ 214,070</u>	<u>\$ 41,450</u>
First Aid Crew Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 18,201	\$ 18,201	\$ -
Accounts receivable	3,975	19,344	3,975	19,344
Total assets	<u>\$ 3,975</u>	<u>\$ 37,545</u>	<u>\$ 22,176</u>	<u>\$ 19,344</u>
Liabilities:				
Accounts payable	\$ 3,143	\$ 713	\$ 3,143	\$ 713
Due to external parties	832	18,631	832	18,631
Amounts held for first aid crew	-	18,201	18,201	-
Total liabilities	<u>\$ 3,975</u>	<u>\$ 37,545</u>	<u>\$ 22,176</u>	<u>\$ 19,344</u>
Greater Augusta Regional Tourism Board Fund				
Assets:				
Cash and cash equivalents	\$ 57,712	\$ -	\$ 57,712	\$ -
Total assets	<u>\$ 57,712</u>	<u>\$ -</u>	<u>\$ 57,712</u>	<u>\$ -</u>
Liabilities:				
Amounts held for Greater Augusta Regional Tourism Board	<u>\$ 57,712</u>	<u>\$ -</u>	<u>\$ 57,712</u>	<u>\$ -</u>
Total liabilities	<u>\$ 57,712</u>	<u>\$ -</u>	<u>\$ 57,712</u>	<u>\$ -</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2011

Exhibit 22 (cont'd)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 366,976	\$ 10,162,590	\$ 10,243,959	\$ 285,607
Accounts receivable	247,157	48,961	247,157	48,961
Due from other governments	2,737	12,388	2,737	12,388
Total assets	<u>\$ 616,870</u>	<u>\$ 10,223,939</u>	<u>\$ 10,493,853</u>	<u>\$ 346,956</u>
Liabilities:				
Accounts payable	\$ 5,880	\$ 2,501	\$ 5,880	\$ 2,501
Accrued payroll	23,320	11,419	23,320	11,419
Payroll taxes and fringes payable	289,818	9,558,963	9,581,605	267,176
Due to external parties	207,437	18,631	191,582	34,486
Net OPEB obligation	11,137	1,251	-	12,388
Amounts held for social services clients	21,566	34,131	36,711	18,986
Amounts held for the first aid crew	-	18,201	18,201	-
Amounts held for the GART Board	57,712	-	57,712	-
Total liabilities	<u>\$ 616,870</u>	<u>\$ 9,645,097</u>	<u>\$ 9,915,011</u>	<u>\$ 346,956</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

School Operating Fund – to account for the operations and maintenance of the six city-owned schools. Financing is provided by state and federal funds, and by appropriations from the City's general revenues. State and federal education funds received may be used only for this purpose.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

CAPITAL PROJECTS FUNDS

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

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, 2011

	Exhibit 23			
	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,116,037	\$ 834,419	\$ 153,150	\$ 3,103,606
Accounts receivable	7,969	-	3,233	11,202
Due from other governments	1,340,449	-	121,542	1,461,991
Prepaid items	162,241	-	-	162,241
Total assets	\$ 3,626,696	\$ 834,419	\$ 277,925	\$ 4,739,040
LIABILITIES AND FUND BALANCES				
Accounts payable	453,585	-	7,599	461,184
Accrued payroll	3,121,241	-	72,589	3,193,830
Due to primary government	-	-	216,151	216,151
Total liabilities	3,574,826	-	296,339	3,871,165
Fund balances:				
Committed to:				
Education	51,870	-	-	51,870
Assigned to:				
Education	-	834,419	177,634	1,012,053
Unassigned:	-	-	(196,048)	(196,048)
Total fund balances	51,870	834,419	(18,414)	867,875
Total liabilities and fund balances	\$ 3,626,696	\$ 834,419	\$ 277,925	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,918,181
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,762,889)
Net assets of governmental activities	\$ 39,023,167

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, 2011

Exhibit 24

	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from use of money and property	\$ 30,238	\$ -	\$ 1,448	\$ 31,686
Charges for services	124,657	-	274,635	399,292
Miscellaneous	91,362	546	11,901	103,809
Recovered costs	88,910	-	-	88,910
Intergovernmental:				
Local	12,583,454	-	-	12,583,454
Commonwealth	14,442,803	-	25,480	14,468,283
Federal	3,301,925	-	927,137	4,229,062
Total revenues	<u>30,663,349</u>	<u>546</u>	<u>1,240,601</u>	<u>31,904,496</u>
EXPENDITURES				
Current:				
Education	29,963,836	158,232	1,148,573	31,270,641
Payment to the City	200,000	-	-	200,000
Debt Service:				
Principal retirement	165,118	-	-	165,118
Interest and fiscal charges	177,935	-	-	177,935
Total expenditures	<u>30,506,889</u>	<u>158,232</u>	<u>1,148,573</u>	<u>31,813,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>156,460</u>	<u>(157,686)</u>	<u>92,028</u>	<u>90,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,694	163,863	-	166,557
Transfers out	<u>(163,863)</u>	<u>-</u>	<u>(2,694)</u>	<u>(166,557)</u>
Total other financing sources and uses	<u>(161,169)</u>	<u>163,863</u>	<u>(2,694)</u>	<u>-</u>
Net change in fund balances	(4,709)	6,177	89,334	90,802
Fund balance (deficit) - beginning	<u>56,579</u>	<u>828,242</u>	<u>(107,748)</u>	
Fund balance - ending	<u>\$ 51,870</u>	<u>\$ 834,419</u>	<u>\$ (18,414)</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 capital outlays (1,313,809) exceeded depreciation (1,255,704) in the current period. 58,105

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 assets. 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. 165,118

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. (217,097)

Change in net assets of governmental activities \$ 96,928

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 June 30, 2011

		Exhibit 25
	Private- Purpose Trust Kimler	Agency School Payroll Fringes
ASSETS		
Cash and cash equivalents	\$ -	\$ 419,973
Accounts receivable	-	149
Restricted assets:		
Cash and cash equivalents	13,254	-
Total assets	<u>13,254</u>	<u>\$ 420,122</u>
LIABILITIES		
Payroll taxes and fringes payable	-	420,122
Total liabilities	<u>-</u>	<u>\$ 420,122</u>
NET ASSETS		
Held in trust for other educational purposes	<u>\$ 13,254</u>	

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2011

	Exhibit 26
	Private- Purpose Trust
	Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 224
Total additions	<u>224</u>
DEDUCTIONS	
Education expenses	<u>41</u>
Total deductions	<u>41</u>
Change in net assets	183
Net assets - beginning	<u>13,071</u>
Net assets - ending	<u>\$ 13,254</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, 2011

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 9,300	\$ 9,300	\$ 30,238	\$ 20,938
Charges for services	85,200	85,200	124,657	39,457
Miscellaneous	78,034	87,084	91,362	4,278
Recovered costs	90,000	90,000	88,910	(1,090)
Intergovernmental:				
Local	12,188,313	12,188,313	12,583,454	395,141
Commonwealth	14,314,058	14,320,547	14,442,803	122,256
Federal	2,832,336	3,070,340	3,301,925	231,585
Total revenues	29,597,241	29,850,784	30,663,349	812,565
EXPENDITURES				
Current:				
Education	29,395,528	30,153,882	29,963,836	190,046
Payment to the City	-	-	200,000	(200,000)
Debt service:				
Principal retirement	165,118	165,118	165,118	-
Interest and fiscal charges	177,936	177,936	177,935	1
Total expenditures	29,738,582	30,496,936	30,506,889	(9,953)
Excess (deficiency) of revenues over (under) expenditures	(141,341)	(646,152)	156,460	802,612
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,694	2,694
Transfers out	(158,145)	(158,045)	(163,863)	(5,818)
Total other financing sources and uses	(158,145)	(158,045)	(161,169)	(3,124)
Net change in fund balances	(299,486)	(804,197)	(4,709)	799,488
Fund balance - beginning	299,486	804,197	56,579	(747,618)
Fund balance - ending	\$ -	\$ -	\$ 51,870	\$ 51,870

Exhibit 27

School Textbook Fund

Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	546	546
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	546	546
158,145	158,145	158,232	(87)
-	-	-	-
-	-	-	-
-	-	-	-
158,145	158,145	158,232	(87)
(158,145)	(158,145)	(157,686)	459
158,145	158,145	163,863	5,718
-	-	-	-
158,145	158,145	163,863	5,718
-	-	6,177	6,177
-	-	828,242	828,242
\$ -	\$ -	\$ 834,419	\$ 834,419

CITY OF WAYNESBORO, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

Exhibit 28

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 133,047	\$ 20,103	\$ 153,150
Accounts receivable	3,233	-	3,233
Due from other governments	<u>121,542</u>	<u>-</u>	<u>121,542</u>
Total assets	<u>\$ 257,822</u>	<u>\$ 20,103</u>	<u>\$ 277,925</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	7,599	-	7,599
Accrued payroll	72,589	-	72,589
Due to primary government	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>80,188</u>	<u>216,151</u>	<u>296,339</u>
Fund balances (deficits):			
Assigned to:			
Education	177,634	-	177,634
Unassigned:	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances (deficits)	<u>177,634</u>	<u>(196,048)</u>	<u>(18,414)</u>
Total liabilities and fund balances	<u>\$ 257,822</u>	<u>\$ 20,103</u>	<u>\$ 277,925</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

Exhibit 29

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from use of money and property	\$ 90	\$ 1,358	\$ 1,448
Charges for services	274,635	-	274,635
Miscellaneous	11,901	-	11,901
Intergovernmental:			
Commonwealth	25,480	-	25,480
Federal	927,137	-	927,137
Total revenues	<u>1,239,243</u>	<u>1,358</u>	<u>1,240,601</u>
EXPENDITURES			
Current:			
Education	<u>1,148,573</u>	<u>-</u>	<u>1,148,573</u>
Total expenditures	<u>1,148,573</u>	<u>-</u>	<u>1,148,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,670</u>	<u>1,358</u>	<u>92,028</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(2,694)</u>	<u>(2,694)</u>
Total other financing sources and uses	<u>-</u>	<u>(2,694)</u>	<u>(2,694)</u>
Net change in fund balances	90,670	(1,336)	89,334
Fund balance - beginning	<u>86,964</u>	<u>(194,712)</u>	<u>(107,748)</u>
Fund balance - ending	<u>\$ 177,634</u>	<u>\$ (196,048)</u>	<u>\$ (18,414)</u>

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011

Exhibit 30

	School Cafeteria Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 90	\$ 90
Charges for services	322,530	322,530	274,635	(47,895)
Miscellaneous	6,450	6,450	11,901	5,451
Intergovernmental:				
Commonwealth	20,796	20,796	25,480	4,684
Federal	816,582	816,582	927,137	110,555
Total revenues	<u>1,166,358</u>	<u>1,166,358</u>	<u>1,239,243</u>	<u>72,885</u>
EXPENDITURES				
Current:				
Education	<u>1,166,358</u>	<u>1,166,358</u>	<u>1,148,573</u>	<u>17,785</u>
Total expenditures	<u>1,166,358</u>	<u>1,166,358</u>	<u>1,148,573</u>	<u>17,785</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>-</u>	<u>-</u>	<u>90,670</u>	<u>90,670</u>
Net change in fund balances	-	-	90,670	90,670
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>86,964</u>	<u>86,964</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,634</u>	<u>\$ 177,634</u>

CITY OF WAYNESBORO, VIRGINIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 CAPITAL PROJECTS FUNDS
 For the Year Ended June 30, 2011

