

CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION

CITY OF WAYNESBORO, VIRGINIA
(As of June 30, 2014)

COUNCIL

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

OFFICIALS

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
David Ledbetter	Acting Commonwealth's Attorney
Dr. Jeffrey Cassell	Superintendent of Schools
Elizabeth Middleton	Director of Social Services
Joe Harris, Jr.	Sheriff
Nicole A. Briggs	Clerk of Circuit Court

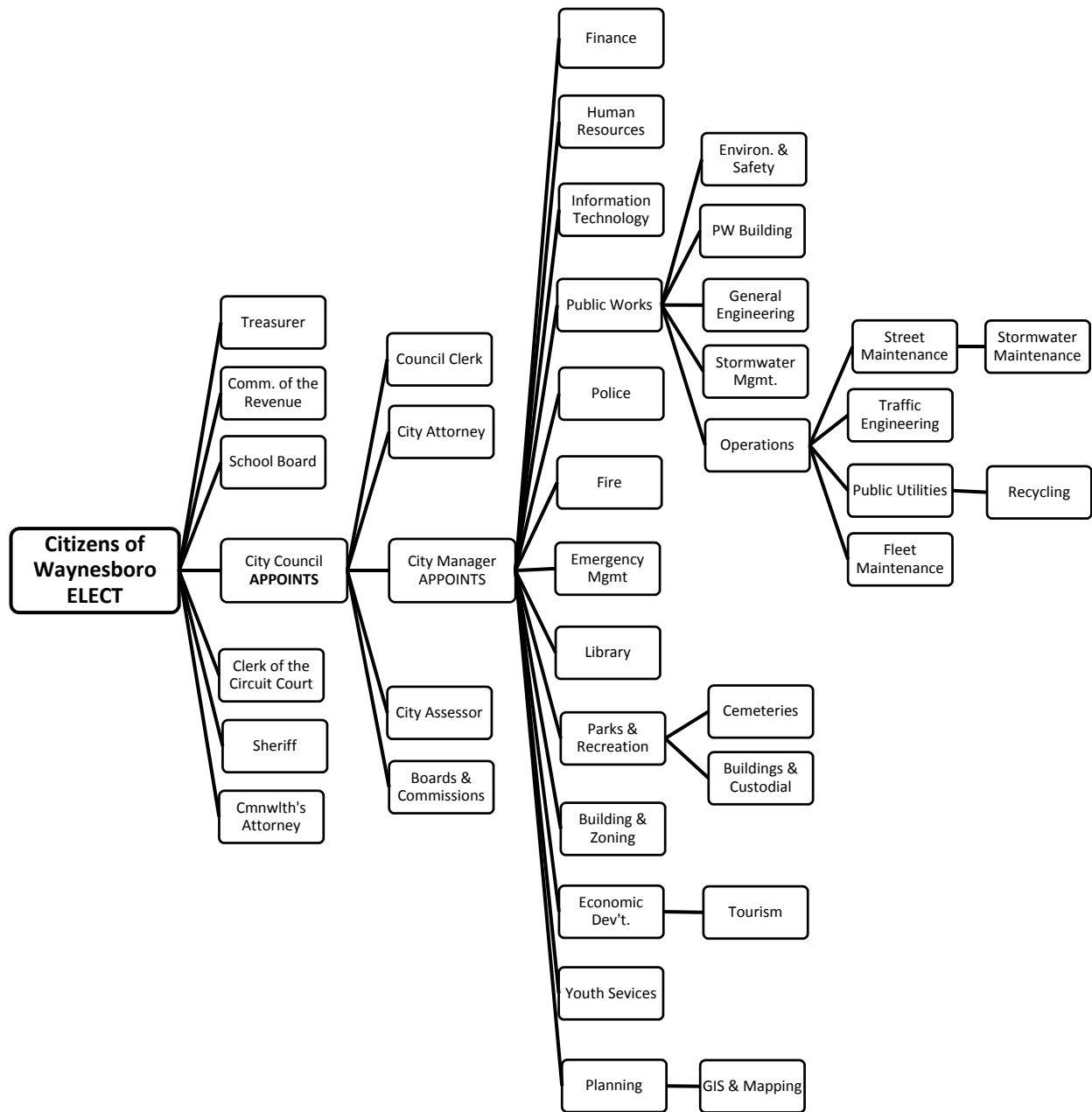
SCHOOL BOARD

Kathryn E. Maneval, Chair
Linda Schorsch Jones, Vice Chair
Melinda Ferguson
Douglas B. Norcross
Jeremy Y. Taylor
William B. Staton, Jr., Clerk

ECONOMIC DEVELOPMENT AUTHORITY

Sharron Plemmons, Chair
Jim Hyson, Vice Chair
Gregory Hitchin, Secretary/Treasurer
Lloyd Holloway
Jim Perkins
Tom Reider
Lorie Strother
Robert Vailes

City of Waynesboro, Virginia
Organizational Structure – June 30, 2014



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted

in the United States of America.

Other Matters

Required Supplementary Information

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 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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. Such information has been subjected to the auditing procedures applied in the audit by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 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* in considering the City's internal control over financial reporting and compliance.



November 20, 2014

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, 2014. 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 \$65,820,889. Of this amount, \$9,752,065 (unrestricted net position) 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 position related to the primary government increased by \$3,268,363 compared to FY13.
- As of the end of FY14, the City's governmental funds reported a combined ending fund balance of \$18,098,751 – a decrease of \$903,156 in comparison to the prior year. Of this amount, \$427,635 is shown as an increase to the fund balance of the General Fund, and \$1,330,791 is a negative change to the fund balance of Other Governmental Funds.
- At the end of the FY14, **unrestricted** fund balance for the *General Fund* was \$13,564,928. This represents a decrease of \$20,145, which is .15% less than the prior fiscal year. The City currently does not have a fiscal policy guideline related to fund balance; 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 \$6,510,086. As of the close of fiscal year 2014, the unrestricted fund balance in the General Fund exceeds the GFOA suggested fiscal policy guideline by \$7,054,842.
- The unassigned fund balance in the General Fund of \$9,054,972 equals approximately 24% of the General Fund's total expenditures. This total includes \$308,645 of FY14 funding to the Schools that was returned to the General Fund.
- The City's total long-term liabilities at the close of the FY14, including governmental and business type activities, were \$75,280,911. During fiscal year 2014, the city retired a total of \$4,208,551, predominantly through principal reductions. Over the same period, the City added a total of \$952,710 in new debt, the majority of which was the final draw down of a Virginia Water Facilities Revolving Fund loan. At the close of the fiscal year, the amount of debt principal payments due within one year was \$4,345,893. (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 89-108).

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

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

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

Both of the government-wide financial statements distinguish between the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of the City of Waynesboro include general government, judicial administration, public safety, street maintenance, education, parks and recreation, and community development. The business-type activities include water, sewer, refuse collection 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 the component unit is reported separately from the financial information presented for the primary government.

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These two statements, read together, will give the reader a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has one major governmental fund--the General Fund, and nine 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 54 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 governmental-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, etc. Fiduciary funds are accounted for on a full accrual basis; and their financial statements can be found on pages 65-66 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 17.

Government-Wide Financial Analysis

As noted earlier, a comparison of net position over several years can serve as a useful indicator of a government's financial position. In the case of the City, total primary government assets exceeded liabilities by \$65,820,889 at the close of fiscal year 2014. Capital assets (e.g., land, buildings, machinery, and equipment) in FY14 comprise approximately 76% of total assets, which is a 1% increase from FY13. 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 Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	23,678,262	23,888,833	11,207,737	11,804,203	34,885,999	35,693,036
Capital assets	40,147,771	38,070,481	71,505,293	72,214,245	111,653,064	110,284,726
Total assets	63,826,033	61,959,314	82,713,030	84,018,448	146,539,063	145,977,762
Current and other liabilities	7,004,576	6,137,843	2,778,580	2,932,436	9,783,156	9,070,279
Long-term liabilities outstanding	33,708,607	36,409,221	37,226,411	37,945,736	70,935,018	74,354,957
Total liabilities	40,713,183	42,547,064	40,004,991	40,878,172	80,718,174	83,425,236
Net position:						
Invested in capital assets, net of related debt	31,133,091	28,744,563	32,955,974	32,958,276	64,089,065	61,702,839
Restricted	1,743,672	1,622,944			1,743,672	1,622,944
Unrestricted	(9,763,913)	(10,955,257)	9,752,065	10,182,000	(11,848)	(773,257)
Total net position	23,112,850	19,412,250	42,708,039	43,140,276	65,820,889	62,552,526

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, 2014, is \$20,391,448. Conversely, the holdings associated with this debt are reported by the Schools as part of its capital assets. If the debt related to the Schools was not included in the long term liabilities of the primary government, the total net position for governmental activities would be \$43,504,298 and the total net position for the primary government would be \$86,212,337.

Approximately 8% of the governmental activities net position represents resources that are subject to external restrictions on how they may be used. Grants, donations, perpetual care funds, and cash set aside for capital projects comprise the restricted assets of the City. Grants and donations are normally designated for a specific purpose. The perpetual care funds are restricted in accordance with the *Code of the City of Waynesboro*, §26-6, Perpetual Care Trust Fund Reserve. The funds held for debt service are in accordance with City Council and School Board resolutions.

Overall, the City's net position increased by \$3,268,363 compared to FY13. This increase is the net effect of a \$432,237 decrease in the net position of the business-type activities, and a \$3,700,600 increase in the net position of the governmental activities.

The table on the following page provides comparison information from FY13 to FY14 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 FY13, total revenues from Governmental Activities increased by \$1,852,000; which was due primarily to a substantial increase in capital grants and contributions received during FY14. Expenditures related to Governmental Activities increased by \$591,108. Application of the funding formula used to determine school funding led to an increase in school funding in the amount of \$489,597. Health and Welfare increased by \$956,150, primarily due to increased DSS expenditures. Several activities saw significant decreases, including Public Works and Community Development. Overall, the change in the Governmental net position was an increase of \$3,700,600 after transfers of \$855,795 are taken into consideration.

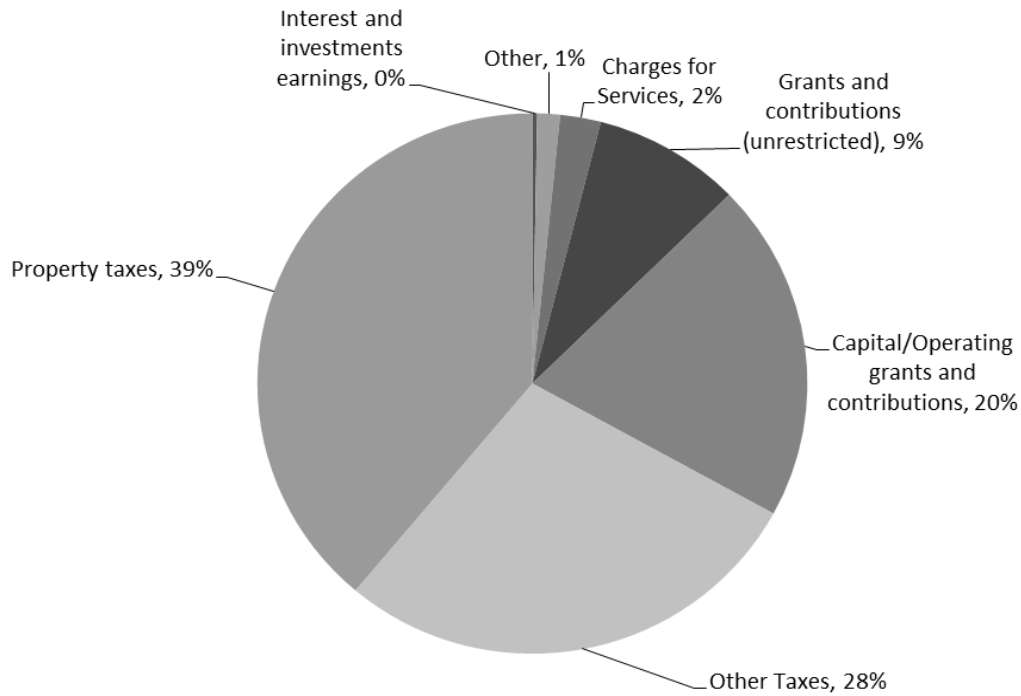
In comparison to FY13, Business-type revenues derived from charges for services increased in FY14 by \$370,661. Water, Landfill and Refuse Fund expenditures remained relatively steady when comparing FY14 to FY13; the Sewer Fund saw a significant increase due to ongoing repairs of a digester cover at the wastewater treatment facility.

The City of Waynesboro, Virginia
Required Supplemental Information

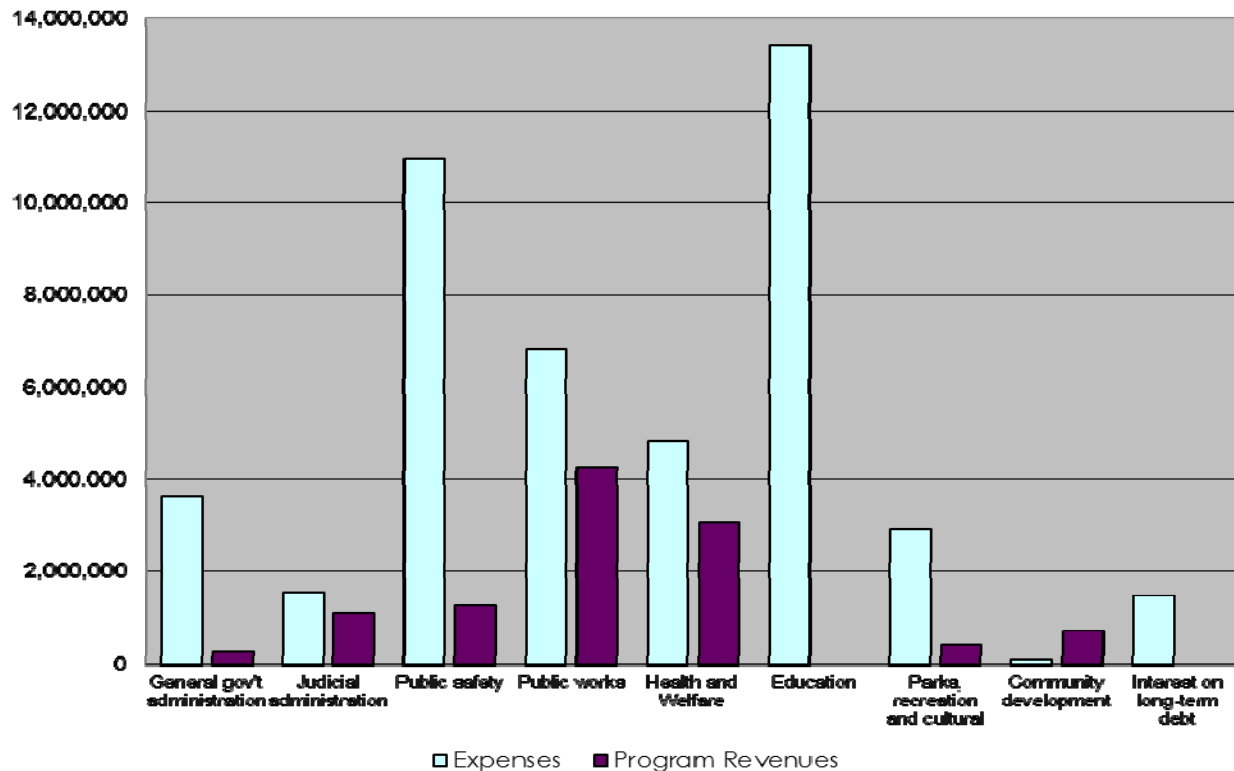
MANAGEMENT DISCUSSION & ANALYSIS
 June 30, 2014

City of Waynesboro, Virginia Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues by source:						
Program Revenues						
Charges for services	1,160,594	1,230,951	10,801,163	10,430,502	11,961,757	11,661,453
Operating grants and contributions	8,524,997	8,326,003	6,366	7,216	8,531,363	8,333,219
Capital grants and contributions	1,321,893	180,832	282,689	21,275	1,604,582	202,107
General Revenues						
Property taxes	18,864,334	18,527,350			18,864,334	18,527,350
Other taxes	13,648,465	13,401,420			13,648,465	13,401,420
Grants and contrib. (unrestricted)	4,215,912	4,120,323			4,215,912	4,120,323
Interest and Investment earnings	136,103	145,171	39,093	37,539	175,196	182,710
Other	647,329	735,577	117,102	41,976	764,431	777,553
Total Revenues	48,519,627	46,667,627	11,246,413	10,538,508	59,766,040	57,206,135
Expenses by activity:						
Governmental activity						
General government admin	3,613,629	3,468,784			3,613,629	3,468,784
Judicial administration	1,530,639	1,541,889			1,530,639	1,541,889
Public safety	10,965,288	11,041,793			10,965,288	11,041,793
Public works	6,832,130	7,084,792			6,832,130	7,084,792
Health and Welfare	4,852,442	3,896,292			4,852,442	3,896,292
Education	13,442,240	12,952,643			13,442,240	12,952,643
Parks, recreation and cultural	2,911,705	2,852,606			2,911,705	2,852,606
Community development	91,647	688,295			91,647	688,295
Interest on long-term debt	1,453,602	1,575,120			1,453,602	1,575,120
Business-type activities						
Water			3,297,434	3,066,111	3,297,434	3,066,111
Sewer			5,741,003	5,328,865	5,741,003	5,328,865
Landfill operations			714,131	688,241	714,131	688,241
Garbage			1,070,287	1,011,546	1,070,287	1,011,546
Total Expenses	45,693,322	45,102,214	10,822,855	10,094,763	56,516,177	55,196,977
Change in net position before transfers	2,826,305	1,565,413	423,558	443,745	3,249,863	2,009,158
Contributions to permanent fund	18,500	19,750			18,500	19,750
Transfers	855,795	648,000	(855,795)	(648,000)	0	0
Increase (decrease) in net position	3,700,600	2,233,163	(432,237)	(204,255)	3,268,363	2,028,908
Net position - beginning as adjusted	19,412,250	17,179,087	43,140,276	43,344,531	62,552,526	60,523,618
Net position -ending	23,112,850	19,412,250	42,708,039	43,140,276	65,820,889	62,552,526

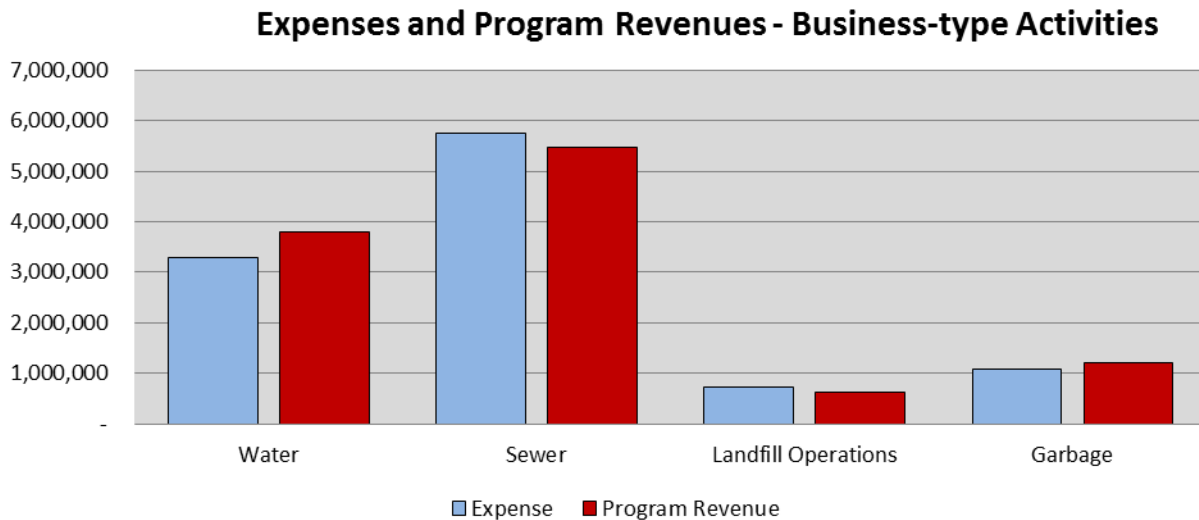
Revenues by Source - Governmental Activities



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 FY14 compared to the expenses incurred for governmental activities during FY14. 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 FY14 except for the Sewer Fund. Continuing work to repair a digester cover at the wastewater treatment plant that failed during FY13 led to Sewer Fund expenses exceeding Sewer Fund revenues for FY14. The digester cover issue illustrates the vulnerability of the business-type activity funds to unforeseen repair expenses and the need to maintain a healthy retained earnings balance to allow the funds to be able to deal with unforeseen catastrophic equipment failures that could occur.

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 FY14, the City's governmental funds reported a combined ending fund balance of \$18,098,751 – a decrease of \$903,156 in comparison with the prior year. Approximately 50% of this total amount (\$9,054,972) constitutes unassigned fund balance, representing the portion of fund balance that has not been earmarked in some fashion by statute, outside body, or Council ordinance. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending. Major restrictions, commitments or assignments include funds for capital projects (\$2,039,066), cemetery perpetual care (\$561,049), and Youth & Family Services (\$234,841). Council took action during FY14 to commit \$1,296,923 of unassigned fund balance to several different purposes, mostly to fund future expenditures. The fund balance commitments included governmental equipment replacement, governmental facility maintenance, additional DSS funding, and funding for stormwater maintenance.

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 \$9,054,927, while total fund balance was \$14,654,842. 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 24% of total fund expenditures, while total fund balance represents 38% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$427,635 during FY14; however, if the \$308,645 of School unspent FY14 appropriation funds is subtracted from the total, as well as \$483,240 of restricted VDOT funding that was rolled to FY15, the net change becomes a decrease of \$364,250. Further analysis reveals that the City budgeted for a net reduction of fund balance of \$2,266,836 in FY14, though that figure was not realized, as actual revenues (including insurance recoveries) exceeded the budgeted revenue amount by \$651,758, and actual expenditures (including net inter-fund transfers) were \$2,042,713 less than budgeted. By netting the difference between the excess of actual revenues over budgeted revenues (\$651,758) and actual expenses and net transfers versus budgeted expenditures and net transfers (\$2,042,713), which totals \$2,694,471, with the budgeted decrease in fund balance (\$2,266,836), the actual increase in fund balance can be calculated (\$427,635). This is an important concept in understanding the impact of budgeted & actual figures when considering changes in fund balance. (See exhibit 7 on page 11 for further details)

Other non-major funds. As of June 30, 2014, the fund balance for the other governmental funds was \$3,443,909. This fund balance amount represents 32% of the total of all other non-major fund expenditures. The net change in fund balance was a decrease of \$1,330,791. (See Exhibit 14 on page 56 for detailed information on other non-major funds' fund balances.)

Proprietary funds. At the end of FY14, the total net position of the enterprise funds was \$42,708,039. This figure represents a decrease in net position of \$432,237 compared to FY13. The total net assets of the internal services fund at the end of FY14 were \$1,967,752 which represents an increase from FY13 of \$159,101, or 9%. For a more detailed accounting of the activities of these funds, refer to the Exhibits beginning on page 12 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. Exhibit 7 on page 11 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 \$1,013,214 greater than originally budgeted revenues. A large part of this increase is the result of state and federal grants being awarded to and received by the City during FY14 that were not part of the original budget.
- General Fund final budgeted expenses were \$1,613,589 greater than originally budgeted expenses. The expenditures associated with budget adjustments made at the time FY13 encumbrances were rolled to the new fiscal year (\$768,331) comprise a large portion of the increase. Increasing the budget lines for expenditures associated with the grant awards mentioned in the previous item also comprised a large portion of the increase.
- General Fund's actual revenues were \$572,749 greater than final budgeted revenues, representing a variance of 1%. Receipts for several property and local tax categories exceeded budgeted amounts, which helped lead to this variance.
- General Fund's actual expenditures were \$2,271,985 less than final budgeted expenditures, representing a variance of 5%. This variance is due to several factors, including: the school unspent appropriation of \$308,645 being recorded as a reduction of school funding expense, landfill post-closure budget was greater than actual expenditures (\$128,992 variance), and General Fund vacancy savings of \$608,031 that were realized during FY14.

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, 2014 the City had a total investment in capital assets of \$111,653,064.

Total capital assets attributed to governmental activities increased by \$2,077,290, due primarily to continuing work on a variety of capital projects, including completion of rehabilitation of the Broad Street Bridge, as well as, Downtown Streetscape Phase II. The total capital assets attributed to the business-type activities decreased by \$708,952, due to depreciation exceeding the amount of asset additions during FY14. (See note 7, which begins on page 29, for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2014 included the following:

- The Broad Street Bridge rehabilitation project was completed.
- The Downtown Streetscape project was completed.
- Work continued on several stormwater projects, with the Kirby Street culvert/Jones Hollow Dam and Wayne Hills projects being completed.
- Several new heavy-duty vehicles were purchased for Public Works; as well as, new vehicles for Parks & Recreation and the Police Department.

City of Waynesboro
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	8,735,499	8,735,499	386,268	386,268	9,121,767	9,121,767
Buildings	9,435,738	9,763,260	45,746,240	46,774,695	55,181,978	56,537,955
Improvements other than buildings	3,044,789	1,928,777	24,029,148	23,726,386	27,073,937	25,655,163
Machinery and equipment	2,705,686	2,260,758	1,270,165	1,211,901	3,975,851	3,472,659
Infrastructure	15,557,456	13,129,708			15,557,456	13,129,708
Construction in Progress	668,603	2,252,479	73,472	114,995	742,075	2,367,474
Total Capital Assets	40,147,771	38,070,481	71,505,293	72,214,245	111,653,064	110,284,726

Long-term debt. As of June 30, 2014, 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 from A+ to AA- on June 24, 2014; 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 \$176,336,613. See page 102 of this report for historic debt margin comparisons.

City of Waynesboro Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
G O bonds	29,076,458	30,566,794	14,310,000	14,670,000	43,386,458	45,236,794
Literary loans	1,500,000	1,750,000			1,500,000	1,750,000
Note Payable	2,423,847	3,201,542			2,423,847	3,201,542
Capital Leases	120,499	228,806			120,499	228,806
VA Revolving Loans			24,058,064	24,389,906	24,058,064	24,389,906
Total O/S Debt	33,120,804	35,747,142	38,368,064	39,059,906	71,488,868	74,807,048

The table above provides comparative information related to the City's long-term outstanding debt. The decrease from 2013 to 2014 for total debt outstanding for the City is the result of total debt retirements exceeding the amount of debt issued for FY14. As of June 30, 2014, the City had long-term debt outstanding of \$71,488,868; \$38,368,064 was for business-type activities and \$33,120,804 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,711,919, and \$1,515,250 for business-type activities. These debt payments were budgeted as expenditures in the FY 2014 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities column, \$12,945,628 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 32, for relevant disclosures regarding the City's outstanding debt.)

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2015 general fund budget was adopted at \$44,229,914, an increase of \$911,350 over the FY14 budget.
- Real property and personal property tax rate remained the same for FY15.
- The fiscal year 2015 budget included a 2% pay increase for all full-time City employees.
- The City's water and sewer consumption rates did not increase for fiscal year 2015.
- The original fiscal year 2015 budget called for the use of \$1,733,599 of fund balance in the general fund to balance the budget. In addition, \$417,264 of encumbrances were rolled from fiscal year 2014, bringing the total budgeted use of fund balance to \$2,150,863.
- According to the Virginia Employment Commission, the unemployment rate for the City of Waynesboro as of July 2014 was 5.2%. This compares favorably to the national rate of 6.5% and the Commonwealth's rate of 5.4% for the same period.

Requests for Information

This financial report is designed to provide a general overview of the City of Waynesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Director of Finance, 503 W. Main Street, Suite 201, Waynesboro, VA 22980.

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2014

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 17,336,840	\$ 7,722,478	\$ 25,059,318	\$ 2,836,417
Investments	1,460	-	1,460	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	447,099	-	447,099	-
Accounts	815,630	1,790,038	2,605,668	71,179
Notes	36,423	-	36,423	-
Due from external parties	35,291	-	35,291	-
Due from other governments	2,340,829	-	2,340,829	1,346,985
Due from component unit	216,151	-	216,151	-
Internal balances	1,041,752	(1,041,752)	-	-
Inventories	845,738	-	845,738	-
Restricted assets:				
Permanently restricted:				
Cash and cash equivalents	561,049	-	561,049	-
Investment in landfill joint venture	-	2,736,973	2,736,973	-
Capital assets not being depreciated:				
Land	8,735,499	386,268	9,121,767	274,493
Construction in progress	668,603	73,472	742,075	-
Capital assets, net of accumulated depreciation:				
Buildings and systems	9,435,738	45,746,240	55,181,978	37,326,116
Improvements other than buildings	3,044,789	24,029,148	27,073,937	1,519,615
Machinery and equipment	2,705,686	1,270,165	3,975,851	826,789
Infrastructure	15,557,456	-	15,557,456	-
Total assets	<u>63,826,033</u>	<u>82,713,030</u>	<u>146,539,063</u>	<u>44,201,594</u>
LIABILITIES				
Accounts payable and other current liabilities	2,014,958	639,758	2,654,716	3,427,554
Accrued interest payable	504,448	605,170	1,109,618	27,669
Due to primary government	-	-	-	216,151
Unearned revenue	1,672,929	-	1,672,929	-
Noncurrent liabilities:				
Due within one year	2,812,241	1,533,652	4,345,893	270,247
Due in more than one year	<u>33,708,607</u>	<u>37,226,411</u>	<u>70,935,018</u>	<u>5,207,672</u>
Total liabilities	<u>40,713,183</u>	<u>40,004,991</u>	<u>80,718,174</u>	<u>9,149,293</u>
NET POSITION				
Net investment in capital assets	31,133,091	32,955,974	64,089,065	37,224,991
Restricted for:				
Judicial administration	102,298	-	102,298	-
Public safety	381,883	-	381,883	-
Public works	672,927	-	672,927	-
Parks, recreation and cultural	4,550	-	4,550	-
Community development	1,790	-	1,790	-
Capital projects	19,175	-	19,175	-
Perpetual care:				
Nonexpendable	561,049	-	561,049	-
Unrestricted	<u>(9,763,913)</u>	<u>9,752,065</u>	<u>(11,848)</u>	<u>(2,172,690)</u>
Total net position	<u>\$ 23,112,850</u>	<u>\$ 42,708,039</u>	<u>\$ 65,820,889</u>	<u>\$ 35,052,301</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, 2014

Exhibit 2

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board
Primary government:								
Governmental activities:								
General government administration	\$ 3,613,629	\$ 30,922	\$ 222,290	\$ -	\$ (3,360,417)		\$ (3,360,417)	
Judicial administration	1,530,639	226,112	866,415	-	(438,112)		(438,112)	
Public safety	10,965,288	327,960	923,466	-	(9,713,862)		(9,713,862)	
Public works	6,832,130	18,052	3,212,243	1,052,994	(2,548,841)		(2,548,841)	
Health and welfare	4,852,442	87,250	2,948,184	-	(1,817,008)		(1,817,008)	
Education	13,442,240	-	-	-	(13,442,240)		(13,442,240)	
Parks, recreation and cultural	2,911,705	250,997	143,732	-	(2,516,976)		(2,516,976)	
Community development	91,647	219,301	208,667	268,899	605,220		605,220	
Interest on long-term debt	1,453,602	-	-	-	(1,453,602)		(1,453,602)	
Total governmental activities	45,693,322	1,160,594	8,524,997	1,321,893	(34,685,838)		(34,685,838)	
Business-type activities:								
Water	3,297,434	3,595,736	-	188,235	-	\$ 486,537	486,537	
Sewer	5,741,003	5,382,235	-	94,454	-	(264,314)	(264,314)	
Landfill operations	714,131	626,250	-	-	-	(87,881)	(87,881)	
Garbage	1,070,287	1,196,942	6,366	-	-	133,021	133,021	
Total business-type activities	10,822,855	10,801,163	6,366	282,689	-	267,363	267,363	
Total primary government	\$ 56,516,177	\$ 11,961,757	\$ 8,531,363	\$ 1,604,582	(34,685,838)	267,363	(34,418,475)	
Component units:								
School board	35,093,147	478,999	19,255,186	-				\$ (15,358,962)
Total component unit	\$ 35,093,147	\$ 478,999	\$ 19,255,186	\$ -				(15,358,962)
General revenues:								
Taxes:								
General property					18,864,334	-	18,864,334	-
Sales					4,939,849	-	4,939,849	-
Utility					1,030,193	-	1,030,193	-
Business license					1,997,600	-	1,997,600	-
Hotel and meals					4,448,874	-	4,448,874	-
Tobacco					378,197	-	378,197	-
Other					853,752	-	853,752	-
Miscellaneous					457,893	26,572	484,465	175,460
Payment from City of Waynesboro					-	-	-	13,411,837
Payment from Component Unit School Board					200,000	-	200,000	-
Grants and contributions not restricted to specific programs					4,215,912	-	4,215,912	-
Unrestricted investment earnings					136,103	39,093	175,196	33,719
Gain (loss) on disposal of capital assets					(10,564)	90,530	79,966	-
Contributions to permanent fund principal					18,500	-	18,500	-
Transfers					855,795	(855,795)	-	-
Total general revenues and transfers					38,386,438	(699,600)	37,686,838	13,621,016
Change in net position					3,700,600	(432,237)	3,268,363	(1,737,946)
Net position - beginning, as adjusted					19,412,250	43,140,276	62,552,526	36,790,247
Net position - ending					\$ 23,112,850	\$ 42,708,039	\$ 65,820,889	\$ 35,052,301