Exhibit 31

	School Construction Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 1,358	\$ 1,358
Total revenues	-	-	1,358	1,358
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,358	1,358
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(2,694)	(2,694)
Total other financing sources and uses	-	-	(2,694)	(2,694)
Net change in fund balances	-	-	(1,336)	(1,336)
Fund balance - beginning	-	-	(194,712)	(194,712)
Fund balance (deficit) - ending	\$ -	\$ -	\$ (196,048)	\$ (196,048)

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, 2011

Exhibit 32

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 487,822	\$ 11,107,901	\$ 11,175,750	\$ 419,973
Accounts receivable	-	149	-	149
Total assets	<u>\$ 487,822</u>	<u>\$ 11,108,050</u>	<u>\$ 11,175,750</u>	<u>\$ 420,122</u>
Liabilities:				
Payroll taxes and fringes payable	<u>487,822</u>	<u>11,108,050</u>	<u>11,175,750</u>	<u>420,122</u>
Total liabilities	<u>\$ 487,822</u>	<u>\$ 11,108,050</u>	<u>\$ 11,175,750</u>	<u>\$ 420,122</u>

***DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY***

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CITY OF WAYNESBORO, VIRGINIA
 BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
 GOVERNMENTAL FUND
 June 30, 2011

	Exhibit 33
	Economic Development Authority
ASSETS	
Cash and cash equivalents	\$ 371,803
Total assets	<u>\$ 371,803</u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Undesignated	<u>371,803</u>
Total fund balances	<u>371,803</u>
Total liabilities and fund balances	<u>\$ 371,803</u>
 Total fund balances - governmental funds - per above	 \$ 371,803
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,943,463)</u>
Net assets of governmental activities	<u>\$ (4,571,660)</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
GOVERNMENTAL FUND
For the Year Ended June 30, 2011

Exhibit 34

	Economic Development Authority
REVENUES	
Revenues from use of money and property	\$ 2,453
Intergovernmental:	
Local - City	<u>2,201,527</u>
Total revenues	<u>2,203,980</u>
EXPENDITURES	
Current:	
Community Development	1,334,657
Debt Service:	
Principal retirement	589,643
Interest and fiscal charges	<u>301,544</u>
Total expenditures	<u>2,225,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,864)</u>
Net change in fund balances	(21,864)
Fund balance - beginning	<u>393,667</u>
Fund balance - ending	<u>\$ 371,803</u>
Net change in fund balances - total governmental funds - per above	\$ (21,864)
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
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 assets. 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.	
	589,643
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.	<u>1,622</u>
Change in net assets of governmental activities	<u>\$ 569,401</u>

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

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CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
June 30, 2011

Exhibit 35

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
PRIMARY GOVERNMENT:							
General government administration	\$ 4,959,209	\$ -	\$ 1,591,315	\$ 50,600	\$ 436,375	\$ -	\$ 7,037,499
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	14,443	4,005,347	64,037	1,771,919	-	5,855,746
Public works	305,189	1,408,254	2,216,974	1,001,888	160,996	46,807,793	51,901,094
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	-	280,066	2,213,840	2,379,736	147,026	-	5,020,668
Community development	-	40,244	-	360,037	40,036	-	440,317
Total Primary Government	\$ 5,264,398	\$ 1,743,007	\$ 13,847,564	\$ 4,120,336	\$ 2,668,837	\$ 46,807,793	\$ 74,451,935
COMPONENT UNIT SCHOOL BOARD:							
Schools:							
Education	\$ 274,493	\$ 983,433	\$ 50,416,120	\$ 3,740,682	\$ 3,262,920	\$ -	\$ 58,677,648

* 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 assets.

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, 2011

Exhibit 36

Function and Activity	Governmental Funds Capital Assets June 30, 2010	Additions	Deductions	Governmental Funds Capital Assets June 30, 2011
PRIMARY GOVERNMENT:				
General government administration	\$ 7,030,714	\$ 6,785	\$ -	\$ 7,037,499
Judicial administration	3,564,771	-	-	3,564,771
Public safety	5,836,066	243,322	-	6,079,388
Public works	49,465,060	2,212,391	-	51,677,451
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	4,725,701	294,968	-	5,020,669
Community development	40,036	400,281	-	440,317
Total Primary Government	<u>\$ 71,294,188</u>	<u>\$ 3,157,747</u>	<u>\$ -</u>	<u>\$ 74,451,935</u>
COMPONENT UNIT SCHOOL BOARD:				
Schools:				
Education	<u>\$ 57,573,669</u>	<u>\$ 1,313,810</u>	<u>\$ 209,831</u>	<u>\$ 58,677,648</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 assets.

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, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,006,438	\$ 13,006,438	\$ 13,149,635	\$ 143,197
Real and personal public service corporation property taxes	512,500	512,500	580,912	68,412
Personal property taxes	2,879,794	2,879,794	3,052,394	172,600
Mobile home taxes	6,400	6,400	6,259	(141)
Machinery and tools taxes	951,462	951,462	710,171	(241,291)
Rolling stock	32,487	32,487	23,452	(9,035)
Penalties	155,000	155,000	200,788	45,788
Interest	69,500	69,500	136,765	67,265
Total General Property Taxes	<u>17,613,581</u>	<u>17,613,581</u>	<u>17,860,376</u>	<u>246,795</u>
Other local taxes:				
Local sales and use tax	4,500,132	4,500,132	4,489,608	(10,524)
Communication sales tax	1,300,000	-	-	-
Consumers' utility taxes	1,037,000	1,037,000	1,025,014	(11,986)
Business license taxes	1,757,355	1,759,355	1,822,607	63,252
Motor vehicle licenses	387,000	387,000	420,485	33,485
Bank stock taxes	115,000	115,000	250,396	135,396
Taxes on recordation and wills	205,500	205,500	135,931	(69,569)
Lodging taxes	362,000	362,000	468,832	106,832
Restaurant food taxes	2,550,748	2,550,748	2,808,116	257,368
Tobacco taxes	390,000	390,000	394,680	4,680
Short-term rental taxes	8,000	8,000	5,934	(2,066)
Payments in lieu of tax	22,330	22,330	22,087	(243)
Total Other Local Taxes	<u>12,635,065</u>	<u>11,337,065</u>	<u>11,843,690</u>	<u>506,625</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	4,500	4,500	5,773	1,273
Permits and other licenses	158,050	158,210	165,065	6,855
Total Permits, Privilege Fees, and Regulatory Licenses	<u>162,550</u>	<u>162,710</u>	<u>170,838</u>	<u>8,128</u>
Fines and forfeitures:				
Parking fines	7,500	7,500	9,785	2,285
Fines and forfeitures	135,050	135,050	157,242	22,192
Total Fines and Forfeitures	<u>142,550</u>	<u>142,550</u>	<u>167,027</u>	<u>24,477</u>
Revenue from use of money and property:				
Revenue from use of money	122,000	122,000	218,474	96,474
Revenue from use of property	34,070	66,574	66,385	(189)
Total Revenue from Use of Money and Property	<u>156,070</u>	<u>188,574</u>	<u>284,859</u>	<u>96,285</u>
Charges for services:				
Commonwealth's attorney fees	1,000	1,000	1,333	333
Charges for maintenance of buildings and grounds	15,000	15,000	13,546	(1,454)
Charges for planning services	30,500	30,500	3,360	(27,140)
Charges for recreation	327,145	337,365	345,563	8,198
Charges for library	11,500	13,923	23,565	9,642
Total Charges for Services	<u>385,145</u>	<u>397,788</u>	<u>387,367</u>	<u>(10,421)</u>
Miscellaneous revenue:				
Gifts and donations	8,100	40,811	39,046	(1,765)
Other revenue	28,123	42,885	145,828	102,943
Total Miscellaneous Revenue	<u>36,223</u>	<u>83,696</u>	<u>184,874</u>	<u>101,178</u>
Recovered Costs	<u>28,200</u>	<u>28,450</u>	<u>58,650</u>	<u>30,200</u>
Total Revenue from Local Sources	<u>31,159,384</u>	<u>29,954,414</u>	<u>30,957,681</u>	<u>1,003,267</u>

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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, 2011

				Schedule 1 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 2,092	\$ 2,092	\$ 1,987	\$ (105)
Grantor tax	42,000	42,000	27,334	(14,666)
Sales tax on rental passenger vehicles	38,000	38,000	45,263	7,263
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	753,749	753,749	619,616	(134,133)
Rolling stock tax	13,887	13,887	14,812	925
Communications tax	-	1,300,000	1,351,839	51,839
Recordation tax	58,000	58,000	41,178	(16,822)
Total Non-categorical Aid	2,629,185	3,929,185	3,823,486	(105,699)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	384,646	384,646	308,254	(76,392)
Sheriff	268,314	268,314	266,867	(1,447)
Commissioner of the revenue	92,091	92,091	85,359	(6,732)
Treasurer	76,493	76,493	80,055	3,562
Clerk of circuit court	202,518	202,518	205,314	2,796
State compensation board reimbursement	-	16,083	16,754	671
Registrar/Electoral board	40,441	40,441	38,385	(2,056)
Total Shared Expenses	1,064,503	1,080,586	1,000,988	(79,598)
Other categorical aid:				
Street and highway maintenance	2,837,058	2,837,058	2,949,591	112,533
Library	145,477	142,391	142,391	-
Four for Life	-	18,830	18,830	-
Virginia Arts	-	5,000	5,000	-
Fire Board funds	-	-	56,363	56,363
Drug seizure	-	2,963	28,814	25,851
Victim/witness	39,093	39,093	47,717	8,624
E-911 wireless	138,000	138,000	111,568	(26,432)
Economic incentive grant	-	750,000	750,000	-
Other state funds	-	1,291	1,506	215
Total Other Categorical Aid	3,159,628	3,934,626	4,111,780	177,154
Total Categorical Aid	4,224,131	5,015,212	5,112,768	97,556
Total Revenue from the Commonwealth	6,853,316	8,944,397	8,936,254	(8,143)
Revenue from the Federal Government:				
Categorical aid:				
CDBG grant	-	30,992	35,000	4,008
Emergency preparedness	-	-	5,000	5,000
DMV grants	-	-	13,852	13,852
FEMA disaster assistance	-	166,963	166,964	1
ARRA - Forestry grants	-	69,843	72,993	3,150
Other federal funds	-	9,285	11,370	2,085
Total Revenue from the Federal Government	-	277,083	305,179	28,096
Total General Fund	\$ 38,012,700	\$ 39,175,894	\$ 40,199,114	\$ 1,023,220
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	897,864	897,864	720,254	(177,610)

cont'd

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, 2011

				Schedule 1 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Virginia Public Assistance Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	\$ 907,686	\$ 907,686	\$ 565,184	\$ (342,502)
ARRA - Welfare	65,000	65,000	36,104	(28,896)
Total Revenue from the Federal Government	972,686	972,686	601,288	(371,398)
Total Virginia Public Assistance Fund	\$ 1,870,550	\$ 1,870,550	\$ 1,321,542	\$ (549,008)
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	1,079,729	1,079,729	719,625	(360,104)
Total Comprehensive Services Act Fund	\$ 1,079,729	\$ 1,079,729	\$ 719,625	\$ (360,104)
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,194	1,194
Miscellaneous revenue:				
Gifts and donations	65,000	69,000	87,571	18,571
Other revenue	75	75	1,171	1,096
Total Miscellaneous Revenue	65,075	69,075	88,742	19,667
Recovered Costs	269,500	269,500	266,090	(3,410)
Total Revenue from Local Sources	334,575	338,575	356,026	17,451
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	156,867	156,867	122,821	(34,046)
Choose respect grant	-	3,000	3,000	-
Total Revenue from the Commonwealth	156,867	159,867	125,821	(34,046)
Revenue from the Federal Government:				
Categorical aid:				
Youth employment grants	85,000	117,600	121,527	3,927
ARRA - Youth employment grants	-	30,928	30,928	-
DOJ grant	37,500	64,605	49,716	(14,889)
Substance abuse/mental health	125,000	125,000	121,191	(3,809)
Total Revenue from the Federal Government	247,500	338,133	323,362	(14,771)
Total Youth and Family Services Fund	\$ 738,942	\$ 836,575	\$ 805,209	\$ (31,366)
Total Special Revenue Funds	\$ 3,689,221	\$ 3,786,854	\$ 2,846,376	\$ (940,478)
Debt Service Funds:				
Debt Revenue Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,771	2,771
Revenue from Local Government:				
Contribution from Component Unit - School Board	-	-	200,000	200,000
Total Debt Revenue Fund	\$ -	\$ -	\$ 202,771	\$ 202,771
Total Debt Service Funds	\$ -	\$ -	\$ 202,771	\$ 202,771

cont'd

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, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 19,343	\$ 19,343
Miscellaneous revenue:				
Other revenue	-	25,185	25,185	-
Total Revenue from Local Sources	-	25,185	44,528	19,343
Revenue from the Federal Government:				
Categorical aid:				
Safe routes to school grant	-	-	39,105	39,105
CDBG grant	-	234,737	258,112	23,375
Total Revenue from the Federal Government	-	234,737	297,217	62,480
Total Capital Improvements Fund	\$ -	\$ 259,922	\$ 341,745	\$ 81,823
Total Capital Projects Funds	\$ -	\$ 259,922	\$ 341,745	\$ 81,823
Grand Total - Revenues - Primary Government	\$ 41,701,921	\$ 43,222,670	\$ 43,590,006	\$ 367,336
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	17,784	17,784
Revenue from use of property	9,300	9,300	12,454	3,154
Total Revenue from Use of Money and Property	9,300	9,300	30,238	20,938
Charges for services:				
Charges for education	53,700	53,700	90,607	36,907
Charges for transportation	31,500	31,500	34,050	2,550
Total Charges for Services	85,200	85,200	124,657	39,457
Miscellaneous revenue:				
Gifts and donations	-	1,500	1,500	-
Other revenue	78,034	85,584	89,862	4,278
Total Miscellaneous Revenue	78,034	87,084	91,362	4,278
Recovered Costs	90,000	90,000	88,910	(1,090)
Total Revenue from Local Sources	262,534	271,584	335,167	63,583
Revenue from Local Government:				
Contribution from City of Waynesboro	12,188,313	12,188,313	12,583,454	395,141
Revenue from the Commonwealth:				
Categorical Aid:				
Share of state sales tax	2,757,124	2,757,124	2,869,833	112,709
Basic school aid	7,542,358	7,542,358	7,466,391	(75,967)
Gifted and talented children	86,566	86,566	89,679	3,113
GED funding	15,717	15,717	15,591	(126)
Special education	617,249	617,249	627,728	10,479
Vocational education	206,544	213,033	213,608	575
Remedial education	351,653	351,653	345,122	(6,531)
Social security	471,304	471,304	488,252	16,948
Teacher retirement	278,935	278,935	288,966	10,031
Group life	17,140	17,140	17,936	796
Textbook payments	101,071	101,071	104,705	3,634
At risk	632,997	632,997	658,183	25,186
English as a second language	81,070	81,070	89,005	7,935
Primary class size	329,500	329,500	341,824	12,324
Technology initiative	206,000	206,000	206,000	-
Standards of learning	37,764	37,764	41,745	3,981
Early intervention	44,662	44,662	42,721	(1,941)

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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, 2011

				Schedule 1 (cont'd)
	Original	Final		Variance with
Fund, Major and Minor Revenue Source	Budget	Budget	Actual	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)				
Categorical Aid: (cont'd)				
Composite index	\$ -	\$ 498,989	\$ 487,129	\$ (11,860)
Other state funds	536,404	37,415	48,385	10,970
Total Revenue from the Commonwealth	14,314,058	14,320,547	14,442,803	122,256
Revenue from the Federal Government:				
Categorical Aid:				
Vocational education	77,901	77,901	77,142	(759)
Title II - Teacher Quality	193,843	193,843	189,762	(4,081)
Title VIB	648,250	657,870	637,727	(20,143)
ARRA - Title VIB	385,682	385,682	366,676	(19,006)
Title VI - Rural education	-	57,430	48,482	(8,948)
Drug free schools	15,096	15,096	-	(15,096)
Title I	1,012,369	1,042,469	1,035,145	(7,324)
ARRA - Title I	269,504	385,404	347,312	(38,092)
Title II, Part D	10,166	26,207	21,192	(5,015)
ARRA - Title II, Part D	-	8,913	8,883	(30)
Title III	20,538	20,538	15,685	(4,853)
Adult literacy	26,000	26,000	31,975	5,975
Title VIB - Preschool grant	-	-	18,520	18,520
ARRA - Title VIB - Preschool grant	12,987	12,987	12,987	-
ARRA - State fiscal stabilization funds	-	-	333,914	333,914
Teaching American history grant	160,000	160,000	156,523	(3,477)
Total Revenue from the Federal Government	2,832,336	3,070,340	3,301,925	231,585
Total School Operating Fund	\$ 29,597,241	\$ 29,850,784	\$ 30,663,349	\$ 812,565
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of money	-	-	90	90
Charges for services:				
Cafeteria sales	322,530	322,530	274,635	(47,895)
Miscellaneous Revenue	6,450	6,450	11,901	5,451
Total Revenue from Local Sources	328,980	328,980	286,626	(42,354)
Revenue from the Commonwealth:				
School food programs	20,796	20,796	25,480	4,684
Revenue from the Federal Government:				
School food programs	816,582	816,582	927,137	110,555
Total School Cafeteria Fund	\$ 1,166,358	\$ 1,166,358	\$ 1,239,243	\$ 72,885
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	-	-	546	546
Total School Textbook Fund	\$ -	\$ -	\$ 546	\$ 546
Total Special Revenue Funds	\$ 30,763,599	\$ 31,017,142	\$ 31,903,138	\$ 885,996
Capital Projects Funds:				
School Construction Fund:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,358	1,358
Total School Construction Fund	\$ -	\$ -	\$ 1,358	\$ 1,358
Total Capital Projects Funds	\$ -	\$ -	\$ 1,358	\$ 1,358
Grand Total - Revenues - Component Unit				
School Board	\$ 30,763,599	\$ 31,017,142	\$ 31,904,496	\$ 887,354

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, 2011

Fund, Function, Activity, and Elements:	Schedule 2			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 91,838	\$ 99,972	\$ 96,840	\$ 3,132
Clerk of Council	52,816	52,816	54,129	(1,313)
Total Legislative	144,654	152,788	150,969	1,819
General and Financial Administration:				
Manager	361,054	361,054	376,883	(15,829)
City Attorney	188,717	188,717	174,235	14,482
Human Resources	254,919	255,104	225,459	29,645
Commissioner of Revenue	244,864	244,864	240,678	4,186
Assessor	232,747	235,247	221,301	13,946
Treasurer	209,109	209,109	243,685	(34,576)
Finance	608,468	613,283	570,508	42,775
Information Technology	563,753	563,753	556,079	7,674
Employee Health and Safety	45,500	45,500	51,515	(6,015)
Risk Management	262,694	262,694	263,646	(952)
Central Office	35,861	35,861	39,612	(3,751)
Total General and Financial Administration	3,007,686	3,015,186	2,963,601	51,585
Board of Elections:				
Electoral Board and Officials	102,383	102,383	90,141	12,242
Total General Government Administration	3,254,723	3,270,357	3,204,711	65,646
Judicial Administration:				
Courts:				
Circuit Court	48,049	94,062	88,523	5,539
General District Court	8,879	8,879	9,830	(951)
Juvenile and Domestic Relations	6,217	6,217	6,552	(335)
Clerk of the Circuit Court	313,573	330,856	318,386	12,470
Sheriff	416,461	416,461	407,650	8,811
Victim/Witness Assistance	51,637	51,637	49,926	1,711
Total Courts	844,816	908,112	880,867	27,245
Commonwealth Attorney:				
Commonwealth Attorney	506,024	510,646	426,320	84,326
Total Judicial Administration	1,350,840	1,418,758	1,307,187	111,571
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	3,748,568	3,759,357	3,612,573	146,784
Fire and Rescue Services:				
Fire Department	2,201,062	2,208,050	2,192,316	15,734
First Aid Crew	37,000	72,934	77,554	(4,620)
EMS Council	8,983	8,983	8,994	(11)
Total Fire and Rescue Services	2,247,045	2,289,967	2,278,864	11,103
Correction and Detention:				
Middle River Regional Jail	1,564,195	1,564,195	1,550,544	13,651
Juvenile Detention Home	95,743	95,743	95,744	(1)
Total Correction and Detention	1,659,938	1,659,938	1,646,288	13,650
Inspections:				
Inspector's Office	370,515	392,697	388,736	3,961
Other Protection:				
Emergency Operations Center	909,441	913,404	871,225	42,179
Total Public Safety	8,935,507	9,015,363	8,797,686	217,677

cont'd

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, 2011

	Schedule 2 (cont'd)			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Budget	Budget		
Primary Government: (cont'd)				
General Fund: (cont'd)				
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	\$ 866,623	\$ 872,314	\$ 855,764	\$ 16,550
Public Works Operations Administration	76,305	76,305	76,211	94
Highways, Streets, Bridges, and Sidewalks	2,370,286	3,015,762	2,784,649	231,113
Traffic Engineering	312,572	555,325	312,208	243,117
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	3,625,786	4,519,706	4,028,832	490,874
Sanitation and Waste Removal:				
Landfill closure	370,314	370,314	260,136	110,178
Recycling	-	-	59	(59)
Total Sanitation and Waste Removal	370,314	370,314	260,195	110,119
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	593,286	591,679	483,542	108,137
Total Public Works	4,589,386	5,481,699	4,772,569	709,130
Health and Welfare:				
Health:				
Supplement of Local Health Department	222,754	222,754	209,781	12,973
Contribution to VCSB	114,343	114,343	114,343	-
Total Health	337,097	337,097	324,124	12,973
Welfare:				
Area Agency on Aging	25,250	25,250	25,250	-
Property Tax Relief-Elderly Handicapped	115,000	115,000	101,178	13,822
Other Contributions	20,533	20,533	23,249	(2,716)
Total Welfare	160,783	160,783	149,677	11,106
Total Health and Welfare	497,880	497,880	473,801	24,079
Education:				
Contribution to Community College	30,403	30,403	30,403	-
Contribution to City School Board	12,188,313	12,188,313	12,083,454	104,859
Total Education	12,218,716	12,218,716	12,113,857	104,859
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	332,876	333,278	311,333	21,945
Municipal Parks	585,498	666,079	625,752	40,327
Municipal Pools	118,076	119,576	121,388	(1,812)
Recreation Programs	268,479	268,476	223,380	45,096
Custodial	148,533	148,533	124,146	24,387
Cemeteries	62,320	62,320	63,436	(1,116)
Total Parks and Recreation	1,515,784	1,598,262	1,469,435	128,827
Library:				
Library Administration	763,238	772,147	760,889	11,258
Parks, Recreation and Cultural: (cont'd)				
Cultural Enrichment:				
Contributions	40,000	54,820	54,937	(117)
Total Parks, Recreation, and Cultural	2,319,022	2,425,229	2,285,261	139,968
Community Development:				
Planning and Community Development:				
City Planner	259,586	266,876	250,371	16,505
ADA Coordination	11,313	11,313	7,481	3,832
Contributions to Community Organizations	44,096	44,651	44,727	(76)