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

FUND FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

Exhibit 3

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 14,482,116	\$ 2,242,672	\$ 16,724,788
Investments	1,460	-	1,460
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties	447,099	-	447,099
Accounts	625,223	173,277	798,500
Due from other funds	1,080,272	-	1,080,272
Due from component unit - School Board	216,151	-	216,151
Due from external parties	35,291	-	35,291
Due from other governments	1,293,999	1,046,830	2,340,829
Restricted assets:			
Cash and cash equivalents	-	561,049	561,049
Total assets	<u>\$ 18,181,611</u>	<u>\$ 4,023,828</u>	<u>\$ 22,205,439</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	838,453	330,325	1,168,778
Accrued payroll	541,947	29,633	571,580
Retainage payable	2,609	-	2,609
Deposits payable	2,500	-	2,500
Due to other funds	-	219,961	219,961
Amounts held for others	139,496	-	139,496
Deferred revenues	1,981,787	-	1,981,787
Compensated absences	19,977	-	19,977
Total liabilities	<u>3,526,769</u>	<u>579,919</u>	<u>4,106,688</u>
Fund balances:			
Nonspendable:			
Permanent fund principal	-	561,049	561,049
Restricted for:			
Judicial administration	102,298	-	102,298
Public safety	308,349	-	308,349
Public works	672,927	-	672,927
Parks, recreation and cultural	4,550	-	4,550
Community development	1,790	-	1,790
Shenandoah Valley Animal Center	-	73,534	73,534
Capital projects	-	1,526,273	1,526,273
Committed to:			
General government administration	1,679,523	-	1,679,523
Public works	646,835	-	646,835
Health and welfare	283,586	-	283,586
Parks, recreation and cultural	56,200	-	56,200
Community development	33,268	-	33,268
EDA revolving loans	-	36,423	36,423
Capital projects	-	210,156	210,156
SAW self-funded insurance	71,848	-	71,848
Self-funded insurance	163,593	-	163,593
Revenue stabilization	500,000	-	500,000
Education	755,405	-	755,405

cont'd

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Exhibit 3 (cont'd)		
	General Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES (cont'd)			
Fund balances: (cont'd)			
Assigned to:			
General government administration	\$ 60,460	\$ -	\$ 60,460
Judicial administration	1,193	-	1,193
Public safety	24,592	-	24,592
Public works	127,702	-	127,702
Parks, recreation and cultural	20,009	-	20,009
Community development	85,742	-	85,742
Youth and family services	-	234,841	234,841
CAPSAW	-	135,235	135,235
Economic Development Authority	-	363,761	363,761
Capital projects	-	302,637	302,637
Unassigned:			
School Board	308,645	-	308,645
General	8,746,327	-	8,746,327
Total fund balances	<u>14,654,842</u>	<u>3,443,909</u>	<u>18,098,751</u>
Total liabilities and fund balances	<u>\$ 18,181,611</u>	<u>\$ 4,023,828</u>	<u>\$ 22,205,439</u>

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 18,098,751
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,647,421
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	36,423
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	308,858
Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,009,504
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(36,988,107)</u>
Net position of governmental activities	<u>\$ 23,112,850</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

Exhibit 5

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General property taxes	\$ 19,003,063	\$ -	\$ 19,003,063
Other local taxes	13,648,465	-	13,648,465
Permits, privilege fees and regulatory licenses	219,973	-	219,973
Fines and forfeitures	206,543	-	206,543
Revenue from use of money and property	170,961	10,793	181,754
Charges for services	290,541	13,950	304,491
Miscellaneous	107,825	265,329	373,154
Recovered costs	76,317	628,156	704,473
Intergovernmental:			
Local - School Board	-	200,000	200,000
Commonwealth	8,905,311	2,669,301	11,574,612
Federal	233,600	1,979,704	2,213,304
Total revenues	<u>42,862,599</u>	<u>5,767,233</u>	<u>48,629,832</u>
EXPENDITURES			
Current:			
General government administration	3,592,910	-	3,592,910
Judicial administration	1,455,629	-	1,455,629
Public safety	9,794,469	1,004,088	10,798,557
Public works	4,783,390	2,990,640	7,774,030
Health and welfare	486,350	4,357,333	4,843,683
Education	13,442,240	-	13,442,240
Parks, recreation, and cultural	2,745,531	-	2,745,531
Community development	825,997	400,974	1,226,971
Capital projects	-	21,222	21,222
Debt service:			
Principal retirement	1,257,730	1,368,608	2,626,338
Interest and fiscal charges	676,271	864,049	1,540,320
Total expenditures	<u>39,060,517</u>	<u>11,006,914</u>	<u>50,067,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,802,082</u>	<u>(5,239,681)</u>	<u>(1,437,599)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries - worker's compensation	79,009	-	79,009
Transfers in	908,039	3,912,948	4,820,987
Transfers out	(4,361,495)	(4,058)	(4,365,553)
Total other financing sources and uses	<u>(3,374,447)</u>	<u>3,908,890</u>	<u>534,443</u>
Net change in fund balances	427,635	(1,330,791)	(903,156)
Fund balance - beginning	<u>14,227,207</u>	<u>4,774,700</u>	<u>19,001,907</u>
Fund balance - ending	<u>\$ 14,654,842</u>	<u>\$ 3,443,909</u>	<u>\$ 18,098,751</u>

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

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ (903,156)
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 (3,587,880) exceeded depreciation (1,664,560) in the current period.	1,923,320
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(155,150)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.	2,626,338
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.	16,964
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.	192,284
Change in net position of governmental activities	<u>\$ 3,700,600</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, 2014

Exhibit 7

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 18,564,300	\$ 18,564,300	\$ 19,003,063	\$ 438,763
Other local taxes	13,434,894	13,434,894	13,648,465	213,571
Permits, privilege fees and regulatory licenses	179,745	179,745	219,973	40,228
Fines and forfeitures	146,750	146,750	206,543	59,793
Revenue from use of money and property	137,112	141,612	170,961	29,349
Charges for services	242,800	248,751	290,541	41,790
Miscellaneous	50,341	99,818	107,825	8,007
Recovered costs	31,300	38,800	76,317	37,517
Intergovernmental:				
Commonwealth	8,489,394	8,815,174	8,905,311	90,137
Federal	-	620,006	233,600	(386,406)
Total revenues	41,276,636	42,289,850	42,862,599	572,749
EXPENDITURES				
Current:				
General government administration	3,638,638	3,677,437	3,592,910	84,527
Judicial administration	1,507,266	1,513,539	1,455,629	57,910
Public safety	9,791,322	10,307,551	9,794,469	513,082
Public works	4,962,554	5,708,683	4,783,390	925,293
Health and welfare	518,460	518,810	486,350	32,460
Education	13,604,399	13,750,885	13,442,240	308,645
Parks, recreation and cultural	2,882,887	2,907,137	2,745,531	161,606
Community development	880,163	1,015,236	825,997	189,239
Debt service:				
Principal retirement	1,257,730	1,257,730	1,257,730	-
Interest and fiscal charges	675,494	675,494	676,271	(777)
Total expenditures	39,718,913	41,332,502	39,060,517	2,271,985
Excess (deficiency) of revenues over (under) expenditures	1,557,723	957,348	3,802,082	2,844,734
OTHER FINANCING SOURCES (USES)				
Insurance recoveries - worker's compensation	-	-	79,009	79,009
Transfers in	671,912	913,880	908,039	(5,841)
Transfers out	(3,599,651)	(4,138,064)	(4,361,495)	(223,431)
Total other financing sources and uses	(2,927,739)	(3,224,184)	(3,374,447)	(150,263)
Net change in fund balances	(1,370,016)	(2,266,836)	427,635	2,694,471
Fund balance - beginning	1,370,016	2,266,836	14,227,207	11,960,371
Fund balance - ending	\$ -	\$ -	\$ 14,654,842	\$ 14,654,842

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,088,086	\$ 4,437,929	\$ 1,196,463	\$ 7,722,478	\$ 612,052
Accounts receivable (net of allowance for uncollectibles)	612,175	922,434	255,429	1,790,038	17,130
Inventory	-	-	-	-	845,738
Total current assets	<u>2,700,261</u>	<u>5,360,363</u>	<u>1,451,892</u>	<u>9,512,516</u>	<u>1,474,920</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,736,973	2,736,973	-
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	17,498,238	32,472,850	-	49,971,088	-
Machinery and equipment	779,742	1,944,027	1,090,664	3,814,433	6,406,331
Construction in progress	-	73,472	-	73,472	-
Less accumulated depreciation	(11,287,136)	(23,048,873)	(854,847)	(35,190,856)	(4,905,981)
Total capital assets (net of accumulated depreciation)	<u>16,352,289</u>	<u>54,803,734</u>	<u>349,270</u>	<u>71,505,293</u>	<u>1,500,350</u>
Total noncurrent assets	<u>16,352,289</u>	<u>54,803,734</u>	<u>3,086,243</u>	<u>74,242,266</u>	<u>1,500,350</u>
Total assets	<u>19,052,550</u>	<u>60,164,097</u>	<u>4,538,135</u>	<u>83,754,782</u>	<u>2,975,270</u>
LIABILITIES					
Current liabilities:					
Accounts payable	73,906	127,145	142,542	343,593	118,607
Retainage payable	-	5,684	-	5,684	-
Accrued payroll	46,036	52,440	26,745	125,221	11,388
Accrued interest payable	256,685	348,485	-	605,170	-
Deposits payable	164,285	-	975	165,260	-
Due to other funds	-	-	-	-	860,311
Compensated absences	2,000	2,000	-	4,000	700
General obligation bonds - current	286,241	390,659	-	676,900	-
Revenue bonds payable - current	-	852,752	-	852,752	-
Total current liabilities	<u>829,153</u>	<u>1,779,165</u>	<u>170,262</u>	<u>2,778,580</u>	<u>991,006</u>
Noncurrent liabilities:					
Compensated absences	39,504	50,106	30,464	120,074	6,426
Net OPEB obligation	33,105	34,627	18,938	86,670	10,086
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	11,576,349	6,758,283	-	18,334,632	-
Revenue bonds payable	-	18,685,035	-	18,685,035	-
Total noncurrent liabilities	<u>11,648,958</u>	<u>25,528,051</u>	<u>49,402</u>	<u>37,226,411</u>	<u>16,512</u>
Total liabilities	<u>12,478,111</u>	<u>27,307,216</u>	<u>219,664</u>	<u>40,004,991</u>	<u>1,007,518</u>
NET POSITION					
Net investment in capital assets	4,489,699	28,117,005	349,270	32,955,974	1,500,350
Unrestricted	<u>2,084,740</u>	<u>4,739,876</u>	<u>3,969,201</u>	<u>10,793,817</u>	<u>467,402</u>
Total net position	<u>\$ 6,574,439</u>	<u>\$ 32,856,881</u>	<u>\$ 4,318,471</u>	<u>43,749,791</u>	<u>\$ 1,967,752</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (1,041,752)

Net position of business-type activities \$ 42,708,039

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 3,595,736	\$ 5,382,235	\$ 1,823,192	\$ 10,801,163	\$ 1,977,388
Miscellaneous	2,895	6,526	17,151	26,572	31,147
Total operating revenues	<u>3,598,631</u>	<u>5,388,761</u>	<u>1,840,343</u>	<u>10,827,735</u>	<u>2,008,535</u>
OPERATING EXPENSES					
Personal services	1,208,182	1,515,172	669,295	3,392,649	305,371
Contractual services	356,095	451,361	500,872	1,308,328	110,172
Other supplies and expenses	172,459	693,077	257,083	1,122,619	1,482,973
Depreciation	1,026,714	2,015,019	63,514	3,105,247	340,715
Total operating expenses	<u>2,763,450</u>	<u>4,674,629</u>	<u>1,490,764</u>	<u>8,928,843</u>	<u>2,239,231</u>
Operating income (loss)	<u>835,181</u>	<u>714,132</u>	<u>349,579</u>	<u>1,898,892</u>	<u>(230,696)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	6,366	6,366	-
Interest income	12,173	19,653	7,267	39,093	-
Gain (loss) on disposal of assets	-	-	90,530	90,530	(10,564)
Gain (loss) on equity interest	-	-	(241,952)	(241,952)	-
Bond issuance costs	-	(16,355)	-	(16,355)	-
Interest and fiscal charges	(557,214)	(1,045,308)	-	(1,602,522)	-
Total nonoperating revenues (expenses)	<u>(545,041)</u>	<u>(1,042,010)</u>	<u>(137,789)</u>	<u>(1,724,840)</u>	<u>(10,564)</u>
Income before contributions and transfers	<u>290,140</u>	<u>(327,878)</u>	<u>211,790</u>	<u>174,052</u>	<u>(241,260)</u>
Capital contributions	188,235	94,454	-	282,689	-
Transfers in	26,144	-	-	26,144	448,547
Transfers out	(231,000)	(334,144)	(316,795)	(881,939)	(48,186)
Change in net position	273,519	(567,568)	(105,005)	(399,054)	159,101
Total net position - beginning, as adjusted	<u>6,300,920</u>	<u>33,424,449</u>	<u>4,423,476</u>		<u>1,808,651</u>
Total net position - ending	<u>\$ 6,574,439</u>	<u>\$ 32,856,881</u>	<u>\$ 4,318,471</u>		<u>\$ 1,967,752</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(33,183)	
Change in net position of business-type activities				<u>\$ (432,237)</u>	

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

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	\$ 3,661,113	\$ 5,408,095	\$ 1,888,696	\$ 10,957,904	\$ -
Cash received from interfund services provided	-	-	-	-	1,968,589
Cash paid to suppliers	(483,396)	(1,308,327)	(754,020)	(2,545,743)	(1,497,323)
Cash paid to employees	(1,188,200)	(1,498,658)	(656,841)	(3,343,699)	(302,404)
Other receipts (payments)	2,895	6,526	17,151	26,572	31,147
Net cash provided (used) by operating activities	1,992,412	2,607,636	494,986	5,095,034	200,009
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	6,366	6,366	-
Transfer from other funds	26,144	-	-	26,144	3,262
Transfer to other funds	(231,000)	(334,144)	(316,795)	(881,939)	(48,186)
Net cash provided (used) by noncapital financing activities	(204,856)	(334,144)	(310,429)	(849,429)	(44,924)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	-	-	22,079	22,079	15,530
Proceeds from insurance claim	-	-	89,442	89,442	-
Acquisition and construction of capital assets	(608,850)	(1,568,214)	(76,645)	(2,253,709)	(520,479)
Transfer from other funds	-	-	-	-	448,547
Principal paid on capital debt	(263,813)	(428,029)	-	(691,842)	-
Interest paid on capital debt	(572,949)	(1,068,320)	-	(1,641,269)	-
Bond issue costs	-	(16,355)	-	(16,355)	-
Net cash provided (used) by capital and related financing activities	(1,445,612)	(3,080,918)	34,876	(4,491,654)	(56,402)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	12,173	19,653	7,267	39,093	-
Cash paid to joint venture	-	-	(243,826)	(243,826)	-
Net cash provided (used) by investing activities	12,173	19,653	(236,559)	(204,733)	-
Net increase (decrease) in cash and cash equivalents	354,117	(787,773)	(17,126)	(450,782)	98,683
Cash and cash equivalents - beginning of year	1,733,969	5,225,702	1,213,589	8,173,260	513,369
Cash and cash equivalents - end of year	\$ 2,088,086	\$ 4,437,929	\$ 1,196,463	\$ 7,722,478	\$ 612,052

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Exhibit 10 (cont'd)
				Total	Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds		Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 835,181	\$ 714,132	\$ 349,579	\$ 1,898,892	\$ (230,696)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,026,714	2,015,019	63,514	3,105,247	340,715
(Increase) decrease in accounts receivable	23,012	25,860	65,504	114,376	(8,799)
(Increase) decrease in inventory	-	-	-	-	26,641
Increase (decrease) in accounts payable	45,158	(163,889)	3,935	(114,796)	69,181
Increase (decrease) in accrued payroll	8,238	5,091	7,935	21,264	1,233
Increase (decrease) in net OPEB obligation	2,009	2,557	1,057	5,623	514
Increase (decrease) in deposits payable	42,365	-	-	42,365	-
Increase (decrease) in compensated absences	9,735	8,866	3,462	22,063	1,220
Total Adjustments	1,157,231	1,893,504	145,407	3,196,142	430,705
Net cash provided (used) by operating activities	\$ 1,992,412	\$ 2,607,636	\$ 494,986	\$ 5,095,034	\$ 200,009
Noncash investing, capital, and financing activities:					
Capital contributions of water and sewer lines from developers	\$ 188,235	\$ 94,454	\$ -	\$ 282,689	\$ -

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Exhibit 11
	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$ 505,711
Accounts receivable	53,835
Due from other governments	15,395
Total assets	<u>\$ 574,941</u>
LIABILITIES	
Accounts payable	1,651
Accrued payroll	16,273
Payroll taxes and fringes payable	506,331
Due to external parties	35,291
Net OPEB obligation	15,395
Total liabilities	<u>\$ 574,941</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Separate financial statements of this component unit are not available.