cont'd

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, 2011

	Schedule 2 (cont'd)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:				
Primary Government: (cont'd)				
General Fund: (cont'd)				
Community Development: (cont'd)				
Planning and Community Development: (cont'd)				
Tourism Department	\$ 130,413	\$ 152,884	\$ 143,348	\$ 9,536
Economic Development	1,097,529	2,450,771	2,430,265	20,506
Downtown Development	-	-	438	(438)
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	1,586,989	2,970,547	2,920,682	49,865
Debt Service:				
Principal Retirement	1,757,070	1,757,070	1,757,070	-
Interest and Fiscal Charges	670,588	688,838	671,182	17,656
Total Debt Service	2,427,658	2,445,908	2,428,252	17,656
Total General Fund	\$ 37,180,721	\$ 39,744,457	\$ 38,304,006	\$ 1,440,451
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	\$ 2,382,000	\$ 2,445,500	\$ 1,847,334	\$ 598,166
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	\$ 1,803,500	\$ 1,740,000	\$ 1,099,529	\$ 640,471
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	735,665	830,298	831,298	(1,000)
VJCCA Programs	148,867	148,867	88,859	60,008
Total Public Safety	884,532	979,165	920,157	59,008
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	63,835	66,835	56,611	10,224
Total Youth and Family Services Fund	\$ 948,367	\$ 1,046,000	\$ 976,768	\$ 69,232
Total Special Revenue Funds	\$ 5,133,867	\$ 5,231,500	\$ 3,923,631	\$ 1,307,869
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	550,226	550,226	550,226	-
Interest and Fiscal Charges	828,594	828,594	828,593	1
Total Debt Service	1,378,820	1,378,820	1,378,819	1
Total Debt Revenue Fund	\$ 1,378,820	\$ 1,378,820	\$ 1,378,819	\$ 1
Total Debt Service Funds	\$ 1,378,820	\$ 1,378,820	\$ 1,378,819	\$ 1
Capital Projects Funds:				
Capital Improvements Fund:				
Public Safety:				
Fire Equipment	-	100,190	223,644	(123,454)
Public Works:				
Highways, Streets, Bridges, and Sidewalks	-	41,744	1,044,314	(1,002,570)
Building Improvements	-	103,519	286,936	(183,417)
Other Public Works Improvements	-	596,935	657,674	(60,739)
Total Public Works	-	742,198	1,988,924	(1,246,726)
Parks and Recreation Improvements	-	33,586	44,903	(11,317)

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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, 2011

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Capital Projects Funds: (cont'd)				
Capital Improvements Fund: (cont'd)				
Capital Projects:				
Contribution to City School Board	\$ -	-	500,000	(500,000)
Debt Service:				
Bond Issuance Costs	-	-	23,112	(23,112)
Total Capital Improvements Fund	\$ -	\$ 875,974	\$ 2,780,583	\$ (1,904,609)
Total Capital Projects Funds	\$ -	\$ 875,974	\$ 2,780,583	\$ (1,904,609)
Grand Total - Expenditures - Primary Government	\$ 43,693,408	\$ 47,230,751	\$ 46,387,039	\$ 843,712
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	22,717,876	22,395,981	21,746,938	649,043
Administration, Attendance, and Health	1,647,374	1,696,795	1,783,930	(87,135)
Cafeteria Administration	48,344	48,344	49,105	(761)
Total Administration and Instruction of Schools	24,413,594	24,141,120	23,579,973	561,147
Operating Costs:				
Pupil Transportation	1,074,597	1,073,100	1,194,965	(121,865)
Operation and Maintenance of School Plant	3,036,607	3,738,109	3,962,856	(224,747)
Technology	870,730	1,201,553	1,226,042	(24,489)
Total Operating Costs	4,981,934	6,012,762	6,383,863	(371,101)
Total Education	29,395,528	30,153,882	29,963,836	190,046
Debt Service:				
Principal Retirement	165,118	165,118	165,118	-
Interest and Fiscal Charges	177,936	177,936	177,935	1
Total Debt Service	343,054	343,054	343,053	1
Payment to City - Debt Service	-	-	200,000	(200,000)
Total School Operating Fund	\$ 29,738,582	\$ 30,496,936	\$ 30,506,889	\$ (9,953)
School Cafeteria Fund:				
Education:				
Food Service	\$ 1,166,358	\$ 1,166,358	\$ 1,148,573	\$ 17,785
School Textbook Fund:				
Education:				
Instructional Costs	\$ 158,145	\$ 158,145	\$ 158,232	\$ (87)
Total Special Revenue Funds	\$ 31,063,085	\$ 31,821,439	\$ 31,813,694	\$ 7,745
Grand Total - Expenditures - Component Unit - School Board	\$ 31,063,085	\$ 31,821,439	\$ 31,813,694	\$ 7,745

STATISTICAL SECTION

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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	86-90
<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	91-94
<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	95-99
<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	100-101
<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	102-104

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

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CITY OF WAYNESBORO, VIRGINIA
NET ASSETS BY COMPONENT
Last Nine Fiscal Years (1)
(accrual basis of accounting)

Table 1

	2003	2004	2005	2006 (2)	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 2,441,145	\$ 17,068,505	\$ 18,510,103	\$ 26,444,121	\$ 32,011,866	\$ 31,627,418	\$ 30,038,195	\$ 28,815,976	\$ 28,479,287
Restricted	744,326	623,985	990,219	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659
Unrestricted	7,613,315	(4,631,989)	(6,934,478)	(16,024,338)	(21,776,627)	(19,723,629)	(17,413,909)	(14,891,347)	(13,941,412)
Total governmental activities net assets	<u>\$ 10,798,786</u>	<u>\$ 13,060,501</u>	<u>\$ 12,565,844</u>	<u>\$ 11,744,971</u>	<u>\$ 12,735,468</u>	<u>\$ 14,356,111</u>	<u>\$ 14,452,022</u>	<u>\$ 14,820,213</u>	<u>\$ 16,247,534</u>
Business-type activities									
Invested in capital assets, net of related debt	13,500,523	12,476,938	11,899,122	11,304,265	21,497,669	22,891,760	25,288,754	28,231,948	23,628,183
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	1,716,476	1,225,611	4,179,606	5,056,293	6,212,456	5,806,391	6,285,557	6,465,365	11,988,432
Total business-type activities net assets	<u>\$ 15,216,999</u>	<u>\$ 13,702,549</u>	<u>\$ 16,078,728</u>	<u>\$ 16,360,558</u>	<u>\$ 27,710,125</u>	<u>\$ 28,698,151</u>	<u>\$ 31,574,311</u>	<u>\$ 34,697,313</u>	<u>\$ 35,616,615</u>
Primary government									
Invested in capital assets, net of related debt	15,941,668	29,545,443	30,409,225	37,748,386	53,509,535	54,519,178	55,326,949	57,047,924	52,107,470
Restricted	744,326	623,985	990,219	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659
Unrestricted	9,329,791	(3,406,378)	(2,754,872)	(10,968,045)	(15,564,171)	(13,917,238)	(11,128,352)	(8,425,982)	(1,952,980)
Total primary government net assets	<u>\$ 26,015,785</u>	<u>\$ 26,763,050</u>	<u>\$ 28,644,572</u>	<u>\$ 28,105,529</u>	<u>\$ 40,445,593</u>	<u>\$ 43,054,262</u>	<u>\$ 46,026,333</u>	<u>\$ 49,517,526</u>	<u>\$ 51,864,149</u>
School Board Component Unit									
Invested in capital assets, net of related debt	\$ 20,208,568	\$ 20,208,569	\$ 20,852,878	\$ 25,642,715	\$ 39,204,452	\$ 41,067,451	\$ 40,107,227	\$ 39,518,141	\$ 39,741,364
Restricted	2,623,521	2,623,521	753,072	298,153	251,234	177,285	177,222	56,579	-
Unrestricted	(29,936)	(29,935)	1,200,554	8,835,911	2,326,403	(36,603)	(224,865)	(648,481)	(718,197)
Total governmental activities net assets	<u>\$ 22,802,153</u>	<u>\$ 22,802,155</u>	<u>\$ 22,806,504</u>	<u>\$ 34,776,779</u>	<u>\$ 41,782,089</u>	<u>\$ 41,208,133</u>	<u>\$ 40,059,584</u>	<u>\$ 38,926,239</u>	<u>\$ 39,023,167</u>

Notes:

- (1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
- (2) The City implemented retroactive infrastructure reporting in fiscal year 2006 as allowed by GASB 34.

CITY OF WAYNESBORO, VIRGINIA
CHANGES IN NET ASSETS
Last Nine Fiscal Years (1)
(accrual basis of accounting)

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 2,601,251	\$ 2,808,685	\$ 3,012,553	\$ 2,941,433	\$ 3,320,789	\$ 3,941,896	\$ 3,588,200	\$ 3,513,547	\$ 3,287,456
Judicial administration	1,044,395	1,075,690	1,135,970	1,153,813	1,269,518	1,379,141	1,467,058	1,343,998	1,382,610
Public safety	7,243,480	8,004,143	8,459,852	8,870,386	9,052,280	9,810,982	9,881,777	9,828,150	10,117,442
Public works	3,683,253	3,527,836	3,778,038	6,079,801	6,635,621	7,110,417	7,537,332	6,577,485	6,868,683
Health and welfare	4,113,931	2,528,456	2,849,224	2,995,267	3,624,327	3,986,651	4,331,885	3,654,529	3,814,915
Education	14,548,212	10,266,357	11,112,271	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,613,857
Parks, recreation and culture	2,131,466	2,190,251	2,241,236	2,233,386	2,372,588	2,571,051	2,735,276	2,624,705	2,190,791
Community development	597,248	611,460	538,773	1,328,319	1,298,951	1,217,097	1,960,369	2,045,703	2,556,858
Interest on long-term debt	585,749	536,610	507,905	1,010,098	1,239,572	1,415,580	1,528,816	1,530,649	1,453,059
Total governmental activities expenses	36,548,985	31,549,488	33,635,822	49,422,149	46,660,887	42,653,524	44,190,881	43,214,552	44,285,671
Business-type activities:									
Water	1,256,209	1,461,161	1,609,769	1,712,328	1,870,141	2,537,545	3,193,050	3,079,569	3,084,115
Sewer	2,891,977	2,625,145	2,635,137	2,551,425	3,040,972	3,380,232	3,809,431	3,996,227	4,335,813
Landfill Operations	1,625,675	2,474,344	1,303,960	846,062	591,641	772,907	2,194,854	1,039,018	423,090
Garbage	631,920	658,894	880,686	914,086	930,127	1,131,628	1,018,808	910,371	957,700
Total business-type activities expenses	6,405,781	7,219,544	6,429,552	6,023,901	6,432,881	7,822,312	10,216,143	9,025,185	8,800,718
Total primary government expenses	\$ 42,954,766	\$ 38,769,032	\$ 40,065,374	\$ 55,446,050	\$ 53,093,768	\$ 50,475,836	\$ 54,407,024	\$ 52,239,737	\$ 53,086,389
Program Revenues									
Governmental activities:									
Charges for services:									
General government	76	18,807	28,104	26,465	35,285	22,826	26,269	24,446	25,148
Judicial administration	180,637	205,290	206,537	216,898	195,104	172,295	167,312	147,024	170,118
Public safety	12,759	9,198	12,834	30,003	12,043	12,300	17,923	21,189	35,325
Public works	28,292	57,918	48,186	51,295	23,616	23,153	45,487	15,874	15,738
Health and welfare	-	-	-	-	-	-	-	-	69,765
Parks, recreation and culture	246,846	250,364	295,844	278,560	276,411	319,154	308,305	353,479	369,128
Community development	118,292	117,949	303,742	348,016	344,194	262,748	193,518	200,676	168,425
Operating grants and contributions	6,754,394	5,949,919	6,397,270	7,171,563	7,152,598	7,046,973	7,681,113	7,389,284	8,171,171
Capital grants and contributions	-	-	121,773	204,881	7,104,865	21,274	380,641	585,973	1,437,657
Total governmental activities revenues	7,341,296	6,609,445	7,414,290	8,327,681	15,144,116	7,880,723	8,820,568	8,737,945	10,462,475
Business-type activities:									
Charges for services:									
Water	1,360,910	1,407,423	1,505,287	1,501,958	1,797,368	2,148,094	2,287,371	2,653,141	2,659,951
Sewer	2,850,426	2,835,984	3,020,392	3,174,260	3,553,837	3,654,850	3,377,798	3,747,884	4,051,980
Landfill operations	465,490	582,313	844,313	785,885	888,552	950,049	763,988	681,827	971,976
Garbage	840,735	821,321	831,883	855,661	972,114	970,030	1,054,859	1,122,743	1,128,021
Operating grants and contributions	4,784	4,495	-	74,180	2,940	-	-	5,125	5,910
Capital grants and contributions	-	225,687	-	-	10,617,960	777,586	6,712,151	3,279,541	1,417,616
Total business-type activities revenues	5,522,345	5,877,223	6,201,875	6,391,944	17,832,771	8,500,609	14,196,167	11,490,261	10,235,454
Total primary government revenues	\$ 12,863,641	\$ 12,486,668	\$ 13,616,165	\$ 14,719,625	\$ 32,976,887	\$ 16,381,332	\$ 23,016,735	\$ 20,228,206	\$ 20,697,929

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue									
Governmental activities	\$ (29,207,689)	\$ (24,940,043)	\$ (26,221,532)	\$ (41,094,468)	\$ (31,516,771)	\$ (34,772,801)	\$ (35,370,313)	\$ (34,476,607)	\$ (33,823,196)
Business-type activities	(883,436)	(1,342,321)	(227,677)	368,043	11,399,890	678,297	3,980,024	2,465,076	1,434,736
Total primary government net expense	<u>\$ (30,091,125)</u>	<u>\$ (26,282,364)</u>	<u>\$ (26,449,209)</u>	<u>\$ (40,726,425)</u>	<u>\$ (20,116,881)</u>	<u>\$ (34,094,504)</u>	<u>\$ (31,390,289)</u>	<u>\$ (32,011,531)</u>	<u>\$ (32,388,460)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	14,287,618	14,854,933	14,056,671	14,576,219	14,480,811	17,012,250	17,072,546	17,424,487	17,778,371
Sales taxes	2,620,687	2,758,202	3,339,120	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608
Utility taxes	1,688,075	1,704,924	1,933,004	1,998,674	1,613,339	1,069,158	1,039,426	1,022,522	1,025,014
Business license taxes	1,385,427	1,484,441	1,565,469	1,855,437	1,865,555	2,095,063	1,971,825	1,795,885	1,822,607
Hotel and meals taxes	1,338,697	1,762,549	2,039,518	2,299,645	2,482,776	2,726,913	2,844,749	2,878,449	3,276,948
Communication sales taxes	-	-	-	-	638,517	1,489,033	1,352,919	1,358,560	-
Tobacco taxes	104,633	106,627	451,890	434,098	427,431	432,587	414,921	392,881	394,680
E-911 taxes	168,523	188,309	269,374	278,907	-	-	-	-	-
Other local taxes	892,866	693,233	868,345	1,026,871	1,059,761	770,915	793,431	828,617	834,833
Unrestricted grants and contributions	2,343,345	2,502,078	2,490,660	2,692,442	2,861,725	3,895,364	2,920,104	2,900,125	4,109,897
Payment from Component Unit School Board	-	-	372,484	1,002,794	1,474,454	569,901	540,069	315,789	200,000
Investment earnings	403,641	131,303	220,148	404,429	588,662	706,362	252,686	314,491	244,466
Miscellaneous	1,098,170	1,009,919	459,512	597,273	575,240	626,028	403,882	458,724	392,858
Gain(loss) on sale of capital assets	-	48,000	9,788	26,988	10,658	71,525	-	3,655	22,602
Transfers	(61,000)	(412,770)	(2,569,050)	(92,044)	315,741	254,744	1,248,572	711,774	644,665
Total governmental activities	<u>26,270,682</u>	<u>26,831,748</u>	<u>25,506,933</u>	<u>31,168,494</u>	<u>32,507,268</u>	<u>36,393,444</u>	<u>35,466,224</u>	<u>34,682,926</u>	<u>35,236,549</u>
Business-type activities:									
Investment earnings	10,591	10,293	27,292	68,405	260,480	540,849	140,797	12,731	33,932
Miscellaneous	9,297	6,248	7,514	9,179	4,938	17,164	15,005	22,549	95,299
Gain(loss) on sale of capital assets	-	(390,186)	-	-	-	6,460	(11,094)	-	-
Transfers	61,000	412,770	2,569,050	92,044	(315,741)	(254,744)	(1,248,572)	(711,774)	(644,665)
Total business-type activities	<u>80,888</u>	<u>39,125</u>	<u>2,603,856</u>	<u>169,628</u>	<u>(50,323)</u>	<u>309,729</u>	<u>(1,103,864)</u>	<u>(676,494)</u>	<u>(515,434)</u>
Total primary government	<u>\$ 26,351,570</u>	<u>\$ 26,870,873</u>	<u>\$ 28,110,789</u>	<u>\$ 31,338,122</u>	<u>\$ 32,456,945</u>	<u>\$ 36,703,173</u>	<u>\$ 34,362,360</u>	<u>\$ 34,006,432</u>	<u>\$ 34,721,115</u>
Change in Net Assets									
Governmental activities	(2,937,007)	1,891,705	(714,599)	(9,925,974)	990,497	1,620,643	95,911	206,319	1,413,353
Business-type activities	(802,548)	(1,303,196)	2,376,179	537,671	11,349,567	988,026	2,876,160	1,788,582	919,302
Total primary government	<u>\$ (3,739,555)</u>	<u>\$ 588,509</u>	<u>\$ 1,661,580</u>	<u>\$ (9,388,303)</u>	<u>\$ 12,340,064</u>	<u>\$ 2,608,669</u>	<u>\$ 2,972,071</u>	<u>\$ 1,994,901</u>	<u>\$ 2,332,655</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
CHANGES IN NET ASSETS
Last Nine Fiscal Years (1)
(accrual basis of accounting)

Table 2 (Cont'd)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
School Board Component Unit:									
Education	\$ 22,527,582	\$ 23,982,552	\$ 27,548,709	\$ 29,155,136	\$ 31,211,201	\$ 32,243,465	\$ 33,197,562	\$ 33,673,788	\$ 31,807,568
Total School Board component unit expenses	<u>22,527,582</u>	<u>23,982,552</u>	<u>27,548,709</u>	<u>29,155,136</u>	<u>31,211,201</u>	<u>32,243,465</u>	<u>33,197,562</u>	<u>33,673,788</u>	<u>31,807,568</u>
Program Revenues									
School Board Component Unit:									
Charges for services:									
Education	382,114	509,029	472,211	570,801	531,282	567,854	504,427	553,422	488,202
Operating grants and contributions	12,251,469	12,805,209	15,471,883	16,766,001	18,843,656	19,254,634	19,913,135	19,640,208	18,697,345
Capital grants and contributions	598,427	1,962,324	1,792,810	13,605,279	8,253,141	760,012	574,981	115,789	-
Total School Board component unit revenues	<u>13,232,010</u>	<u>15,276,562</u>	<u>17,736,904</u>	<u>30,942,081</u>	<u>27,628,079</u>	<u>20,582,500</u>	<u>20,992,543</u>	<u>20,309,419</u>	<u>19,185,547</u>
Net (Expense)/Revenue									
School Board Component Unit	<u>(9,295,572)</u>	<u>(8,705,990)</u>	<u>(9,811,805)</u>	<u>1,786,945</u>	<u>(3,583,122)</u>	<u>(11,660,965)</u>	<u>(12,205,019)</u>	<u>(13,364,369)</u>	<u>(12,622,021)</u>
General Revenues and Other Changes in Net Assets									
School Board Component Unit:									
Payment from City of Waynesboro	14,544,087	8,846,818	9,675,920	9,566,828	9,946,467	10,804,096	10,896,054	12,065,383	12,583,454
Investment earnings	19,199	8,672	1,767	418,251	525,207	83,853	10,552	3,992	19,232
Miscellaneous	176,260	154,467	138,467	157,967	116,758	199,060	149,864	161,649	116,263
Total School Board Component Unit	<u>14,739,546</u>	<u>9,009,957</u>	<u>9,816,154</u>	<u>10,143,046</u>	<u>10,588,432</u>	<u>11,087,009</u>	<u>11,056,470</u>	<u>12,231,024</u>	<u>12,718,949</u>
Change in Net Assets									
School Board Component Unit	<u>\$ 5,443,974</u>	<u>\$ 303,967</u>	<u>\$ 4,349</u>	<u>\$ 11,929,991</u>	<u>\$ 7,005,310</u>	<u>\$ (573,956)</u>	<u>\$ (1,148,549)</u>	<u>\$ (1,133,345)</u>	<u>\$ 96,928</u>

Notes:

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

Table 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 742,508	\$ 316,562	\$ 255,112	\$ 247,205	\$ 1,377,822	\$ 2,065,121	\$ 715,167	\$ 892,304	\$ 1,807,457	\$ -
Unreserved	12,291,001	6,765,438	6,919,605	4,727,307	6,639,081	6,599,014	8,280,974	9,402,818	8,849,322	-
Restricted	-	-	-	-	-	-	-	-	-	1,046,961
Committed	-	-	-	-	-	-	-	-	-	1,014,335
Assigned	-	-	-	-	-	-	-	-	-	123,126
Unassigned	-	-	-	-	-	-	-	-	-	8,204,385
Total general fund	<u>\$ 13,033,509</u>	<u>\$ 7,082,000</u>	<u>\$ 7,174,717</u>	<u>\$ 4,974,512</u>	<u>\$ 8,016,903</u>	<u>\$ 8,664,135</u>	<u>\$ 8,996,141</u>	<u>\$ 10,295,122</u>	<u>\$ 10,656,779</u>	<u>\$ 10,388,807</u>
All Other Governmental Funds										
Reserved	10,726	593,140	622,548	407,899	420,399	440,722	452,099	592,766	813,025	-
Unreserved, reported in:										
Special revenue funds	(177,313)	124,528	270,011	256,293	139,494	177,141	157,527	292,120	307,281	-
Capital projects funds	1,607,007	-	-	(354,235)	358,250	(13,537)	3,018,578	7,929,490	7,269,278	-
Debt service funds	-	-	-	372,484	752,546	1,935,922	1,759,592	1,040,748	180,303	-
Nonspendable	-	-	-	-	-	-	-	-	-	510,549
Restricted	-	-	-	-	-	-	-	-	-	5,478,065
Committed	-	-	-	-	-	-	-	-	-	926,958
Assigned	-	-	-	-	-	-	-	-	-	705,774
Total all other governmental funds	<u>\$ 1,440,420</u>	<u>\$ 717,668</u>	<u>\$ 892,559</u>	<u>\$ 682,441</u>	<u>\$ 1,670,689</u>	<u>\$ 2,540,248</u>	<u>\$ 5,387,796</u>	<u>\$ 9,855,124</u>	<u>\$ 8,569,887</u>	<u>\$ 7,621,346</u>