Discretely Presented Component Units:

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

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

Separate financial statements of this component unit are not available.

Undivided Interests and Joint Ventures:

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net position, revenues and expenses of the undivided interest component are reported by the City in its ACSA Joint Landfill Fund. Likewise, the City's investment in the joint venture component of the Landfill, which is an explicit, measurable, equity interest, is reported as an asset in the ACSA Joint Landfill Fund and totaled \$2,736,973 as of June 30, 2014. 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

A. Reporting Entity (cont'd)

Undivided Interests and Joint Ventures: (cont'd)

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 and debt service component. The City paid the Jail Authority \$1,375,277 for fiscal year 2014.

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter, with equity interest in the venture. Capital and operating costs are allocated annually based on percentage of ownership for each locality. Activity is shown in a special revenue fund, named Shenandoah Valley Animal Service Center. The City transferred funds to the Regional Animal Shelter in the amount of \$44,046 for fiscal year 2014.

Excluded Organizations:

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

- Waynesboro Redevelopment Housing Authority

B. Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

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

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.

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, Youth and Family Services, Community Action Partnership of Staunton, Augusta, Waynesboro, Shenandoah Valley Animal Service Center Funds, and a blended component unit, Economic Development Authority.

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

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

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

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

Enterprise funds account for operations where the intent of the City is that the cost of provided services to the general public be financed and recovered through user charges. Enterprise funds consist of the Water, Sewer, Garbage, 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

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

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 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, and garbage 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 Position or Equity

1. *Deposits and Investments*

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

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

Investments for the government, as well as for its component unit, are reported at 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.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

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

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.

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 \$1,088,800 at June 30, 2014, and consisted of the following:

General Fund – taxes	\$ 474,813
Water Fund – utility billings	228,850
Sewer Fund – utility billings	287,111
Garbage Fund – utility billings	<u>98,026</u>
Total	<u>\$1,088,800</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 \$561,049 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

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

8. Capital Assets (cont'd)

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

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-month 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 of 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures. Loans issued at 0% are discounted at the applicable long term annual financing rate based on date of issue.

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

11. Fund Equity

Financial policies - For fiscal year 2014, no formal policy regarding fund balance has been adopted by the City. When both restricted and unrestricted resources are available, the City considers restricted funds used first, followed by unrestricted funds. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

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

11. Fund Equity (cont'd)

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). The source of the constraint comes from outside the government and cannot be changed by City Council.

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

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

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

12. Net Position

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

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

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any new property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. As of June 30, 2014, the City does not record the School Board's capital assets; they are reported as capital assets of the Component Unit – School Board.

14. Component Unit – Open Lines of Credit

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this \$3,009,504 difference in the primary government are as follows:

Net position of the internal service funds	\$ 1,967,752
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	1,008,569
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>33,183</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,009,504</u>

Another element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of these \$36,988,107 and \$5,505,588 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 30,576,457	\$ -
Plus: Issuance premium	325,596	-
Note payable	2,423,848	-
Capital leases payable	120,499	2,722,022
Landfill closure liability	1,828,328	-
Accrued interest payable	504,448	27,669
Net OPEB obligation	502,848	2,061,000
Compensated absences	<u>706,083</u>	<u>694,897</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 36,988,107</u>	<u>\$ 5,505,588</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of these \$2,626,338 and \$223,489 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Principal repayments:		
General obligaton debt	\$ (1,740,337)	\$ -
Note payable	(777,694)	-
Capital lease	(108,307)	(223,489)
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (2,626,338)	\$ (223,489)

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 \$16,964 and \$460,031 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ 64,778	\$ 33,939
Accrued interest	(44,714)	(2,908)
Landfill post-closure care liability	(24,080)	-
Increase in net OPEB obligation	29,056	429,000
Amortization of issuance premium	(42,004)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ (16,964)	\$ 460,031

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 \$192,284 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ 159,101
Add: Loss from costs in excess of charges to business-type activities	33,183
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 192,284

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds except the Economic Development fund, and the permanent fund, which are not budgeted. All annual appropriations lapse at fiscal year-end. The following procedures are used by the City in establishing the budgetary 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 Admin., Public Safety, etc.) The appropriations for each function can be revised only by the City Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budget data presented in the accompanying financial statements includes the original budget and the revised budget as of June 30, 2014.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, the Virginia Public Assistance Fund, Comprehensive Services Act Fund, CAPSAW Fund, and School Textbook Fund had expenditures exceeding appropriations.

C. Deficit Fund Balance

At June 30, 2014, the School Construction Fund had a deficit balance of \$196,048.

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, 2014 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>AAAm</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 1,460	\$ 1,460	\$ -
Total Fair Value	<u>\$ 1,460</u>	<u>\$ 1,460</u>	<u>\$ -</u>

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

4. DEPOSITS AND INVESTMENTS (cont'd)

Interest Rate Risk – As of June 30, 2014, 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	\$ 1,460	\$ 1,460	\$ -	\$ -
Total Fair Value	<u>\$ 1,460</u>	<u>\$ 1,460</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.

5. DUE FROM OTHER GOVERNMENTS

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
School Funds	\$ -	\$ 799,774
State sales taxes	-	547,211
Local sales taxes	863,353	-
Department of Transportation	595,954	-
Communications tax	219,950	-
Public assistance grants	54,822	-
Comprehensive Services Act funds	219,948	-
Other State funds	138,875	-
Total Due from the Commonwealth	<u>2,092,902</u>	<u>1,346,985</u>
Federal Government:		
Department of Homeland Security	65,403	-
Department of Justice	5,013	-
Department of Criminal Justice Services	13,379	-
Community Services Block Grant	23,758	-
Community Development Block Grant	44,158	-
Public assistance grants	41,894	-
Department of Health & Human Services	49,377	-
Other federal funds	4,945	-
Total Due from the Federal Government	<u>247,927</u>	<u>-</u>
Total Due from Other Governments	<u>\$ 2,340,829</u>	<u>\$ 1,346,985</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2014 consisted of the following:

Primary Government:

Due to General Fund from:

Nonmajor governmental funds	\$ 219,961
Nonmajor Internal Service Fund	<u>860,311</u>
Total due to General Fund from other funds for cash advances	<u>\$ 1,080,272</u>

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

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Primary Government:

Transfers to General Fund from:

Nonmajor governmental funds	\$ 4,058
Water Fund for operations	231,000
Sewer Fund for operations	308,000
Nonmajor internal service fund for operations	48,186
Nonmajor enterprise funds for operations	<u>316,795</u>
Total transfers to General Fund	<u>\$ 908,039</u>

Transfers to Water Fund from:

Sewer Fund for operations	<u>\$ 26,144</u>
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Transfers to nonmajor governmental funds from:

General Fund for welfare assistance	\$ 1,522,165
General Fund for Shenandoah Valley Animal Service Center	44,046
General Fund for Economic Development Authority	1,357,458
General Fund for debt service	<u>989,279</u>
Total transfers to nonmajor governmental funds	<u>\$ 3,912,948</u>

Transfers to nonmajor Internal Service Fund from:

General Fund for equipment purchases	<u>\$ 448,547</u>
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Component Unit School Board:

Transfers to School Textbook Fund from:

School Operating Fund	<u>\$ 269,334</u>
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 8,735,499	\$ -	\$ -	\$ 8,735,499
Construction in progress	2,252,479	3,286,499	(4,870,375)	668,603
Total capital assets not being depreciated	<u>10,987,978</u>	<u>3,286,499</u>	<u>(4,870,375)</u>	<u>9,404,102</u>
Capital assets, being depreciated				
Buildings	15,573,908	-	-	15,573,908
Improvements other than buildings	4,382,997	1,324,240	-	5,707,237
Equipment	9,172,350	1,132,643	(150,214)	10,154,779
Infrastructure	49,068,880	3,235,652	-	52,304,532
Total capital assets being depreciated	<u>78,198,135</u>	<u>5,692,535</u>	<u>(150,214)</u>	<u>83,740,456</u>
Less accumulated depreciation for:				
Buildings	(5,810,648)	(327,522)	-	(6,138,170)
Improvements other than buildings	(2,454,220)	(208,228)	-	(2,662,448)
Equipment	(6,911,592)	(661,621)	124,120	(7,449,093)
Infrastructure	(35,939,172)	(807,904)	-	(36,747,076)
Total accumulated depreciation	<u>(51,115,632)</u>	<u>(2,005,275)</u>	<u>124,120</u>	<u>(52,996,787)</u>
Total capital assets being depreciated, net	<u>27,082,503</u>	<u>3,687,260</u>	<u>(26,094)</u>	<u>30,743,669</u>
Governmental activities capital assets, net	<u>\$ 38,070,481</u>	<u>\$ 6,973,759</u>	<u>\$ (4,896,469)</u>	<u>\$ 40,147,771</u>

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

Governmental activities:	
General government administration	\$ 64,659
Judicial administration	62,513
Public safety	322,734
Public works	865,476
Health and welfare	4,502
Parks, recreation, and cultural	236,886
Community development	<u>107,790</u>
Total depreciation expense – governmental activities	<u>\$ 1,664,560</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ -	\$ -	\$ 386,268
Construction in progress	114,995	-	(41,523)	73,472
Total capital assets not being depreciated	<u>501,263</u>	<u>-</u>	<u>(41,523)</u>	<u>459,740</u>
Capital assets, being depreciated:				
Buildings	52,450,888	-	-	52,450,888
Improvements other than buildings	47,820,581	2,150,507	-	49,971,088
Equipment	3,617,962	308,303	(111,832)	3,814,433
Total capital assets being depreciated	<u>103,889,431</u>	<u>2,458,810</u>	<u>(111,832)</u>	<u>106,236,409</u>
Less accumulated depreciation for:				
Buildings	(5,676,193)	(1,028,455)	-	(6,704,648)
Improvements other than buildings	(24,094,195)	(1,847,745)	-	(25,941,940)
Equipment	(2,406,061)	(229,047)	90,840	(2,544,268)
Total accumulated depreciation	<u>(32,176,449)</u>	<u>(3,105,247)</u>	<u>90,840</u>	<u>(35,190,856)</u>
Total capital assets being depreciated, net	<u>71,712,982</u>	<u>(646,437)</u>	<u>(20,992)</u>	<u>71,045,553</u>
Business-type activities capital assets, net	<u>\$ 72,214,245</u>	<u>\$ (646,437)</u>	<u>\$ (62,515)</u>	<u>\$ 71,505,293</u>

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

Business-type activities:	
Water	\$ 1,026,714
Sewer	2,015,019
Garbage	<u>63,514</u>
Total depreciation expense – business-type activities	<u>\$ 3,105,247</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 274,493	\$ -	\$ -	\$ 274,493
Total capital assets not being depreciated	<u>274,493</u>	<u>-</u>	<u>-</u>	<u>274,493</u>
Capital assets, being depreciated:				
Buildings	51,464,314	54,041	-	51,518,355
Improvements other than buildings	4,141,083	-	-	4,141,083
Equipment	3,492,007	155,464	-	3,647,471
Total capital assets being depreciated	<u>59,097,404</u>	<u>209,505</u>	<u>-</u>	<u>59,306,909</u>
Less accumulated depreciation for:				
Buildings	(13,216,047)	(976,192)	-	(14,192,239)
Improvements other than buildings	(2,440,371)	(181,097)	-	(2,621,468)
Equipment	(2,650,106)	(170,576)	-	(2,820,682)
Total accumulated depreciation	<u>(18,306,524)</u>	<u>(1,327,865)</u>	<u>-</u>	<u>(19,634,389)</u>
Total capital assets being depreciated, net	<u>40,790,880</u>	<u>(1,118,360)</u>	<u>-</u>	<u>39,672,520</u>
School Board capital assets, net	<u>\$ 41,065,373</u>	<u>\$ (1,118,360)</u>	<u>\$ -</u>	<u>\$ 39,947,013</u>

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

Governmental activities:	
Education	<u>\$ 1,327,865</u>

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 2014, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Deferred Property Tax Revenue, representing uncollected tax billings at June 30, 2014 (General Fund)	\$ 305,249	\$ -
Property Taxes Paid in Advance, representing property taxes not yet due, but paid by June 30, 2014 (General Fund)	-	1,299,260
Grant revenue received, but not spent by June 30, 2014 (General Fund)	-	377,278
Total deferred revenue for governmental funds	<u>\$ 305,249</u>	<u>\$ 1,676,538</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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
2015	\$ 1,535,535	\$ 1,290,877	\$ 250,000	\$ 45,000	\$ 117,391	\$ 2,609
2016	1,591,401	1,216,996	250,000	37,500	3,108	10
2017	1,648,006	1,139,999	250,000	30,000	-	-
2018	1,705,380	1,064,128	250,000	22,500	-	-
2019	1,558,562	986,430	250,000	15,000	-	-
2020-2024	8,072,869	3,859,573	250,000	7,500	-	-
2025-2029	7,454,705	2,039,615	-	-	-	-
2030-2034	3,275,000	853,323	-	-	-	-
2035-2039	2,235,000	149,297	-	-	-	-
	<u>\$ 29,076,458</u>	<u>\$ 12,600,238</u>	<u>\$ 1,500,000</u>	<u>\$ 157,500</u>	<u>\$ 120,499</u>	<u>\$ 2,619</u>

Year Ending June 30	Governmental Activities Note Payable	
	Principal	Interest
2015	\$ 808,993	\$ 82,194
2016	841,957	49,230
2017	772,897	15,031
	<u>\$ 2,423,847</u>	<u>\$ 146,455</u>

Year Ending June 30	Business-Type Activities					
	General Obligation Bonds		Virginia Revolving Loans			
	Principal	Interest	Taxable G.O Bonds Principal	Interest	Sewer Revenue Bonds Principal	Interest
2015	\$ 375,000	\$ 667,062	\$ 290,984	\$ 134,361	\$ 1,555,988	\$ 85,984
2016	395,000	648,015	299,779	125,566	1,545,988	82,603
2017	415,000	629,075	308,840	116,505	1,550,988	78,244
2018	435,000	611,980	318,175	107,170	1,555,988	73,503
2019	450,000	593,642	327,791	97,553	1,560,988	68,913
2020-2024	2,550,000	2,670,611	1,793,696	333,029	7,879,939	266,259
2025-2029	3,165,000	2,064,196	1,211,635	64,400	8,034,940	99,813
2030-2034	3,430,000	1,276,419	-	-	2,556,354	-
2035-2039	3,095,000	396,000	-	-	-	-
	<u>\$ 14,310,000</u>	<u>\$ 9,557,000</u>	<u>\$ 4,550,900</u>	<u>\$ 978,584</u>	<u>\$ 26,241,173</u>	<u>\$ 755,319</u>

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

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due within one year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 30,566,794	\$ -	\$ 1,490,336	\$ 29,076,458	\$ 1,535,535
Unamortized Bond Premium	367,600	-	42,004	325,596	39,645
State Literary Loans	1,750,000	-	250,000	1,500,000	250,000
Note Payable	3,201,542	-	777,695	2,423,847	808,993
Capital Leases	228,806	-	108,307	120,499	117,391
Liability for Landfill Closure	1,852,408	-	24,080	1,828,328	-
Net OPEB Obligation	483,364	29,570	-	512,934	-
Compensated Absences	647,211	124,937	38,962	733,186	60,677
Total Governmental Activities	<u>\$ 39,097,725</u>	<u>\$ 154,507</u>	<u>\$ 2,731,384</u>	<u>\$ 36,520,848</u>	<u>\$ 2,812,241</u>
<u>Business-type Activities</u>					
General Obligation Bonds	\$ 14,670,000	\$ -	\$ 360,000	\$ 14,310,000	\$ 375,000
Unamortized Bond Premium	196,063	-	14,808	181,255	14,402
VRA Loan - Taxable G.O. Bond	4,833,347	-	282,447	4,550,900	290,984
VRA Loan - Sewer Revenue Bond	27,014,520	767,640	1,540,987	26,241,173	1,545,988
Unamortized Bond Discount	(7,457,961)	-	(723,952)	(6,734,009)	(696,722)
Net OPEB Obligation	81,047	5,623	-	86,670	-
Compensated Absences	102,011	24,940	2,877	124,074	4,000
Total Business-type Activities	<u>\$ 39,439,027</u>	<u>\$ 798,203</u>	<u>\$ 1,477,167</u>	<u>\$ 38,760,063</u>	<u>\$ 1,533,652</u>
Primary Government Totals	<u>\$ 78,536,752</u>	<u>\$ 952,710</u>	<u>\$ 4,208,551</u>	<u>\$ 75,280,911</u>	<u>\$ 4,345,893</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$17,212 at June 30, 2014, are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Details of Long-Term Indebtedness

General Obligation Bonds:

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

	<u>Governmental</u>	<u>Business-type</u>
\$ 1,879,888	\$	-
11,735,712		-

\$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 \$40,712.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

General Obligation Bonds: (cont'd)

\$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 \$21,032 for governmental activities and unamortized premium of \$125,189 for business-type activities.