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

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

Table 4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
General property taxes	\$ 14,847,804	\$ 14,178,625	\$ 14,990,138	\$ 14,167,813	\$ 14,631,862	\$ 14,624,266	\$ 16,516,401	\$ 16,951,430	\$ 17,604,173	\$ 17,860,376
Sales taxes	2,339,048	2,620,687	2,758,202	3,339,120	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608
Other local taxes	5,378,166	5,578,221	5,909,222	7,158,461	7,893,632	8,087,379	8,583,669	8,417,271	8,276,914	7,354,082
Permits, privilege fees and regulatory licenses	101,298	119,609	119,468	236,768	198,272	227,255	219,523	150,889	177,958	170,838
Fines and forfeitures	165,850	187,382	199,960	201,305	211,196	170,508	150,275	163,322	145,287	167,027
Revenues from use of money and property	654,633	403,641	288,261	382,886	565,881	750,952	870,168	329,146	372,488	310,851
Charges for services	296,326	279,911	279,612	393,317	453,148	418,956	403,498	361,624	396,579	387,367
Miscellaneous	510,827	786,819	852,961	296,774	435,821	412,950	462,222	327,422	450,724	322,391
Recovered costs	255,967	311,351	298,320	326,527	337,168	319,744	314,203	357,849	333,526	394,505
Intergovernmental	9,893,514	9,097,739	8,214,163	8,997,744	10,618,252	11,238,967	11,237,215	11,366,090	10,367,422	12,487,769
Total revenues	34,443,433	33,563,985	33,910,307	35,500,715	39,411,993	40,363,575	43,430,775	43,036,137	42,402,038	43,944,814
Expenditures										
General government administration	2,426,928	2,563,480	2,786,297	2,954,994	2,916,026	3,296,296	3,960,404	3,590,224	3,455,029	3,204,711
Judicial administration	1,044,856	1,030,399	1,004,435	1,058,116	1,081,644	1,194,039	1,308,577	1,374,825	1,244,498	1,307,187
Public safety	5,980,410	7,180,940	7,981,916	8,255,928	8,782,223	8,930,552	10,115,145	9,540,225	9,537,907	9,941,487
Public works	3,488,024	3,609,703	3,714,655	3,626,598	4,931,184	5,519,983	5,756,366	5,550,039	5,630,528	6,761,493
Health and welfare	4,894,871	4,139,957	2,530,429	2,835,527	2,994,485	3,621,412	3,979,258	4,323,371	3,647,964	3,805,952
Education (1)	8,882,230	14,548,212	10,266,357	11,112,271	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,113,857
Parks, recreation and culture	2,122,487	2,031,122	2,100,600	2,114,322	2,135,662	2,274,105	2,759,849	2,704,053	2,764,188	2,330,164
Community development	928,758	627,355	615,737	845,509	1,472,833	1,289,363	1,198,317	1,947,500	1,599,940	2,920,682
Capital projects	3,089,436	2,871,560	727,444	776,298	478,366	167,250	-	-	-	500,000
Debt service:										
Principal retirement	5,804,770	1,025,009	1,023,176	1,013,703	1,043,772	1,245,602	2,055,794	1,997,519	2,223,843	2,307,296
Interest and fiscal charges	606,089	620,281	544,387	519,296	735,946	1,116,990	1,274,495	1,568,976	1,588,914	1,499,775
Bond issuance costs	-	-	-	-	250,997	-	74,292	123,651	-	23,112
Total expenditures	39,268,859	40,248,018	33,295,433	35,112,562	49,632,784	46,502,833	43,703,206	43,880,551	43,788,597	46,715,716
Excess of revenues over (under) expenditures	(4,825,426)	(6,684,033)	614,874	388,153	(10,220,791)	(6,139,258)	(272,431)	(844,414)	(1,386,559)	(2,770,902)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Insurance recoveries	-	-	-	-	-	-	-	-	-	115,957
Sale of property	500,763	-	-	-	-	4,590	-	-	-	-
Debt issued	4,341,667	-	-	-	14,380,000	7,600,000	9,704,713	5,870,000	-	985,000
Premium on debt	80,144	-	-	-	69,718	-	394,877	139,199	-	14,567
Capital lease	-	-	-	-	29,666	-	-	-	-	32,718
Refunded bonds redeemed	-	-	-	-	-	-	(6,708,062)	-	-	-
Transfers in	4,748,823	2,213,774	1,428,710	978,978	2,539,722	2,262,292	2,485,276	2,652,677	2,402,169	3,734,651
Transfers out	(6,009,823)	(2,474,774)	(1,841,480)	(3,777,454)	(2,767,676)	(2,210,833)	(2,424,819)	(2,051,153)	(1,939,190)	(3,342,472)
Total other financing sources and uses	<u>3,661,574</u>	<u>(261,000)</u>	<u>(412,770)</u>	<u>(2,798,476)</u>	<u>14,251,430</u>	<u>7,656,049</u>	<u>3,451,985</u>	<u>6,610,723</u>	<u>462,979</u>	<u>1,540,421</u>
Net change in fund balances	<u>\$ (1,163,852)</u>	<u>\$ (6,945,033)</u>	<u>\$ 202,104</u>	<u>\$ (2,410,323)</u>	<u>\$ 4,030,639</u>	<u>\$ 1,516,791</u>	<u>\$ 3,179,554</u>	<u>\$ 5,766,309</u>	<u>\$ (923,580)</u>	<u>\$ (1,230,481)</u>
Debt service as a percentage of noncapital expenditures (2)	N/A	5.2%	4.9%	4.6%	4.2%	5.1%	8.1%	8.6%	8.9%	8.8%

Notes:

- (1) Education expenditures include the City's contribution to the School Board Component Unit.
- (2) Expenditure totals for capitalized assets included within functional expenditure categories were not available for fiscal years prior to 2003.

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				
2002	\$ 603,725,620	\$ 212,784,150	\$ 87,583,730	\$ 0.97	\$ 71,781,218	\$ 5.00	\$ 723,428	\$ 5.00	\$ 122,592,669	\$ 3.00	\$ 771,206	\$ 3.00	\$ 1,099,962,021	\$ 1.46	\$ 1,154,891,227	95.24%
2003	616,984,593	212,318,269	74,455,856	0.97	73,648,050	5.00	534,782	5.00	112,789,648	3.00	778,814	3.00	1,091,510,012	1.45	1,146,734,678	95.18%
2004	755,845,188	231,926,100	81,435,362	0.85	76,650,924	5.00	471,478	5.00	107,480,397	3.00	580,864	3.00	1,254,390,313	1.29	1,311,311,803	95.66%
2005	765,823,788	243,661,300	73,618,121	0.85	74,442,103	5.00	199,002	5.00	91,713,850	3.00	576,839	3.00	1,250,035,003	1.26	1,309,021,626	95.49%
2006	865,243,540	311,169,600	77,377,240	0.78	81,649,868	5.00	229,034	5.00	74,919,153	3.00	549,780	3.00	1,411,138,215	1.14	1,471,975,115	95.87%
2007	889,455,133	330,119,700	67,274,407	0.78	87,681,456	5.00	165,439	5.00	63,630,108	3.00	630,281	3.00	1,438,956,524	1.13	1,503,183,298	95.73%
2008	1,345,440,737	328,682,000	77,021,271	0.70	89,306,919	5.00	180,604	5.00	55,169,022	3.00	697,368	3.00	1,896,497,921	0.98	1,962,012,744	96.66%
2009	1,373,023,934	374,581,700	75,009,122	0.70	94,533,504	5.00	205,781	5.00	40,263,315	3.00	904,972	3.00	1,958,522,328	0.95	2,027,197,586	96.61%
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%

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	
2002	0.80	0.33	0.33	1.46
2003	0.80	0.34	0.31	1.45
2004	0.72	0.31	0.26	1.29
2005	0.74	0.30	0.22	1.26
2006	0.69	0.29	0.16	1.14
2007	0.70	0.30	0.13	1.13
2008	0.65	0.24	0.09	0.98
2009	0.65	0.24	0.06	0.95
2010	0.64	0.35	0.05	1.04
2011	0.64	0.37	0.03	1.04

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, 2010			December 31, 2001		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Ntelos Communications	\$ 19,120,867	1	1.02%	\$ -	-	-
Invista/DuPont	36,041,981	2	1.91%	124,078,893	1	12.26%
Poly-Bond, Inc.	11,662,245	3	0.62%	24,924,503	2	2.46%
Waynesboro TC LLC	38,135,800	4	2.02%	-	-	-
Wal-Mart	19,087,960	5	1.01%	-	-	-
Lowe's Home Center	14,971,733	6	0.79%	-	-	-
DuPont Community Credit Union	11,067,343	7	0.59%	4,270,250	8	0.42%
Target Corporation	13,379,670	8	0.71%	-	-	-
Transaction Network Services	1,886,284	9	0.10%	-	-	-
Waynesboro Plaza LLC	12,367,900	10	0.66%	-	-	-
CFW Information Services, Inc.	-	-	-	9,019,477	3	0.89%
WT Acquisitionns	-	-	-	8,185,200	4	0.81%
Wayn-Tex, Inc.	-	-	-	7,929,376	5	0.78%
Genicom Corporation	-	-	-	5,775,260	6	0.57%
William J. Wade, Owner, Trustee	-	-	-	5,280,000	7	0.52%
Center for Shopping	-	-	-	4,223,110	9	0.42%
Allied Ready Mix Co.	-	-	-	2,224,916	10	0.22%
Total	\$ 177,721,783		9.46%	\$ 195,910,985		19.37%

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
2002	\$ 15,992,286	\$ 28,730	\$ 16,021,016	\$ 15,509,300	96.98%	\$ 367,171	\$ 15,876,471	99.10%
2003	15,790,649	40,270	15,830,919	15,144,429	95.91%	508,075	15,652,504	98.87%
2004	16,094,061	122,112	16,216,173	15,605,566	96.96%	263,002	15,868,568	97.86%
2005	15,628,828	1,065,578	16,694,406	15,127,728	96.79%	672,024	15,799,752	94.64%
2006	16,055,110	(155,043)	15,900,067	15,569,109	96.97%	316,648	15,885,757	99.91%
2007	16,272,801	(40,473)	16,232,328	15,755,640	96.82%	392,593	16,148,233	99.48%
2008	18,270,937	(48,225)	18,222,712	17,685,561	96.80%	430,106	18,115,667	99.41%
2009	18,591,502	(17,778)	18,573,724	17,868,396	96.11%	537,310	18,405,706	99.10%
2010	18,947,394	(3,163)	18,944,231	18,344,884	96.82%	330,555	18,675,439	98.58%
2011	19,072,989	-	19,072,989	18,584,504	97.44%	-	18,584,504	97.44%

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	Capital Leases	General Obligation Bonds	Sewer Revenue Bonds	Virginia Revolving Loan			
2002	\$ 9,932,210	\$ 4,500,000	\$ 45,000	\$ 94,228	\$ 3,020,000	\$ -	\$ -	\$ 17,591,438	3.65%	883
2003	9,211,312	4,250,000	30,000	-	2,490,000	-	-	15,981,312	3.20%	802
2004	8,468,136	4,000,000	-	-	2,017,688	-	-	14,485,824	2.77%	711
2005	7,704,433	3,750,000	-	-	1,477,252	-	-	12,931,685	2.41%	623
2006	21,294,662	3,500,000	-	25,665	963,726	-	1,596,431	27,380,484	4.65%	1,287
2007	27,904,481	3,250,000	-	20,244	2,872,733	-	5,890,174	39,937,632	6.46%	1,862
2008	29,101,121	3,000,000	-	14,461	13,740,000	2,972,122	6,126,042	54,953,746	8.62%	2,561
2009	33,229,771	2,750,000	-	8,292	13,515,000	19,233,595	5,882,666	74,619,324	10.91%	3,399
2010	31,262,509	2,500,000	-	1,711	13,280,000	26,900,278	5,631,935	79,576,433	10.79%	3,578
2011	30,191,923	2,250,000	-	32,718	15,345,000	30,091,497	5,373,625	83,284,763	11.97%	3,965

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 page 98 for personal income and population data.

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	Total				
2002	9,932,210	4,500,000	45,000	14,477,210	-	14,477,210	1.25%	727
2003	9,211,312	4,250,000	30,000	13,491,312	-	13,491,312	1.18%	677
2004	8,468,136	4,000,000	-	12,468,136	-	12,468,136	0.95%	612
2005	7,704,433	3,750,000	-	11,454,433	372,484	11,081,949	0.85%	534
2006	21,294,662	3,500,000	-	24,794,662	752,546	24,042,116	1.63%	1,130
2007	27,904,481	3,250,000	-	31,154,481	1,935,922	29,218,559	1.94%	1,362
2008	29,101,121	3,000,000	-	32,101,121	1,759,592	30,341,529	1.55%	1,414
2009	33,229,771	2,750,000	-	35,979,771	1,040,748	34,939,023	1.72%	1,592
2010	31,262,509	2,500,000	-	33,762,509	180,303	33,582,206	1.54%	1,510
2010	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,531

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 page 91 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 100.

CITY OF WAYNESBORO, VIRGINIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
As of June 30, 2011

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	\$ 32,474,641	100%	\$ 32,474,641

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 36,163,740	\$ 36,150,349	\$ 42,768,266	\$ 43,324,128	\$ 125,379,038	\$ 128,684,924	\$ 175,114,401	\$ 182,261,476	\$ 193,003,137	\$ 195,413,169
Total net debt applicable to limit	<u>17,497,210</u>	<u>15,981,312</u>	<u>14,485,824</u>	<u>12,559,201</u>	<u>26,602,273</u>	<u>37,981,466</u>	<u>51,967,163</u>	<u>55,377,437</u>	<u>52,674,444</u>	<u>53,160,548</u>
Legal debt margin	<u>\$ 18,666,530</u>	<u>\$ 20,169,037</u>	<u>\$ 28,282,442</u>	<u>\$ 30,764,927</u>	<u>\$ 98,776,765</u>	<u>\$ 90,703,458</u>	<u>\$ 123,147,238</u>	<u>\$ 126,884,039</u>	<u>\$ 140,328,693</u>	<u>\$ 142,252,621</u>
Total net debt applicable to the limit as a percentage of debt limit	48.38%	44.21%	33.87%	28.99%	21.22%	29.52%	29.68%	30.38%	27.29%	27.20%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value of Real Property	\$ 1,954,131,685
Debt Limit - 10% (1)	195,413,169
Debt Applicable to Limit:	
General obligation debt	53,160,548
Less: Amount set aside for repayment of general obligation debt	<u>(274,008)</u>
Total net debt applicable to limit	<u>52,886,540</u>
Legal Debt Margin	<u>\$ 142,526,629</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.

(1) The City's debt limit was 4% of total assessed real property value for years prior to fiscal year 2006.

**CITY OF WAYNESBORO, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Four Fiscal Years (4)**

Table 13

Fiscal Year	Sewer Revenue Bonds						
	Sewer Charges and Other (1)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 3,681,685	\$ 1,784,424	\$ 1,897,261	\$ -	\$ -	(3)	N/A
2009	3,394,191	2,094,784	1,299,407	-	39,997		32.49
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

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.
- (3) No debt service payments were scheduled in this period.
- (4) Sewer revenue bonds were issued in fiscal year 2008 and 2009. Data will be added until a 10 year comparison is achieved.

**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(1)	Educational attainment (4)		School enrollment(5)	Unemployment rate (3)
					High School Graduate or higher	Bachelor's Degree or higher		
2002	19,918	\$ 481,697	\$ 24,184	38.9	77.9%	20.6%	2,974	4.50%
2003	19,918	498,846	25,045	38.9	77.9%	20.6%	2,923	3.90%
2004	20,388	523,564	25,680	38.9	77.9%	20.6%	2,923	3.20%
2005	20,755	536,454	25,847	38.9	77.9%	20.6%	3,015	4.00%
2006	21,269	589,130	27,699	38.9	77.9%	20.6%	2,996	3.60%
2007	21,454	618,004	28,806	38.9	77.9%	20.6%	2,993	3.30%
2008	21,454	637,656	29,722	38.9	77.9%	20.6%	3,007	4.50%
2009	21,953	684,077	31,161	40.6	77.9%	20.6%	2,999	9.00%
2010	22,241	737,534	33,161	40.6	77.9%	20.6%	3,024	8.60%
2011	21,006	695,593	33,114	36.5	78.9%	21.7%	3,102	7.10%

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; 2010 census is latest available data.
- (5) City of Waynesboro School Board.

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

Table 15

<u>Employer</u>	<u>2011 (1)</u>			<u>2002 (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	4.98%	500 - 999	3	5.43%
Invista/DuPont	250 - 499	2	2.49%	1,000 and over	1	10.86%
Ntelos/CFW Communications	250 - 499	3	2.49%	250 - 499	4	2.71%
City of Waynesboro	250 - 499	4	2.49%	250 - 499	5	2.71%
Walmart	250 - 499	5	2.49%	-	-	-
Augusta Lumber LLC	100 - 249	6	1.00%	100 - 249	8	1.09%
Adecco	100 - 249	7	1.00%	-	-	-
Chicopee Incorporated	100 - 249	8	1.00%	-	-	-
Virginia Panel Corporation	100 - 249	9	1.00%	-	-	-
Kroger	100 - 249	10	1.00%	100 - 249	10	1.09%
Wayn Tex	-	-	-	500 - 999	2	5.43%
Kellogg, Brown and Root	-	-	-	250 - 499	6	2.71%
Poly Bond Incorporated	-	-	-	100 - 249	7	1.09%
Allied Ready Mix Company	-	-	-	100 - 249	9	1.09%
Total	2,000		19.92%	3,150		34.20%

Source: Virginia Employment Commission

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 2011 and 2002, respectively.

CITY OF WAYNESBORO, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Six Fiscal Years (1)

Table 16

	Full-Time Equivalent Employees as of June 30					
	2006	2007	2008	2009	2010	2011
<u>Function/Program</u>						
General government administration	32.9	37.5	48.5	39.8	41.5	31.2
Judicial administration	5.8	6.4	5.2	9.4	9.3	8.4
Public safety:						
Police	69.4	69.7	70.1	73.3	67.7	65.4
Fire	33.8	33.5	36.7	37.1	37.4	37
Correction and detention	22.3	21.7	20.9	18.5	14.7	15.3
Building inspections	5.9	6.8	6.6	6.4	5.6	5.8
Emergency management	17.5	18.1	18.7	17.4	16.8	17.3
Animal control	1.0	1.0	1.1	1.1	1.1	1
Public works:						
General engineering/administrative	29.9	31.6	31.3	49.9	44.3	44.4
Building and grounds	9.0	10.8	10.5	11.1	12.6	31.3
Equipment rental	7.6	-	9.3	9.1	8.4	0
Waterworks	19.7	22.6	17.7	24.3	24.3	21.9
Sewage/collection	20.5	17.1	41.4	41.5	41.5	43.1
Sanitation	34.1	30.4	36.7	60	33.4	32.2
Parks, recreation and cultural:						
Parks	33.9	32.5	32.1	1.1	1.1	1.1
Library	3.0	17.0	17.1	16.4	15.7	15.6
Community development	4.6	2.8	5.7	6.1	5.6	5.2
Schools	531.3	529.0	539.3	486	488	485
Total	882.2	888.5	948.9	908.5	869.0	861.2

Source: City and School Finance Departments

Notes:

(1) Information is only available for the last six fiscal years. Data will be added until a 10 year comparison is achieved.

CITY OF WAYNESBORO, VIRGINIA
OPERATING INDICATORS BY FUNCTION
Last Six Fiscal Years (1)

Table 17

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Building & Zoning						
Building permits issued	1,468	1,494	1,185	714	772	730
Building inspections conducted (commercial and residential)	4,193	3,995	3,339	1,757	1,716	1,593
New residential construction	142	92	71	51	42	28
New commercial construction	8	20	22	7	7	2
Economic Development (2)						
Business prospects	26	33	35	17	N/A	N/A
Development inquiries	35	52	54	25	N/A	N/A
Planning						
Conditional use permits	15	8	9	5	3	5
Rezoning requests	6	2	5	3	0	0
Major subdivision reviews	13	8	11	5	1	1
Minor subdivision reviews	23	14	13	10	12	12
Vacate streets/alleys	5	3	2	2	2	3
Public Safety						
Arrests	3,547	3,438	2,575	2,602	2,390	2,099
Parking violations	706	876	848	631	702	696
Traffic citations	4,118	3,567	2,942	3,319	1,707	1,700
Judicial - Circuit Court						
Civil and criminal cases	828	779	843	844	1,137	890
Deeds recorded	4,535	4,514	4,096	3,426	3,268	2,764
Judgments	866	1,082	958	1,129	1,023	958
Passports issued	543	673	881	672	616	631
Library						
Total collection	192,503	178,160	177,135	169,977	155,212	151,038
Total circulation	305,268	309,057	306,339	320,129	318,703	294,945
Visitors/patrons	215,719	219,430	217,607	227,291	224,540	215,458
Public Works						
Meters placed for new construction	87	154	134	68	56	48
Meters replaced	154	631	1,196	1,084	173	155
Education						
Number of teachers, Elementary (K-5)	157	160	172	173	175	179
Number of teachers, Secondary (6-12)	83	83	90	87	82	85
Number of teachers, District-Wide (K-12)	9	10	9	9	14	11
Number of students, District-Wide (K-12)	2,942	2,993	3,007	2,999	3,024	3,102

Source: Various Departments in the City

Notes:

- (1) Information is only available for last six fiscal years. Data will be added until a 10 year comparison is achieved.
(2) Beginning in 2010, the Director of the EDA no longer tracks this information.