<u>Govern- mental</u>	<u>Business- type</u>
\$ 2,091,032	\$ 12,365,189

\$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 \$170,032.

4,821,082	-
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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 \$82,929.

4,942,929	-
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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 \$10,891 for governmental activities and unamortized premium of \$25,443 for business-type activities.

485,891	1,135,443
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\$3,519,000 General Obligation Public Improvement Bonds - Series 2011 (General) issued October 31, 2011, maturing with monthly installments of \$25,955 through October 28, 2026, bearing an interest rate of 3.96%.

<u>3,035,520</u>	<u>-</u>
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Total General Obligation Bonds

<u>29,402,054</u>	<u>14,460,632</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>1,500,000</u>	<u>-</u>
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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.

-	4,550,900
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\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$3,740,945 is based on imputed interest rate of 4.41%.

-	8,664,720
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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

Virginia Revolving Loans: (cont'd)

\$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 \$30,623.

<u>Govern- mental</u>	<u>Business- type</u>
\$ -	\$ 1,790,623

\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$2,993,064 is based on imputed interest rate of 3.55%.

9,072,444

\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2034.

- 10,000

Total Virginia Revolving Loans

- 24,088,687

Note Payable:

\$6,250,000 Note Payable – Series 2009 issued April 29, 2009 for an economic incentive grant. The principal balance at August 15, 2011, of \$4,829,957 was refinanced bearing a variable interest rate from 4% to 9%, maturing monthly, with any remaining balance due April 15, 2018.

2,423,847 -

Capital Leases:

\$278,806 capital lease dated December 10, 2012 for the purchase of public safety records & mobile computing software for the police department, due in monthly installments of \$10,000, with an annual interest rate of 3.89%.

120,499 -

Liability for Municipal Solid Waste Landfill Closure

1,828,328 -

Net OPEB Obligation

512,934 86,670

Compensated Absences

733,186 124,074

Total Primary Government Long-Term Debt

\$ 36,520,848 \$ 38,760,063

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

9. LONG-TERM DEBT (cont'd)

COMPONENT UNIT SCHOOL BOARD

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

Year Ending June 30	Governmental Activities	
	Capital Leases	
	Principal	Interest
2015	\$ 235,247	\$ 142,609
2016	247,629	130,227
2017	260,668	117,187
2018	239,598	103,454
2019	252,686	90,366
2020-2024	1,486,194	229,068
	<u>\$ 2,722,022</u>	<u>\$ 812,911</u>

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

Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the Component Unit School Board for the year ended June 30, 2014:

Governmental Activities	Balance	Additions	Retirements	Balance	Due within
	July 1, 2013			June 30, 2014	one year
Capital Leases	\$ 2,945,511	\$ -	\$ 223,489	\$ 2,722,022	\$ 235,247
Net OPEB Obligation	1,632,000	429,000	-	2,061,000	-
Compensated Absences	660,958	66,820	32,881	694,897	35,000
Total Governmental Activities	<u>\$ 5,238,469</u>	<u>\$ 495,820</u>	<u>\$ 256,370</u>	<u>\$ 5,477,919</u>	<u>\$ 270,247</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%.

\$ 2,625,348

\$158,102 capital lease dated July 15, 2012 for two 2011 Freightliner/Thomas C2 school buses, due in annual installments of \$34,803, with an annual interest rate of 3.95%.

96,674

Total Capital Leases

2,722,022

Net OPEB Obligation

2,061,000

Compensated Absences

694,897

Total Component Unit School Board Long-Term Debt

\$ 5,477,919

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

10. CAPITAL LEASES

During fiscal year 2013, the City entered into a lease agreement as lessee for financing the acquisition of public safety records & mobile computing software for the police department. 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 with a cumulative cost of \$310,483. The asset has been classified as equipment 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, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 120,000
2016	3,118
Total minimum lease payments	\$ 123,118
Less: amount representing interest	(2,619)
Present value of minimum lease payments	<u>\$ 120,499</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, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 343,052
2016	343,052
2017	343,052
2018	343,052
2019	343,052
Thereafter	1,715,264
Total minimum lease payments	\$ 3,430,524
Less: amount representing interest	(805,176)
Present value of minimum lease payments	<u>\$ 2,625,348</u>

During fiscal year 2013, the Component Unit School Board entered into a lease agreement as lessee for financing the purchase of two school buses. 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 assets have been recorded as capital assets at a cumulative cost of \$158,102 (\$79,051 each bus). The assets have been classified as equipment 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, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 34,803
2016	34,803
2017	34,804
Total minimum lease payments	\$ 104,410
Less: amount representing interest	(7,736)
Present value of minimum lease payments	<u>\$ 96,674</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

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 effect on the financial condition of the government.

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments and Other Significant Commitments

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 6-30-14	(4,475,672)
Estimated remaining costs	<u>\$ 1,533,527</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 Blended Component Unit Economic Development Authority. The revenue note repayment terms are reported in Note 9.

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2014:

<u>Function</u>	<u>Restricted</u>	<u>Assigned</u>
General government administration	\$ -	\$ 60,460
Judicial administration	-	1,193
Public safety	-	24,592
Public works	189,687	127,702
Parks, recreation and cultural	-	20,009
Community development	-	85,742
Total	<u>\$ 189,687</u>	<u>\$ 319,698</u>

Encumbrances in other funds at June 30, 2014, are as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ 5,042
Capital Improvements Fund	1,217,368
Water Fund	110,426
Sewer Fund	164,365
Nonmajor Enterprise Funds	124,325
Total	<u>\$ 1,621,526</u>

Blended Component Unit Commitments - Economic Development Authority

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

13. PENSION PLAN

Plan Description

The City of Waynesboro contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer 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 professional employees of public school divisions and participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About VRS Plan 2 VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt</p>	<p>Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

<p>into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>January 1, 2014</p> <ul style="list-style-type: none"> • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as VRS Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased</p>	<p>Creditable Service Same as VRS Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a</p>

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<p>or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as VRS Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is

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		<p>75% vested and may withdraw 75% of employer contributions.</p> <ul style="list-style-type: none"> • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under VRS Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier The retirement multiplier is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> Same as VRS Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as VRS Plan 1</p> <p><u>Exceptions to COLA Effective</u></p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as VRS Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as VRS Plan 1 and VRS Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u></p>

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Notes to Financial Statements
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<p>any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Dates:</u> Same as VRS Plan 1</p>	<p>Same as VRS Plan 1 and VRS Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health</p>	<p>Purchase of Prior Service Same as VRS Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as VRS Plan 1.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
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insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.		
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The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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. The City's contribution rate for the fiscal year ended 2014 was 13.62% of annual covered payroll. The City School Board's contribution rate for the fiscal year ended 2014 was 11.11% of annual covered payroll of non-professional employees.

The City School Board's required contributions to the teacher cost-sharing pool were \$2,299,687 for the year ended June 30, 2014, \$1,978,240 for the year ended June 30, 2013, and 1,043,343 for the year ended June 30, 2012. In each year, the School Board contributed 100% of the required contributions.

Annual Pension Cost

For fiscal year 2014, the City's annual pension cost of \$1,693,617 was equal to the City's required and actual contributions. Also, for fiscal year 2014, the City School Board's annual pension cost of \$113,413 for its non-professional employees was equal to the School Board's required and actual contributions.

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, 2012	\$ 1,279,264	100%	\$ -
June 30, 2013	1,720,190	100%	-
June 30, 2014	1,693,617	100%	-
<u>City School Board (non-professional employees)</u>			
June 30, 2012	\$ 79,415	100%	\$ -
June 30, 2013	104,921	100%	-
June 30, 2014	113,413	100%	-

The FY 2014 required contribution were determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to

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13. PENSION PLAN (cont'd)

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 projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the unfunded actuarial accrued liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the City's plan was 71.76% funded. The actuarial accrued liability for benefits was \$68,515,762 and the actuarial value of assets was \$49,164,624, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,351,138. The covered payroll (annual payroll of active employees covered by the plan) was \$12,598,370, and ratio of the UAAL to the covered payroll was 153.60%. As of June 30, 2013, the City School Board's plan for its non-professional employees was 83.62% funded. The actuarial accrued liability for benefits was \$3,433,917 and the actuarial value of assets was \$2,871,523, resulting in an unfunded actuarial accrued liability (UAAL) of \$562,394. The covered payroll (annual payroll of active employees covered by the plan) was \$927,793, and ratio of the UAAL to the covered payroll was 60.62%.

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 (AAL) for benefits.

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 2014. 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.

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15. SURETY BONDS

<u>Travelers Casualty and Surety Company of America – Surety</u>	<u>Amount</u>
Treasurer/Finance Director	\$ 500,000
Commissioner of the Revenue	3,000
Clerk of the Circuit Court	103,000
Sheriff/Jail Supervisor/Jail Officer	30,000
<u>Selective Insurance Company of America – Surety</u>	
Treasurer	20,000
<u>The Netherlands Insurance Company – Surety</u>	
All School Board employees – Blanket Bond	100,000
<u>CNA Insurance Company – Surety</u>	
Superintendent/Agent of the School Board	10,000
Assistant Superintendent/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
Accounting Manager of the School Board	10,000
Bookkeeper of the School Board	10,000
School Bookkeeper at Waynesboro High School	10,000
School Bookkeeper at Kate Collins Middle School	10,000
School Bookkeeper at Berkeley Glenn Elementary School	10,000
School Bookkeeper at Wenonah Elementary School	10,000
School Bookkeeper at Westwood Hills Elementary School	10,000
School Bookkeeper at William Perry Elementary School	10,000
School Bookkeeper at Wayne Hills Preschool Center	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 \$1,828,328 reported as landfill closure and postclosure care liability at June 30, 2014, 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 from 2008 through 2014 based upon a DEQ-approved inflation rate. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

17. OTHER POST-EMPLOYMENT BENEFITS

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. Retirees hired on or before July 1, 1988 are eligible for cost sharing up to 60% of the purported rate (not including dependent coverage) and cost sharing for retirees hired after July 1, 1988 varies dependent on years of service at retirement. The plan was established under the authority of the Waynesboro City Council.

CITY OF WAYNESBORO, VIRGINIA
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17. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

PRIMARY GOVERNMENT (cont'd)

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 \$235,000 for fiscal year 2014. The annual employer contributions for fiscal year 2014 were \$199,000.

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	\$ 236,000
Interest on net OPEB obligation	23,000
Adjustment to annual required contribution	<u>(24,000)</u>
Annual OPEB cost (expense)	235,000
Estimated Contributions made	<u>(199,000)</u>
Increase (decrease) in net OPEB obligation	36,000
Net OPEB obligation, beginning of year	<u>579,000</u>
Net OPEB obligation, end of year	<u><u>\$ 615,000</u></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, 2012	\$ 237,000	82.3%	\$ 506,000
June 30, 2013	228,000	68.0%	579,000
June 30, 2014	235,000	84.7%	615,000

Funded Status and Funding Progress:

As of July 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$2,547,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,547,000. For the fiscal year ended June 30, 2012, the covered payroll (annual payroll of active employees covered by the plan) was \$11,981,000, and the ratio of the UAAL to the covered payroll was 21.3%.

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
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17. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

PRIMARY GOVERNMENT (cont'd)

Actuarial Methods and Assumptions (cont'd):

In the July 1, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% 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, 2012 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 9.00% for Pre-Medicare coverage and Medicare Supplement in 2012 and 2013. This rate decreases 0.5% 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. Retirees pay 50% of the active premium for retiree coverage and 100% of the active spousal premium for premium coverage. 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 \$746,000 for fiscal year 2014. The annual employer contributions for fiscal year 2014 were \$317,000.

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	\$ 749,000
Interest on net OPEB obligation	65,000
Adjustment to annual required contribution	<u>(68,000)</u>
Annual OPEB cost (expense)	746,000
Estimated Contributions made	<u>(317,000)</u>
Increase (decrease) in net OPEB obligation	429,000
Net OPEB obligation, beginning of year	<u>1,632,000</u>
Net OPEB obligation, end of year	<u><u>\$ 2,061,000</u></u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

17. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

COMPONENT UNIT SCHOOL BOARD (cont'd)

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, 2012	\$ 719,000	65.4%	\$ 1,204,000
June 30, 2013	718,000	40.3%	1,632,000
June 30, 2014	746,000	42.3%	2,061,000

Funded Status and Funding Progress:

As of July 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$6,616,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,616,000. For the fiscal year ended June 30, 2012, the covered payroll (annual payroll of active employees covered by the plan) was \$17,260,000, and the ratio of the UAAL to the covered payroll was 38.33%.

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, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% 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, 2012 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 9.00% for Pre-Medicare coverage and Medicare Supplement in 2012. This rate decreases 0.5% per year until an ultimate rate of 5.0% is reached.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

18. NOTES RECEIVABLE

The Blended Component Unit, Economic Development Authority, reports a note receivable related to revolving notes entered into with numerous local businesses. These notes were the result of USDA Rural Development grant funds received by the EDA to encourage small business growth in the City. The EDA matched the grant funds received from the USDA at 10% of each note. The revolving notes will be paid back to the EDA over three years with an annual interest rate of 3%. At June 30, 2014, the outstanding balance of the notes was \$36,423.

19. CONDUIT DEBT OBLIGATION

During fiscal year 2013, the Blended Component Unit, Economic Development Authority, issued a revenue bond for the purpose of constructing and rehabilitating facilities deemed to be in the public interest. The bond is payable solely from the revenues of the projects and the bond shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bond. All of the EDA's rights (other than indemnification and its fees) are assigned to a Trustee to administer the bond for the benefit of the bondholder. The EDA neither receives nor disburses funds related to the bond. The EDA does not retain either the benefit of asset ownership or the liability for bond liquidation. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in the financial statements. The EDA will receive bond administration fees annually at a rate of 1/8th of 1% of the outstanding principal balance. At June 30, 2014, \$4,234,953 of such conduit bonds were outstanding.

20. CHANGE IN ACCOUNTING PRINCIPLES

In the current fiscal year, the City adopted the provisions of GASB Statement 65, *Items Previously Reported as Assets and Liabilities* (Statement No. 65). The provisions of Statement No. 65 relevant to the City related to changes in the accounting and reporting of bonded debt activities. Specifically, bond issuance costs incurred are recorded as current period expenditures as opposed to being deferred and amortized over the maturity period of the debt. Statement No. 65 also requires that deferred charges (credits) resulting from the refunding of debt be presented as a deferred outflows (inflows) of resources and not as assets or liabilities. As the provisions of Statement No. 65 were effective July 1, 2013, net position as of that date has been adjusted accordingly:

	Governmental Activities	Business-type Activities
Net position at June 30, 2013, as last reported:	\$ 19,721,125	\$ 43,453,191
Adjustments:		
Debt issuance costs	(308,875)	(312,915)
Net position, restated at July 1, 2013	<u>\$ 19,412,250</u>	<u>\$ 43,140,276</u>

21. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements which will be effective for the year ended June 30, 2015. Management has not yet evaluated the effects, if any, of adopting these standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by the governmental employers about financial support for pensions that is provided by other entities.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations, specifically mergers, acquisitions, and transfers of operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, addresses an issue regarding the application of the transition provisions of Statement No. 68. The issue specifically deals with contributions made by a governmental employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2014

22. SUBSEQUENT EVENTS

On September 1, 2014, the City issued a general obligation bond in the amount of \$11,570,000 for the refunding of the 2005 general obligation bond. Payments are due semi-annually through August 2024, with a stated interest rate of 3.20%.

On September 9, 2014, the City refinanced the outstanding portion of the Economic Development Authority note payable. The refinance was for \$2,225,000 through the issuance of a general obligation refunding bond, with payments due semi-annually through June 2017, with an interest rate equal to the Bank's Prime Rate plus 1.5%. The City is now the borrower of this debt, rather than the Economic Development Authority.