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

Table 18

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (1)	25	25	8	10	14	12	12	12	12	12
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	109.70	107.02	107.58	110.50	113.80	116.18	116.18	116.96	117.1	117.24
Water lines (miles)	105.97	107.02	107.58	107.58	107.58	115.34	115.69	116.92	116.92	117.4
Fire hydrants	480	488	680	680	680	767	778	800	804	808
Waste water treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	96.31	96.93	97.22	97.22	97.22	105.36	105.36	107	108.02	108.04
Parks, Recreation & Cultural										
Parks	5	5	5	5	5	5	5	5	5	5
Acreage	365	365	365	365	365	365	365	365	365	365

Source: Various Departments in the City

Notes:

(1) Beginning in fiscal year 2004, only vehicles actually classified as patrol units are included in this figure. Prior to 2004, this figure included the entire police department vehicle fleet.

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COMPLIANCE SECTION

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**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 the financial statements of the governmental activities, the business-type activities, the discretely presented component units, 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial planning as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 08-1 through 08-2 to be material weaknesses in internal control over financial reporting.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 11-1 to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 28, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 28, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Waynesboro, Virginia (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Waynesboro, Virginia complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.



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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Waynesboro's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 28, 2011



**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

I. SUMMARY OF THE AUDITORS' RESULTS

- a. The auditors' report expresses an unqualified opinion on the financial statements of the City of Waynesboro.
- b. Three significant 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 through 08-2 are reported as material weaknesses. Item 11-1 is reported as a significant deficiency.
- 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 unqualified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- g. The programs tested as major programs included:

	<u>CFDA No.</u>
i. <u>Nutrition Cluster:</u>	
School Breakfast Program	10.553
National School Lunch Program	10.555
ii. <u>Title I, Part A Cluster:</u>	
Title I Grants to Local Educational Agencies	84.010
ARRA – Title I Grants to Local Educational Agencies	84.389
iii. ARRA – State Fiscal Stabilization Fund	84.394
iv. <u>Special Education Cluster (IDEA):</u>	
Special Education-Grants to States (IDEA, Part B)	84.027
Special Education-Preschool Grants (IDEA Preschool)	84.173
ARRA – Special Education-Grants to States (IDEA, Part B)	84.391
ARRA – Special Education-Preschool Grants (IDEA Preschool)	84.392
v. Improving Teacher Quality State Grants	84.367
- h. The threshold for distinguishing Type A and B programs was \$300,000.
- 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.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

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

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, and misclassifications of transactions between funds, 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 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.

School Board Response:

The School Board's Finance Office is aware that not all adjustments have been finalized prior to the audit, but continues to strive to execute as many adjustments as possible before the audit.

08-2 Capital Asset Reconciliation – School Board (Material Weakness)

Condition:

Capital asset inventory changes were not reconciled to capital purchases and project activity reports on a timely basis.

Criteria:

Internal controls over capital assets should provide reasonable assurance that all capital asset activity is properly recorded.

Cause:

Internal controls over capital asset reporting were inadequately designed.

Effect:

Because of the lack of proper internal controls over capital asset reporting, including projects still in progress, the School Board's capital asset balances, prior to the posting of audit adjustments, were not fairly stated.

Recommendation:

A quarterly reconciliation should be performed by the School Finance Departments to ensure that all capital projects and capital asset purchases are included in capital asset inventory with the proper cost, asset classification, and useful life.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

08-2 Capital Asset Reconciliation – School Board (Material Weakness) (cont'd)

School Board Response:

Due to delays in the schools capital renovation project, not all of the capital assets were recorded in the fixed asset module by June 30, 2011. Some of the capital asset deletions were not recorded until after August 15, 2011, and the start of the audit. In the future we will perform quarterly changes (additions/deletions) of capital items in the fixed asset inventory system.

11-1 Direct Pay Forms – City and School Board (Significant Deficiency)

Condition:

Controls over the use of direct pay forms by both the City and the School Board are not properly being followed. The City and the School Board have no set procedures for the use of this form. Authorization and approval of this form were found to be made by the same person in our testing. Procedures should be in place to have a separation of duties between the authorization and approval of this form.

Criteria:

Controls and procedures over cash disbursements should be properly followed so that assurance can be provided to Management that expenditures are appropriate.

Cause:

Internal controls over the disbursement of funds using the direct pay forms were inadequately designed and followed.

Effect:

Because of the lack of proper internal controls over cash disbursements, related to the use of direct pay forms, unauthorized payments could be made and financial statements could be misstated.

Recommendation:

The City and School Board should produce and implement procedures related to the use of the direct pay forms. Once direct pay forms are submitted to be paid, a review should be made to ensure that the person authorizing the payment is not the same person approving the payment.

City Response:

The City's Finance Department has begun to address this weakness by requiring more extensive use of the purchasing system which has built-in approval levels. For those transactions that are not suitable for processing through the purchasing system, the City's Finance Department will work with directors to identify department personnel who have the authority to authorize payment for goods and services and will verify that only those individuals sign direct pay forms for payment. Further, the direct pay form will be modified so that it is similar to the City's newly designed local purchase order form which separately identifies the employee who made the purchase versus the authorized signer.

School Board Response:

The Waynesboro Public Schools Finance Policies Manual does include purchasing and payment procedures regarding direct pay forms. Section 3 (Accounts Payable) of this manual will be revised to state that whenever budget managers are requesting reimbursement for themselves for the purchase of supplies, miscellaneous items, travel reimbursement, etc., through a direct pay request, then the budget manager must obtain supervisory signature approval prior to being forwarded to the Finance Office for payment.

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

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

DEPARTMENT OF EDUCATION

**10-1 State Fiscal Stabilization Fund – Education State Grants, Recovery Act – CFDA No. 84.394;
School Board**

Condition:

This finding was a significant deficiency stating that the School Board did not monitor whether vendors and subcontractors were in compliance with the Davis-Bacon Act for school renovation projects that were funded by federal grants.

Recommendation:

The auditor recommended that internal controls over compliance with the Davis-Bacon Act should include the monitoring of vendor and subcontractor payroll records to provide assurance that compliance requirements are appropriately being followed per grant specifications. The School Board concurred with the recommendation and indicated that the procedures would be implemented.

Current Status:

In November 2010, the School Board received clarification and guidance on contractor payroll records and forms required under the Davis-Bacon Act. During fiscal year 2011, no vendors or contractors were paid from this federal program. Therefore, no similar findings were noted in the 2011 audit.

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Education:</u>			
Nutrition Cluster:			
School Breakfast Program	10.553	40591	\$ 220,721
National School Lunch Program	10.555	40623	706,416
<u>Department of Forestry:</u>			
Forestry Grants	10.688	09SHEV07, 09SHEV08 & 09 SHEV09	72,993
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Education:</u>			
Title I Grants to Local Educational Agencies	84.010	42901	1,035,145
Special Education - Grants to States	84.027	43071	637,727
Vocational Education - Basic Grants to States	84.048	61095	77,142
Special Education - Preschool Grants	84.173	62521	18,520
Title II, Part D - Enhancing Technology	84.318	61600	21,192
Rural Education	84.358	43481	48,482
English Language Acquisition Grants	84.365	60512	15,685
Improving Teacher Quality State Grants	84.367	61480	189,762
Adult Literacy Grants	84.002	42801	31,975
ARRA - Title I Grants to Local Educational Agencies	84.389	42913	347,312
ARRA - Special Education - Grants to States	84.391	61245	366,676
ARRA - Special Education - Preschool Grants	84.392	61247	12,987
ARRA - State Fiscal Stabilization Funds - Education	84.394	62532	333,914
ARRA - Education Technology State Grants	84.386	60897	8,883
<u>Direct Program</u>			
<u>Department of Education:</u>			
Teaching American History Grants	84.215	U215X080204-08	156,523
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Program</u>			
Drug-Free Communities Support Program Grants	93.276	5H79SP014763-02	121,191
<u>Pass-Through Programs:</u>			
<u>Department of Social Services:</u>			
Community Services Block Grant	93.569	N/A	172,510
ARRA - Community Services Block Grant	93.710	N/A	66,260
Temporary Assistance for Needy Families:	93.558	N/A	19,999
Aid to Dependent Children		80801	(754)
VIEW-Component & Supportive Services		87201 & 87202	22,420
VIEW-Transitional		87204	127
VIEW-Transportation		87207	33,078
Child Care and Development Block Grant:	93.575		
Headstart Wrap-around		87801	4,769
CDC Fee At Risk		88302	104,467
ARRA - CDC Fee At Risk		88302	11,306

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (cont'd)</u>			
<u>Pass-Through Programs: (cont'd)</u>			
<u>Department of Social Services: (cont'd)</u>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	93.596		
VIEW-AFDC Working Day Care		87101	\$ 28,442
ARRA - VIEW-AFDC Working Day Care		87101	1,085
VIEW Transition		87102	13,122
ARRA - VIEW Transition		87102	190
Transitional Day Care		87103	1,395
ARRA - Transitional Day Care		87103	129
AFDC Working Day Care		87104	13,601
ARRA - AFDC Working Day Care		87104	394
Foster Care - Title IV-E:	93.658		
Residential Foster Care Payments		81107	1,625
ARRA - Residential Foster Care Payments		81107	202
Child Placing Agencies		81108	26,394
ARRA - Child Placing Agencies		81108	2,065
Agency Foster Homes		81110	53,751
ARRA - Agency Foster Homes		81110	4,006
Licensed Child		81112	68,946
ARRA - Licensed Child		81112	5,475
Local Agency Foster		81113	206
Adoption Assistance:	93.659		
Subsidized Adoption		81201	134,920
ARRA - Subsidized Adoption		81201	9,502
Nonrecurring IV-E Adoption		81202	6,297
ARRA - Nonrecurring IV-E Adoption		81202	40
Federal Adoption		81203	30,721
ARRA - Federal Adoption		81203	1,710
Social Services Block Grant:	93.667		
Child Protective Services		82402	1,094
Family Preservation Purchased Services		82905	2,310
Adult Services - Homebound Companion		83304	16,738
Adult Protective Services		89501	1,515
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Emergency Management:</u>			
Disaster Grants - Public Assistance	97.036	N/A	166,964
Emergency Management Preparedness Grant	97.042	52748	5,000
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Housing and Community Development:</u>			
Community Development Block Grants - State's Program	14.228	53305	293,112

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Criminal Justice Services:</u>			
Edward Byrne Memorial Formula Grant Program	16.580	N/A	\$ 49,716
Bulletproof Vest Partnership Program	16.607	N/A	2,085
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Units of Local Government	16.804	N/A	9,285
<u>DEPARTMENT OF LABOR:</u>			
<u>Pass-Through Programs:</u>			
<u>Virginia Employment Commission:</u>			
Workforce Investment Act (WIA) - Youth Activities	17.259	N/A	121,527
ARRA - Workforce Investment Act (WIA) - Youth Activities			30,928
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Motor Vehicles:</u>			
Highway Planning and Construction	20.205	N/A	39,105
Alcohol Traffic Safety & Drunk Driving Protection	20.601	51398 & 50332	13,852
Total Expenditures of Federal Awards			<u>\$ 6,014,877</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
LOANS OUTSTANDING: (Note 2)			
<u>Pass-Through Programs:</u>			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	<u>\$ 4,478,021</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

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 \$4,478,021 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2011.

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, 2011, 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
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Sheriff Internal Controls

State Agency Requirements:

- Education
- Social Services
- Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances



November 28, 2011



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