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, 2011	48,730,132	64,380,431	15,650,299	75.69%	11,560,027	135.38%
June 30, 2012	47,971,602	66,209,225	18,237,623	72.45%	11,980,649	152.23%
June 30, 2013	49,164,624	68,515,762	19,351,138	71.76%	12,598,370	153.60%

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, 2011	2,805,038	3,497,919	692,881	80.19%	923,098	75.06%
June 30, 2012	2,800,429	3,480,441	680,012	80.46%	964,160	70.53%
June 30, 2013	2,871,523	3,433,917	562,394	83.62%	927,793	60.62%

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
July 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%
July 1, 2012	-	2,547,000	2,547,000	0.00%	11,981,000	21.26%

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%
July 1, 2012	-	6,616,000	6,616,000	0.00%	17,260,000	38.33%

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

NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUNDS

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

PERMANENT FUNDS

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 147,112	\$ 161,649	\$ 200
Accounts receivable	-	-	57,923	-	115,354
Due from other governments	96,716	219,948	68,551	24,058	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 96,716</u>	<u>\$ 219,948</u>	<u>\$ 273,586</u>	<u>\$ 185,707</u>	<u>\$ 115,554</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	182,994	13,909	50,472	7,615
Accrued payroll	-	-	23,296	-	6,337
Due to other funds	<u>96,716</u>	<u>36,954</u>	<u>1,540</u>	<u>-</u>	<u>28,068</u>
Total liabilities	<u>96,716</u>	<u>219,948</u>	<u>38,745</u>	<u>50,472</u>	<u>42,020</u>
Fund Balances:					
Nonspendable:					
Permanent fund principal	-	-	-	-	-
Restricted for:					
Shenandoah Valley Animal Center	-	-	-	-	73,534
Capital projects	-	-	-	-	-
Committed to:					
EDA revolving loans	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Youth and family services	-	-	234,841	-	-
CAPSAW	-	-	-	135,235	-
Economic Development Authority	-	-	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>234,841</u>	<u>135,235</u>	<u>73,534</u>
Total liabilities and fund balances	<u>\$ 96,716</u>	<u>\$ 219,948</u>	<u>\$ 273,586</u>	<u>\$ 185,707</u>	<u>\$ 115,554</u>

Exhibit 13

Economic Development Authority Fund		Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Total				
\$ 400,184	\$ 709,145	\$ -	\$ 1,533,527	\$ -	\$ 2,242,672
-	173,277	-	-	-	173,277
-	409,273	-	637,557	-	1,046,830
-	-	-	-	561,049	561,049
<u>\$ 400,184</u>	<u>\$ 1,291,695</u>	<u>\$ -</u>	<u>\$ 2,171,084</u>	<u>\$ 561,049</u>	<u>\$ 4,023,828</u>
-	254,990	-	75,335	-	330,325
-	29,633	-	-	-	29,633
-	163,278	-	56,683	-	219,961
-	447,901	-	132,018	-	579,919
-	-	-	-	561,049	561,049
-	73,534	-	-	-	73,534
-	-	-	1,526,273	-	1,526,273
36,423	36,423	-	-	-	36,423
-	-	-	210,156	-	210,156
-	234,841	-	-	-	234,841
-	135,235	-	-	-	135,235
363,761	363,761	-	-	-	363,761
-	-	-	302,637	-	302,637
<u>400,184</u>	<u>843,794</u>	<u>-</u>	<u>2,039,066</u>	<u>561,049</u>	<u>3,443,909</u>
<u>\$ 400,184</u>	<u>\$ 1,291,695</u>	<u>\$ -</u>	<u>\$ 2,171,084</u>	<u>\$ 561,049</u>	<u>\$ 4,023,828</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund
REVENUES					
Revenue from use of money and property	\$ -	\$ -	\$ 1,248	\$ 1,082	\$ 49
Charges for services	-	-	-	-	13,950
Miscellaneous	-	-	69,763	42	12,312
Recovered costs	-	-	274,886	87,250	266,020
Intergovernmental:					
Local - School Board	-	-	-	-	-
Commonwealth	770,768	1,107,548	174,066	18,451	2,514
Federal	560,792	123,419	245,052	168,734	-
Total revenues	1,331,560	1,230,967	765,015	275,559	294,845
EXPENDITURES					
Current:					
Public safety	-	-	723,691	-	280,397
Public works	-	-	-	-	-
Health and welfare	1,932,793	2,016,899	163,678	243,963	-
Community development	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,932,793	2,016,899	887,369	243,963	280,397
Excess (deficiency) of revenues over (under) expenditures	(601,233)	(785,932)	(122,354)	31,596	14,448
OTHER FINANCING SOURCES (USES)					
Transfers in	601,233	785,932	135,000	-	44,046
Transfers out	-	-	-	-	-
Total other financing sources and uses	601,233	785,932	135,000	-	44,046
Net change in fund balances	-	-	12,646	31,596	58,494
Fund balance - beginning	-	-	222,195	103,639	15,040
Fund balance - ending	\$ -	\$ -	\$ 234,841	\$ 135,235	\$ 73,534

Exhibit 14

Economic Development Authority Fund		Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Total				
\$ 1,622	\$ 4,001	\$ -	\$ 2,734	\$ 4,058	\$ 10,793
-	13,950	-	-	-	13,950
38,284	120,401	-	126,428	18,500	265,329
-	628,156	-	-	-	628,156
-	-	200,000	-	-	200,000
-	2,073,347	-	595,954	-	2,669,301
4,500	1,102,497	-	877,207	-	1,979,704
44,406	3,942,352	200,000	1,602,323	22,558	5,767,233
-	1,004,088	-	-	-	1,004,088
-	-	-	2,990,640	-	2,990,640
-	4,357,333	-	-	-	4,357,333
400,974	400,974	-	-	-	400,974
-	-	-	21,222	-	21,222
777,694	777,694	590,914	-	-	1,368,608
113,494	113,494	750,555	-	-	864,049
1,292,162	6,653,583	1,341,469	3,011,862	-	11,006,914
(1,247,756)	(2,711,231)	(1,141,469)	(1,409,539)	22,558	(5,239,681)
1,357,458	2,923,669	989,279	-	-	3,912,948
-	-	-	-	(4,058)	(4,058)
1,357,458	2,923,669	989,279	-	(4,058)	3,908,890
109,702	212,438	(152,190)	(1,409,539)	18,500	(1,330,791)
290,482	631,356	152,190	3,448,605	542,549	4,774,700
\$ 400,184	\$ 843,794	\$ -	\$ 2,039,066	\$ 561,049	\$ 3,443,909

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, 2014

Virginia Public Assistance Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	696,264	696,264	770,768	74,504
Federal	547,065	547,065	560,792	13,727
Total revenues	1,243,329	1,243,329	1,331,560	88,231
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	1,871,000	1,871,000	1,932,793	(61,793)
Total expenditures	1,871,000	1,871,000	1,932,793	(61,793)
Excess (deficiency) of revenues over (under) expenditures	(627,671)	(627,671)	(601,233)	26,438
OTHER FINANCING SOURCES (USES)				
Transfers in	627,671	627,671	601,233	(26,438)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Community Action Partnership of Staunton, Augusta and Waynesboro Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 1,082	\$ 1,082
Charges for services	-	-	-	-
Miscellaneous	-	-	42	42
Recovered costs	87,250	87,250	87,250	-
Intergovernmental:				
Commonwealth	15,464	15,464	18,451	2,987
Federal	55,312	55,312	168,734	113,422
Total revenues	158,026	158,026	275,559	117,533
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	234,293	234,293	243,963	(9,670)
Total expenditures	234,293	234,293	243,963	(9,670)
Excess (deficiency) of revenues over (under) expenditures	(76,267)	(76,267)	31,596	107,863
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	(76,267)	(76,267)	31,596	107,863
Fund balance - beginning	76,267	76,267	103,639	27,372
Fund balance - ending	\$ -	\$ -	\$ 135,235	\$ 135,235

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,248	\$ 1,248
-	-	-	-	50,375	50,375	69,763	19,388
-	-	-	-	283,200	283,200	274,886	(8,314)
859,000	859,000	1,107,548	248,548	207,385	207,385	174,066	(33,319)
-	-	123,419	123,419	341,948	341,948	245,052	(96,896)
859,000	859,000	1,230,967	371,967	882,908	882,908	765,015	(117,893)
-	-	-	-	844,606	849,306	723,691	125,615
1,350,000	1,560,073	2,016,899	(456,826)	225,500	225,500	163,678	61,822
1,350,000	1,560,073	2,016,899	(456,826)	1,070,106	1,074,806	887,369	187,437
(491,000)	(701,073)	(785,932)	(84,859)	(187,198)	(191,898)	(122,354)	69,544
491,000	701,073	785,932	84,859	135,000	135,000	135,000	-
-	-	-	-	(52,198)	(56,898)	12,646	69,544
-	-	-	-	52,198	56,898	222,195	165,297
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,841	\$ 234,841
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ -	\$ 49	\$ 49				
-	-	13,950	13,950				
-	-	12,312	12,312				
-	204,049	266,020	61,971				
-	-	2,514	2,514				
-	-	-	-				
-	204,049	294,845	90,796				
-	284,036	280,397	3,639				
-	-	-	-				
-	284,036	280,397	3,639				
-	(79,987)	14,448	94,435				
-	44,791	44,046	(745)				
-	(35,196)	58,494	93,690				
-	35,196	15,040	(20,156)				
\$ -	\$ -	\$ 73,534	\$ 73,534				

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, 2014

Exhibit 16

	Debt Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental:				
Local - School Board	\$ -	\$ -	\$ 200,000	\$ 200,000
Total revenues	-	-	200,000	200,000
EXPENDITURES				
Debt Service:				
Principal retirement	590,914	590,914	590,914	-
Interest and fiscal charges	750,555	750,555	750,555	-
Total expenditures	1,341,469	1,341,469	1,341,469	-
Excess (deficiency) of revenues over (under) expenditures	(1,341,469)	(1,341,469)	(1,141,469)	200,000
OTHER FINANCING SOURCES (USES)				
Transfers in	986,469	986,469	989,279	2,810
Total other financing sources and uses	986,469	986,469	989,279	2,810
Net change in fund balances	(355,000)	(355,000)	(152,190)	202,810
Fund balance - beginning	355,000	355,000	152,190	(202,810)
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

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, 2014

Exhibit 17

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 2,734	\$ 2,734
Miscellaneous	-	9,952	126,428	116,476
Intergovernmental:				
Commonwealth	-	-	595,954	595,954
Federal	-	481,256	877,207	395,951
Total revenues	-	491,208	1,602,323	1,111,115
EXPENDITURES				
Current:				
Public works	-	3,655,398	2,990,640	664,758
Capital projects	-	-	21,222	(21,222)
Total expenditures	-	3,655,398	3,011,862	643,536
Excess (deficiency) of revenues over (under) expenditures	-	(3,164,190)	(1,409,539)	1,754,651
Fund balance - beginning	-	3,164,190	3,448,605	284,415
Fund balance - ending	\$ -	\$ -	\$ 2,039,066	\$ 2,039,066

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 POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2014

Exhibit 18

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 777,899	\$ 418,564	\$ 1,196,463
Accounts receivable (net of allowance for uncollectibles)	196,060	59,369	255,429
Total current assets	<u>973,959</u>	<u>477,933</u>	<u>1,451,892</u>
Noncurrent assets:			
Equity interest in joint venture	-	2,736,973	2,736,973
Capital assets:			
Buildings	113,453	-	113,453
Machinery and equipment	1,090,664	-	1,090,664
Less accumulated depreciation	<u>(854,847)</u>	<u>-</u>	<u>(854,847)</u>
Total capital assets (net of accumulated depreciation)	<u>349,270</u>	<u>-</u>	<u>349,270</u>
Total noncurrent assets	<u>349,270</u>	<u>2,736,973</u>	<u>3,086,243</u>
Total assets	<u>1,323,229</u>	<u>3,214,906</u>	<u>4,538,135</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,717	139,825	142,542
Accrued payroll	26,745	-	26,745
Deposits payable	975	-	975
Total current liabilities	<u>30,437</u>	<u>139,825</u>	<u>170,262</u>
Noncurrent liabilities:			
Compensated absences	30,464	-	30,464
Net OPEB obligation	18,938	-	18,938
Total noncurrent liabilities	<u>49,402</u>	<u>-</u>	<u>49,402</u>
Total liabilities	<u>79,839</u>	<u>139,825</u>	<u>219,664</u>
NET POSITION			
Net investment in capital assets	349,270	-	349,270
Unrestricted	894,120	3,075,081	3,969,201
Total net position	<u>\$ 1,243,390</u>	<u>\$ 3,075,081</u>	<u>\$ 4,318,471</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2014

Exhibit 19

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,196,942	\$ 626,250	\$ 1,823,192
Miscellaneous	<u>7,829</u>	<u>9,322</u>	<u>17,151</u>
Total operating revenues	<u>1,204,771</u>	<u>635,572</u>	<u>1,840,343</u>
OPERATING EXPENSES			
Personal services	669,295	-	669,295
Contractual services	28,693	472,179	500,872
Other supplies and expenses	257,083	-	257,083
Depreciation	<u>63,514</u>	<u>-</u>	<u>63,514</u>
Total operating expenses	<u>1,018,585</u>	<u>472,179</u>	<u>1,490,764</u>
Operating income (loss)	<u>186,186</u>	<u>163,393</u>	<u>349,579</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental:			
Commonwealth	6,366	-	6,366
Interest income	5,268	1,999	7,267
Gain (loss) on disposal of assets	1,088	89,442	90,530
Gain (loss) on equity interest	<u>-</u>	<u>(241,952)</u>	<u>(241,952)</u>
Total nonoperating revenues (expenses)	<u>12,722</u>	<u>(150,511)</u>	<u>(137,789)</u>
Income before contributions and transfers	<u>198,908</u>	<u>12,882</u>	<u>211,790</u>
Transfers out	<u>(109,000)</u>	<u>(207,795)</u>	<u>(316,795)</u>
Change in net position	89,908	(194,913)	(105,005)
Total net position - beginning	<u>1,153,482</u>	<u>3,269,994</u>	<u>4,423,476</u>
Total net position - ending	<u>\$ 1,243,390</u>	<u>\$ 3,075,081</u>	<u>\$ 4,318,471</u>

**CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2014**

Exhibit 20

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,206,129	\$ 682,567	\$ 1,888,696
Cash paid to suppliers	(288,114)	(465,906)	(754,020)
Cash paid to employees	(656,841)	-	(656,841)
Other receipts (payments)	7,829	9,322	17,151
Net cash provided (used) by operating activities	<u>269,003</u>	<u>225,983</u>	<u>494,986</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from state grant	6,366	-	6,366
Transfer to other funds	(109,000)	(207,795)	(316,795)
Net cash provided (used) by noncapital financing activities	<u>(102,634)</u>	<u>(207,795)</u>	<u>(310,429)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	22,079	-	22,079
Proceeds from insurance claim	-	89,442	89,442
Acquisition and construction of capital assets	(76,645)	-	(76,645)
Net cash provided (used) by capital and related financing activities	<u>(54,566)</u>	<u>89,442</u>	<u>34,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,268	1,999	7,267
Cash paid to joint venture	-	(243,826)	(243,826)
Net cash provided by investing activities	<u>5,268</u>	<u>(241,827)</u>	<u>(236,559)</u>
Net increase (decrease) in cash and cash equivalents	117,071	(134,197)	(17,126)
Cash and cash equivalents - beginning of year	<u>660,828</u>	<u>552,761</u>	<u>1,213,589</u>
Cash and cash equivalents - end of year	<u>\$ 777,899</u>	<u>\$ 418,564</u>	<u>\$ 1,196,463</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 186,186	\$ 163,393	\$ 349,579
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	63,514	-	63,514
(Increase) decrease in accounts receivable	9,187	56,317	65,504
Increase (decrease) in accounts payable	(2,338)	6,273	3,935
Increase (decrease) in accrued payroll	7,935	-	7,935
Increase (decrease) in net OPEB obligation	1,057	-	1,057
Increase (decrease) in compensated absences	3,462	-	3,462
Total Adjustments	<u>82,817</u>	<u>62,590</u>	<u>145,407</u>
Net cash provided (used) by operating activities	<u>\$ 269,003</u>	<u>\$ 225,983</u>	<u>\$ 494,986</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.

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2014

Exhibit 21

	Payroll Fringes Fund	Special Welfare Fund	Shenandoah Valley Police Academy Fund	First Aid Crew Fund	Total
ASSETS					
Cash and cash equivalents	\$ 505,711	\$ -	\$ -	\$ -	\$ 505,711
Accounts receivable	620	-	47,765	5,450	53,835
Due from other governments	-	-	15,395	-	15,395
Total assets	<u>\$ 506,331</u>	<u>\$ -</u>	<u>\$ 63,160</u>	<u>\$ 5,450</u>	<u>\$ 574,941</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,651	\$ 1,651
Accrued payroll	-	-	16,273	-	16,273
Payroll taxes and fringes payable	506,331	-	-	-	506,331
Due to external parties	-	-	31,492	3,799	35,291
Net OPEB obligation	-	-	15,395	-	15,395
Total liabilities	<u>\$ 506,331</u>	<u>\$ -</u>	<u>\$ 63,160</u>	<u>\$ 5,450</u>	<u>\$ 574,941</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2014

Exhibit 22

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 674,102	\$ 11,597,129	\$ 11,765,520	\$ 505,711
Accounts receivable	13,043	22,216	34,639	620
Total assets	<u>\$ 687,145</u>	<u>\$ 11,619,345</u>	<u>\$ 11,800,159</u>	<u>\$ 506,331</u>
Liabilities:				
Payroll taxes and fringes payable	\$ 687,145	\$ 15,506,579	\$ 15,687,393	\$ 506,331
Total liabilities	<u>\$ 687,145</u>	<u>\$ 15,506,579</u>	<u>\$ 15,687,393</u>	<u>\$ 506,331</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ 21,624	\$ 36,119	\$ 57,743	\$ -
Total assets	<u>\$ 21,624</u>	<u>\$ 36,119</u>	<u>\$ 57,743</u>	<u>\$ -</u>
Liabilities:				
Amounts held for social services clients	\$ 21,624	\$ 36,119	\$ 57,743	\$ -
Total liabilities	<u>\$ 21,624</u>	<u>\$ 36,119</u>	<u>\$ 57,743</u>	<u>\$ -</u>
Shenandoah Valley Police Academy Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 424,687	\$ 424,687	\$ -
Accounts receivable	46,885	424,760	423,880	47,765
Due from other governments	14,588	807	-	15,395
Total assets	<u>\$ 61,473</u>	<u>\$ 850,254</u>	<u>\$ 848,567</u>	<u>\$ 63,160</u>
Liabilities:				
Accrued payroll	\$ 13,446	\$ 16,273	\$ 13,446	\$ 16,273
Due to external parties	33,439	-	1,947	31,492
Net OPEB obligation	14,588	807	-	15,395
Total liabilities	<u>\$ 61,473</u>	<u>\$ 17,080</u>	<u>\$ 15,393</u>	<u>\$ 63,160</u>
First Aid Crew Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 18,130	\$ 18,130	\$ -
Accounts receivable	3,941	20,433	18,924	5,450
Total assets	<u>\$ 3,941</u>	<u>\$ 38,563</u>	<u>\$ 37,054</u>	<u>\$ 5,450</u>
Liabilities:				
Accounts payable	\$ 1,755	\$ 20,689	\$ 20,793	\$ 1,651
Due to external parties	2,186	3,799	2,186	3,799
Amounts held for first aid crew	-	14,075	14,075	-
Total liabilities	<u>\$ 3,941</u>	<u>\$ 38,563</u>	<u>\$ 37,054</u>	<u>\$ 5,450</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 695,726	\$ 12,076,065	\$ 12,266,080	\$ 505,711
Accounts receivable	63,869	467,409	477,443	53,835
Due from other governments	14,588	807	-	15,395
Total assets	<u>\$ 774,183</u>	<u>\$ 12,544,281</u>	<u>\$ 12,743,523</u>	<u>\$ 574,941</u>
Liabilities:				
Accounts payable	\$ 1,755	\$ 20,689	\$ 20,793	\$ 1,651
Accrued payroll	13,446	16,273	13,446	16,273
Payroll taxes and fringes payable	687,145	15,506,579	15,687,393	506,331
Due to external parties	35,625	3,799	4,133	35,291
Net OPEB obligation	14,588	807	-	15,395
Amounts held for social services clients	21,624	36,119	57,743	-
Amounts held for the first aid crew	-	14,075	14,075	-
Total liabilities	<u>\$ 774,183</u>	<u>\$ 15,598,341</u>	<u>\$ 15,797,583</u>	<u>\$ 574,941</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

School 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 seven City-owned schools. Financing is provided primarily from charges for services and federal and state lunch subsidies. Such funds are limited by federal and state law to expenditures for cafeteria operations and maintenance.

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, 2014

	Exhibit 23			
	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,029,396	\$ 509,493	\$ 297,528	\$ 2,836,417
Accounts receivable	68,351	-	2,828	71,179
Due from other governments	<u>1,305,343</u>	<u>-</u>	<u>41,642</u>	<u>1,346,985</u>
Total assets	<u>\$ 3,403,090</u>	<u>\$ 509,493</u>	<u>\$ 341,998</u>	<u>\$ 4,254,581</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	249,526	-	10,810	260,336
Accrued payroll	3,082,711	-	84,507	3,167,218
Due to primary government	<u>-</u>	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>3,332,237</u>	<u>-</u>	<u>311,468</u>	<u>3,643,705</u>
Fund balances:				
Committed to:				
Education	70,853	-	-	70,853
Assigned to:				
Education	-	509,493	226,578	736,071
Unassigned:	<u>-</u>	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances	<u>70,853</u>	<u>509,493</u>	<u>30,530</u>	<u>610,876</u>
Total liabilities and fund balances	<u>\$ 3,403,090</u>	<u>\$ 509,493</u>	<u>\$ 341,998</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,947,013
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,505,588)</u>
Net position of governmental activities	<u>\$ 35,052,301</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

Exhibit 24

	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from use of money and property	\$ 43,154	\$ -	\$ -	\$ 43,154
Charges for services	77,624	-	314,944	392,568
Miscellaneous	153,170	672	12,183	166,025
Recovered costs	86,431	-	-	86,431
Intergovernmental:				
Local	13,411,837	-	-	13,411,837
Commonwealth	15,822,730	-	26,190	15,848,920
Federal	2,436,381	-	969,885	3,406,266
Total revenues	<u>32,031,327</u>	<u>672</u>	<u>1,323,202</u>	<u>33,355,201</u>
EXPENDITURES				
Current:				
Education	31,414,414	411,457	1,334,518	33,160,389
Payment to the City	200,000	-	-	200,000
Debt Service:				
Principal retirement	223,489	-	-	223,489
Interest and fiscal charges	154,367	-	-	154,367
Total expenditures	<u>31,992,270</u>	<u>411,457</u>	<u>1,334,518</u>	<u>33,738,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,057</u>	<u>(410,785)</u>	<u>(11,316)</u>	<u>(383,044)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	269,334	-	269,334
Transfers out	<u>(269,334)</u>	<u>-</u>	<u>-</u>	<u>(269,334)</u>
Total other financing sources and uses	<u>(269,334)</u>	<u>269,334</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(230,277)	(141,451)	(11,316)	(383,044)
Fund balance (deficit) - beginning	<u>301,130</u>	<u>650,944</u>	<u>41,846</u>	
Fund balance - ending	<u>\$ 70,853</u>	<u>\$ 509,493</u>	<u>\$ 30,530</u>	

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

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (1,327,865) exceeded capital outlays (209,505) in the current period. (1,118,360)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 223,489

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. (460,031)

Change in net position of governmental activities \$ (1,737,946)

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 June 30, 2014

		Exhibit 25
	Private- Purpose Trust Kimler	Agency School Payroll Fringes
ASSETS		
Cash and cash equivalents	\$ -	\$ 808,371
Restricted assets:		
Cash and cash equivalents	13,074	-
Total assets	<u>13,074</u>	<u>\$ 808,371</u>
LIABILITIES		
Payroll taxes and fringes payable	-	808,371
Total liabilities	<u>-</u>	<u>\$ 808,371</u>
NET POSITION		
Restricted for:		
Educational purposes	<u>\$ 13,074</u>	

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2014

	Exhibit 26
	Private- Purpose Trust
	Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 116
Total additions	<u>116</u>
DEDUCTIONS	
Education expenses	<u>575</u>
Total deductions	<u>575</u>
Change in net position	(459)
Net position - beginning	<u>13,533</u>
Net position - ending	<u>\$ 13,074</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, 2014

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 34,000	\$ 34,000	\$ 43,154	\$ 9,154
Charges for services	89,500	89,500	77,624	(11,876)
Miscellaneous	97,500	97,500	153,170	55,670
Recovered costs	94,000	97,000	86,431	(10,569)
Intergovernmental:				
Local	13,573,996	13,720,482	13,411,837	(308,645)
Commonwealth	16,149,459	16,306,824	15,822,730	(484,094)
Federal	2,303,621	2,451,059	2,436,381	(14,678)
Total revenues	<u>32,342,076</u>	<u>32,796,365</u>	<u>32,031,327</u>	<u>(765,038)</u>
EXPENDITURES				
Current:				
Education	31,722,022	32,210,549	31,414,414	796,135
Payment to the City	-	-	200,000	(200,000)
Debt service:				
Principal retirement	223,489	223,489	223,489	-
Interest and fiscal charges	119,565	154,369	154,367	2
Total expenditures	<u>32,065,076</u>	<u>32,588,407</u>	<u>31,992,270</u>	<u>596,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>277,000</u>	<u>207,958</u>	<u>39,057</u>	<u>(168,901)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(277,000)	(423,486)	(269,334)	154,152
Total other financing sources and uses	<u>(277,000)</u>	<u>(423,486)</u>	<u>(269,334)</u>	<u>154,152</u>
Net change in fund balances	-	(215,528)	(230,277)	(14,749)
Fund balance - beginning	-	215,528	301,130	85,602
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,853</u>	<u>\$ 70,853</u>

Exhibit 27

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	672	672
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	672	672
237,677	237,677	411,457	(173,780)
-	-	-	-
-	-	-	-
-	-	-	-
237,677	237,677	411,457	(173,780)
(237,677)	(237,677)	(410,785)	(173,108)
237,677	237,677	269,334	31,657
-	-	-	-
237,677	237,677	269,334	31,657
-	-	(141,451)	(141,451)
-	-	650,944	650,944
\$ -	\$ -	\$ 509,493	\$ 509,493

CITY OF WAYNESBORO, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014

Exhibit 28

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 277,425	\$ 20,103	\$ 297,528
Accounts receivable	2,828	-	2,828
Due from other governments	<u>41,642</u>	<u>-</u>	<u>41,642</u>
Total assets	<u>\$ 321,895</u>	<u>\$ 20,103</u>	<u>\$ 341,998</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	10,810	-	10,810
Accrued payroll	84,507	-	84,507
Due to primary government	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>95,317</u>	<u>216,151</u>	<u>311,468</u>
Fund balances (deficits):			
Assigned to:			
Education	226,578	-	226,578
Unassigned:	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances (deficits)	<u>226,578</u>	<u>(196,048)</u>	<u>30,530</u>
Total liabilities and fund balances	<u>\$ 321,895</u>	<u>\$ 20,103</u>	<u>\$ 341,998</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, 2014

Exhibit 29

	Special Revenue <u>School Cafeteria Fund</u>	Capital Projects <u>School Construction Fund</u>	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 314,944	\$ -	\$ 314,944
Miscellaneous	12,183	-	12,183
Intergovernmental:			
Commonwealth	26,190	-	26,190
Federal	<u>969,885</u>	<u>-</u>	<u>969,885</u>
Total revenues	<u>1,323,202</u>	<u>-</u>	<u>1,323,202</u>
EXPENDITURES			
Current:			
Education	<u>1,334,518</u>	<u>-</u>	<u>1,334,518</u>
Total expenditures	<u>1,334,518</u>	<u>-</u>	<u>1,334,518</u>
Excess (deficiency) of revenues over (under) expenditures	(11,316)	-	(11,316)
Fund balance - beginning	<u>237,894</u>	<u>(196,048)</u>	<u>41,846</u>
Fund balance - ending	<u>\$ 226,578</u>	<u>\$ (196,048)</u>	<u>\$ 30,530</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, 2014

Exhibit 30

	School Cafeteria Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charges for services	\$ 316,594	\$ 316,594	\$ 314,944	\$ (1,650)
Miscellaneous	9,159	9,159	12,183	3,024
Intergovernmental:				
Commonwealth	27,027	27,027	26,190	(837)
Federal	992,385	992,385	969,885	(22,500)
Total revenues	<u>1,345,165</u>	<u>1,345,165</u>	<u>1,323,202</u>	<u>(21,963)</u>
EXPENDITURES				
Current:				
Education	<u>1,345,165</u>	<u>1,345,165</u>	<u>1,334,518</u>	<u>10,647</u>
Total expenditures	<u>1,345,165</u>	<u>1,345,165</u>	<u>1,334,518</u>	<u>10,647</u>
Excess (deficiency) of revenues over (under)				
Expenditures	-	-	(11,316)	(11,316)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>237,894</u>	<u>237,894</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,578</u>	<u>\$ 226,578</u>

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, 2014

				Exhibit 31
	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 456,302	\$ 14,186,195	\$ 13,834,126	\$ 808,371
Total assets	<u>\$ 456,302</u>	<u>\$ 14,186,195</u>	<u>\$ 13,834,126</u>	<u>\$ 808,371</u>
Liabilities:				
Payroll taxes and fringes payable	456,302	14,186,195	13,834,126	808,371
Total liabilities	<u>\$ 456,302</u>	<u>\$ 14,186,195</u>	<u>\$ 13,834,126</u>	<u>\$ 808,371</u>

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

CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
June 30, 2014

Exhibit 32

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
<u>PRIMARY GOVERNMENT:</u>							
General government administration	\$ 4,923,193	\$ -	\$ 1,614,639	\$ 50,600	\$ 527,309	\$ -	\$ 7,115,741
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	71,035	4,064,352	368,537	2,496,922	-	7,000,846
Public works	305,189	322,932	2,206,870	395,490	177,045	52,304,532	55,712,058
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	-	177,415	3,867,959	2,413,620	394,651	-	6,853,645
Community development	<u>3,507,117</u>	<u>97,221</u>	<u>-</u>	<u>2,214,952</u>	<u>40,036</u>	<u>-</u>	<u>5,859,326</u>
Total Primary Government	<u>\$ 8,735,499</u>	<u>\$ 668,603</u>	<u>\$ 15,573,908</u>	<u>\$ 5,707,237</u>	<u>\$ 3,748,448</u>	<u>\$ 52,304,532</u>	<u>\$ 86,738,227</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>							
Schools:							
Education	<u>\$ 274,493</u>	<u>\$ -</u>	<u>\$ 51,518,356</u>	<u>\$ 4,141,083</u>	<u>\$ 3,647,471</u>	<u>\$ -</u>	<u>\$ 59,581,403</u>

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

CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY*
For the Year Ended June 30, 2014

Exhibit 33

Function and Activity	Governmental Funds Capital Assets June 30, 2013	Restatement**	Governmental Funds Capital Assets July 1, 2013	Additions	Deductions	Governmental Funds Capital Assets June 30, 2014
PRIMARY GOVERNMENT:						
General government administration	\$ 7,023,065	\$ 27,846	\$ 7,050,911	\$ 64,830	\$ -	\$ 7,115,741
Judicial administration	3,564,771	-	3,564,771	-	-	3,564,771
Public safety	6,523,151	173,146	6,696,297	304,549	-	7,000,846
Public works	53,867,682	(42,693)	53,824,989	1,887,069	-	55,712,058
Health and welfare	631,840	-	631,840	-	-	631,840
Parks, recreation, and cultural	6,582,349	179,970	6,762,319	91,326	-	6,853,645
Community development	4,932,489	(313,269)	4,619,220	1,240,106	-	5,859,326
Total Primary Government	<u>\$ 83,125,347</u>	<u>\$ 25,000</u>	<u>\$ 83,150,347</u>	<u>\$ 3,587,880</u>	<u>\$ -</u>	<u>\$ 86,738,227</u>
COMPONENT UNIT SCHOOL BOARD:						
Schools:						
Education	<u>\$ 59,371,897</u>	<u>\$ -</u>	<u>\$ 59,371,897</u>	<u>\$ 209,506</u>	<u>\$ -</u>	<u>\$ 59,581,403</u>

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

** Capital Assets at July 1, 2013 were restated to include capital assets of the Economic Development Authority, a blended component unit, and to reclassify assets transferred between activities.

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, 2014

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	\$ 13,189,863	\$ 13,189,863	\$ 13,380,821	\$ 190,958
Real and personal public service corporation property taxes	706,160	706,160	855,547	149,387
Personal property taxes	3,284,712	3,284,712	3,335,394	50,682
Mobile home taxes	7,510	7,510	5,849	(1,661)
Machinery and tools taxes	1,080,555	1,080,555	1,057,847	(22,708)
Rolling stock	24,500	24,500	21,567	(2,933)
Penalties	197,000	197,000	222,351	25,351
Interest	74,000	74,000	123,687	49,687
Total General Property Taxes	<u>18,564,300</u>	<u>18,564,300</u>	<u>19,003,063</u>	<u>438,763</u>
Other local taxes:				
Local sales and use tax	5,002,861	5,002,861	4,939,849	(63,012)
Consumers' utility taxes	1,045,792	1,045,792	1,030,193	(15,599)
Business license taxes	1,983,481	1,983,481	1,997,600	14,119
Motor vehicle licenses	422,500	422,500	418,956	(3,544)
Bank stock taxes	252,000	252,000	258,194	6,194
Taxes on recordation and wills	136,500	136,500	143,975	7,475
Lodging taxes	550,475	550,475	646,818	96,343
Restaurant food taxes	3,631,035	3,631,035	3,802,056	171,021
Tobacco taxes	383,000	383,000	378,197	(4,803)
Short-term rental taxes	5,750	5,750	4,872	(878)
Payments in lieu of tax	21,500	21,500	27,755	6,255
Total Other Local Taxes	<u>13,434,894</u>	<u>13,434,894</u>	<u>13,648,465</u>	<u>213,571</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	18,000	18,000	15,278	(2,722)
Permits and other licenses	161,745	161,745	204,695	42,950
Total Permits, Privilege Fees, and Regulatory Licenses	<u>179,745</u>	<u>179,745</u>	<u>219,973</u>	<u>40,228</u>
Fines and forfeitures:				
Parking fines	9,300	9,300	2,570	(6,730)
Fines and forfeitures	137,450	137,450	203,973	66,523
Total Fines and Forfeitures	<u>146,750</u>	<u>146,750</u>	<u>206,543</u>	<u>59,793</u>
Revenue from use of money and property:				
Revenue from use of money	105,300	105,300	125,310	20,010
Revenue from use of property	31,812	36,312	45,651	9,339
Total Revenue from Use of Money and Property	<u>137,112</u>	<u>141,612</u>	<u>170,961</u>	<u>29,349</u>
Charges for services:				
Court costs	-	-	42	42
Commonwealth's attorney fees	1,800	1,800	2,211	411
Charges for court appointed attorney	-	-	15,840	15,840
Charges for maintenance of buildings and grounds	11,200	11,200	11,516	316
Charges for planning services	10,000	10,000	14,606	4,606
Charges for recreation	201,800	204,800	222,442	17,642
Charges for library	18,000	20,951	23,884	2,933
Total Charges for Services	<u>242,800</u>	<u>248,751</u>	<u>290,541</u>	<u>41,790</u>
Miscellaneous revenue:				
Gifts and donations	5,000	45,528	50,763	5,235
Other revenue	45,341	54,290	57,062	2,772
Total Miscellaneous Revenue	<u>50,341</u>	<u>99,818</u>	<u>107,825</u>	<u>8,007</u>
Recovered Costs	<u>31,300</u>	<u>38,800</u>	<u>76,317</u>	<u>37,517</u>
Total Revenue from Local Sources	<u>32,787,242</u>	<u>32,854,670</u>	<u>33,723,688</u>	<u>869,018</u>

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, 2014

				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	\$ 1,925	\$ 1,925	\$ 2,172	\$ 247
Grantor tax	22,500	22,500	33,317	10,817
Sales tax on rental passenger vehicles	62,000	62,000	76,573	14,573
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	730,342	730,342	727,340	(3,002)
Rolling stock tax	20,919	20,919	17,394	(3,525)
Communications tax	1,353,432	1,353,432	1,305,283	(48,149)
Recordation tax	40,000	40,000	57,490	17,490
Total Non-categorical Aid	3,952,575	3,952,575	3,941,026	(11,549)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	402,447	402,447	376,404	(26,043)
Sheriff	271,870	271,870	264,274	(7,596)
Commissioner of the revenue	88,210	88,210	88,433	223
Treasurer	83,633	83,633	82,866	(767)
Clerk of circuit court	228,222	228,222	225,040	(3,182)
State compensation board reimbursement	-	-	14,400	14,400
Registrar/Electoral board	38,823	38,823	36,591	(2,232)
Total Shared Expenses	1,113,205	1,113,205	1,088,008	(25,197)
Other categorical aid:				
Street and highway maintenance	3,120,389	3,120,389	3,212,243	91,854
Library	143,732	143,732	143,732	-
Four for Life	-	18,492	18,492	-
Fire Board funds	-	-	63,088	63,088
Drug seizure	-	-	23,526	23,526
Victim/witness	50,093	50,093	-	(50,093)
E-911 wireless	109,400	409,400	407,403	(1,997)
Fire grants	-	2,121	2,096	(25)
Virginia Tourism Commission	-	5,000	5,000	-
Other state funds	-	167	697	530
Total Other Categorical Aid	3,423,614	3,749,394	3,876,277	126,883
Total Categorical Aid	4,536,819	4,862,599	4,964,285	101,686
Total Revenue from the Commonwealth	8,489,394	8,815,174	8,905,311	90,137
Revenue from the Federal Government:				
Categorical aid:				
CDBG grant	-	7,500	7,500	-
DMV grants	-	12,927	17,003	4,076
Federal equitable sharing	-	249,682	18,154	(231,528)
FEMA disaster assistance	-	63,607	65,403	1,796
EPA grant	-	58,199	38,199	(20,000)
Forestry grants	-	2,200	2,200	-
Drug seizure	-	225,891	80,141	(145,750)
Other federal funds	-	-	5,000	5,000
Total Categorical Aid	-	620,006	233,600	(386,406)
Total Revenue from the Federal Government	-	620,006	233,600	(386,406)
Total General Fund	\$ 41,276,636	\$ 42,289,850	\$ 42,862,599	\$ 572,749
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	696,264	696,264	770,768	74,504

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, 2014

				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	\$ 547,065	\$ 547,065	\$ 560,792	\$ 13,727
Total Virginia Public Assistance Fund	\$ 1,243,329	\$ 1,243,329	\$ 1,331,560	\$ 88,231
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	859,000	859,000	1,107,548	248,548
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	-	-	123,419	123,419
Total Comprehensive Services Act Fund	\$ 859,000	\$ 859,000	\$ 1,230,967	\$ 371,967
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,248	1,248
Miscellaneous revenue:				
Gifts and donations	50,375	50,375	68,279	17,904
Other revenue	-	-	1,484	1,484
Total Miscellaneous Revenue	50,375	50,375	69,763	19,388
Recovered Costs	283,200	283,200	274,886	(8,314)
Total Revenue from Local Sources	333,575	333,575	345,897	12,322
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	117,385	117,385	119,491	2,106
DOJ grant	30,000	30,000	-	(30,000)
VFHL grant	60,000	60,000	54,575	(5,425)
Total Revenue from the Commonwealth	207,385	207,385	174,066	(33,319)
Revenue from the Federal Government:				
Categorical aid:				
Adolescent pregnancy prevention grant	200,000	200,000	143,897	(56,103)
DOJ grant	16,948	16,948	101,155	84,207
Substance abuse/mental health	125,000	125,000	-	(125,000)
Total Revenue from the Federal Government	341,948	341,948	245,052	(96,896)
Total Youth and Family Services Fund	\$ 882,908	\$ 882,908	\$ 765,015	\$ (117,893)
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,082	1,082
Miscellaneous revenue:				
Other revenue	-	-	42	42
Recovered Costs	87,250	87,250	87,250	-
Total Revenue from Local Sources	87,250	87,250	88,374	1,124
Revenue from the Commonwealth:				
Categorical aid:				
EITC grant funding	7,000	7,000	8,000	1,000
CSBG grant	8,464	8,464	-	(8,464)
TANF grant	-	-	10,451	10,451
Total Revenue from the Commonwealth	15,464	15,464	18,451	2,987

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, 2014

				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)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
CSBG grant	\$ 55,312	\$ 55,312	\$ 168,734	\$ 113,422
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 158,026	\$ 158,026	\$ 275,559	\$ 117,533
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	49	49
Charges for services:				
Animal adoption fees	-	-	7,057	7,057
Animal control fees	-	-	6,893	6,893
Total Charges for Services	-	-	13,950	13,950
Miscellaneous revenue:				
Gifts and donations	-	-	10,892	10,892
Other revenue	-	-	1,420	1,420
Total Miscellaneous Revenue	-	-	12,312	12,312
Recovered Costs	-	204,049	266,020	61,971
Total Revenue from Local Sources	-	204,049	292,331	88,282
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	-	2,514	2,514
Total Revenue from the Commonwealth	-	-	2,514	2,514
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 204,049	\$ 294,845	\$ 90,796
Total Special Revenue Funds	\$ 3,143,263	\$ 3,347,312	\$ 3,897,946	\$ 550,634
Debt Service Funds:				
Debt Revenue Fund:				
Revenue from Local Government:				
Contribution from Component Unit - School Board	-	-	200,000	200,000
Total Debt Revenue Fund	\$ -	\$ -	\$ 200,000	\$ 200,000
Total Debt Service Funds	\$ -	\$ -	\$ 200,000	\$ 200,000
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,734	2,734
Miscellaneous revenue:				
Other revenue	-	9,952	126,428	116,476
Total Miscellaneous Revenue	-	9,952	126,428	116,476
Total Revenue from Local Sources	-	9,952	129,162	119,210
Revenue from the Commonwealth:				
Categorical Aid:				
VDOT grants	-	-	595,954	595,954
Total Revenue from the Commonwealth	-	-	595,954	595,954

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, 2014

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: (cont'd)				
Capital Improvements Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
VDOT grants	-	-	457,040	457,040
EPA grants	-	153,820	158,768	4,948
CDBG grant	-	327,436	261,399	(66,037)
Total Revenue from the Federal Government	-	481,256	877,207	395,951
Total Capital Improvements Fund	\$ -	\$ 491,208	\$ 1,602,323	\$ 1,111,115
Total Capital Projects Funds	\$ -	\$ 491,208	\$ 1,602,323	\$ 1,111,115
Grand Total - Revenues - Primary Government	\$ 44,419,899	\$ 46,128,370	\$ 48,562,868	\$ 2,434,498
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	25,000	25,000	33,719	8,719
Revenue from use of property	9,000	9,000	9,435	435
Total Revenue from Use of Money and Property	34,000	34,000	43,154	9,154
Charges for services:				
Charges for education	89,500	89,500	77,224	(12,276)
Charges for transportation	-	-	400	400
Total Charges for Services	89,500	89,500	77,624	(11,876)
Miscellaneous revenue:				
Gifts and donations	500	500	-	(500)
Other revenue	97,000	97,000	153,170	56,170
Total Miscellaneous Revenue	97,500	97,500	153,170	55,670
Recovered Costs	94,000	97,000	86,431	(10,569)
Total Revenue from Local Sources	315,000	318,000	360,379	42,379
Revenue from Local Government:				
Contribution from City of Waynesboro	13,573,996	13,720,482	13,411,837	(308,645)
Revenue from the Commonwealth:				
Categorical Aid:				
Share of state sales tax	3,156,874	3,156,874	3,061,356	(95,518)
Basic school aid	7,580,775	7,580,775	7,349,632	(231,143)
Gifted and talented children	89,255	89,255	87,125	(2,130)
GED funding	15,717	15,717	15,443	(274)
Special education	657,022	657,022	640,797	(16,225)
Vocational education	171,574	176,851	168,746	(8,105)
Remedial education	433,685	433,685	426,041	(7,644)
Foster children	22,792	22,792	37,041	14,249
Social security	487,022	487,022	475,398	(11,624)
Teacher retirement	963,036	963,036	944,633	(18,403)
Group life	31,045	31,045	30,304	(741)
Textbook payments	172,690	172,690	169,950	(2,740)
At risk	815,814	815,814	800,636	(15,178)
English as a second language	83,148	83,148	80,514	(2,634)
Primary class size	639,978	639,978	626,526	(13,452)
Adult education	54,910	54,910	56,202	1,292
Technology initiative	206,000	206,000	206,000	-
Standards of learning	44,372	44,372	44,372	-
Early intervention	51,221	51,221	45,311	(5,910)
Race to GED expansion	114,715	114,715	100,986	(13,729)
School security	-	-	100,000	100,000
Operating costs	281,635	281,635	305,719	24,084

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, 2014

Fund, Major and Minor Revenue Source	Schedule 1 (cont'd)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Operating Fund: (cont'd)				
Revenue from the Commonwealth: (cont'd)				
Other state funds	\$ 76,179	\$ 228,267	\$ 49,998	\$ (178,269)
Total Revenue from the Commonwealth	16,149,459	16,306,824	15,822,730	(484,094)
Revenue from the Federal Government:				
Categorical Aid:				
Vocational education	70,224	70,224	69,367	(857)
Title II - Teacher Quality	142,795	142,795	132,809	(9,986)
Title VIB	640,637	663,979	633,514	(30,465)
Title VI - Rural education	56,108	56,108	60,834	4,726
Title I	930,939	952,939	940,833	(12,106)
Title III	14,179	26,596	16,694	(9,902)
Adult literacy	448,719	538,398	581,655	43,257
Other federal grants	20	20	675	655
Total Revenue from the Federal Government	2,303,621	2,451,059	2,436,381	(14,678)
Total School Operating Fund	\$ 32,342,076	\$ 32,796,365	\$ 32,031,327	\$ (765,038)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	316,594	316,594	314,944	(1,650)
Miscellaneous Revenue	9,159	9,159	12,183	3,024
Total Revenue from Local Sources	325,753	325,753	327,127	1,374
Revenue from the Commonwealth:				
School food programs	27,027	27,027	26,190	(837)
Revenue from the Federal Government:				
School food programs	992,385	992,385	969,885	(22,500)
Total School Cafeteria Fund	\$ 1,345,165	\$ 1,345,165	\$ 1,323,202	\$ (21,963)
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	-	-	672	672
Total School Textbook Fund	\$ -	\$ -	\$ 672	\$ 672
Total Special Revenue Funds	\$ 33,687,241	\$ 34,141,530	\$ 33,355,201	\$ (786,329)
Grand Total - Revenues - Component Unit School Board	\$ 33,687,241	\$ 34,141,530	\$ 33,355,201	\$ (786,329)

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, 2014

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 92,211	\$ 92,211	\$ 91,552	\$ 659
Clerk of Council	57,817	59,726	58,366	1,360
Total Legislative	150,028	151,937	149,918	2,019
General and Financial Administration:				
Manager	417,336	406,609	405,931	678
City Attorney	144,062	144,062	142,644	1,418
Human Resources	263,412	263,412	253,099	10,313
Commissioner of Revenue	315,550	315,550	278,341	37,209
Assessor	216,099	216,099	219,156	(3,057)
Treasurer	273,205	273,244	279,025	(5,781)
Finance	577,389	578,446	563,457	14,989
Information Technology	802,440	846,726	804,453	42,273
Employee Health and Safety	5,250	5,250	44,103	(38,853)
Risk Management	320,995	321,935	303,383	18,552
Central Office	37,954	39,249	39,615	(366)
Total General and Financial Administration	3,373,692	3,410,582	3,333,207	77,375
Board of Elections:				
Electoral Board and Officials	114,918	114,918	109,785	5,133
Total General Government Administration	3,638,638	3,677,437	3,592,910	84,527
Judicial Administration:				
Courts:				
Circuit Court	59,600	59,600	50,875	8,725
General District Court	31,044	31,287	41,648	(10,361)
Juvenile and Domestic Relations	7,092	12,501	17,386	(4,885)
Clerk of the Circuit Court	373,340	373,461	359,436	14,025
Sheriff	441,399	441,899	434,212	7,687
Victim/Witness Assistance	56,918	56,918	50,886	6,032
Total Courts	969,393	975,666	954,443	21,223
Commonwealth Attorney:				
Commonwealth Attorney	537,873	537,873	501,186	36,687
Total Judicial Administration	1,507,266	1,513,539	1,455,629	57,910
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	4,328,800	4,521,800	4,249,187	272,613
Fire and Rescue Services:				
Fire Department	2,438,951	2,560,171	2,487,731	72,440
First Aid Crew	37,000	73,642	55,150	18,492
EMS Council	9,495	9,495	9,495	-
Total Fire and Rescue Services	2,485,446	2,643,308	2,552,376	90,932
Correction and Detention:				
Middle River Regional Jail	1,375,277	1,375,277	1,375,277	-
Juvenile Detention Home	112,855	112,855	112,856	(1)
Total Correction and Detention	1,488,132	1,488,132	1,488,133	(1)
Inspections:				
Inspector's Office	494,471	495,548	379,253	116,295
Other Protection:				
Emergency Operations Center	994,473	1,158,763	1,125,520	33,243
Total Public Safety	9,791,322	10,307,551	9,794,469	513,082

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, 2014

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	\$ 921,389	\$ 1,099,387	\$ 1,012,366	\$ 87,021
Public Works Operations Administration	113,861	113,861	115,085	(1,224)
Highways, Streets, Bridges, and Sidewalks	3,209,201	3,482,240	2,957,999	524,241
Traffic Engineering	327,472	410,454	244,618	165,836
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	4,571,923	5,105,942	4,330,068	775,874
Sanitation and Waste Removal:				
Landfill closure	205,789	361,472	232,480	128,992
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	184,842	241,269	220,842	20,427
Total Public Works	4,962,554	5,708,683	4,783,390	925,293
Health and Welfare:				
Health:				
Supplement of Local Health Department	241,245	241,245	223,513	17,732
Contribution to VCSB	119,430	119,430	119,430	-
Total Health	360,675	360,675	342,943	17,732
Welfare:				
Area Agency on Aging	25,250	25,250	25,250	-
Property Tax Relief-Elderly Handicapped	105,000	105,000	92,557	12,443
Other Contributions	27,535	27,885	25,600	2,285
Total Welfare	157,785	158,135	143,407	14,728
Total Health and Welfare	518,460	518,810	486,350	32,460
Education:				
Contribution to Community College	30,403	30,403	30,403	-
Contribution to City School Board	13,573,996	13,720,482	13,411,837	308,645
Total Education	13,604,399	13,750,885	13,442,240	308,645
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	416,371	393,833	385,443	8,390
Municipal Parks	708,666	713,668	645,866	67,802
Municipal Pools	134,704	138,704	117,416	21,288
Recreation Programs	141,489	167,693	146,548	21,145
Custodial	486,977	488,714	534,672	(45,958)
Cemeteries	114,195	114,195	78,321	35,874
Total Parks and Recreation	2,002,402	2,016,807	1,908,266	108,541
Library:				
Library Administration	845,010	850,060	802,252	47,808
Cultural Enrichment:				
Contributions	35,475	40,270	35,013	5,257
Total Parks, Recreation, and Cultural	2,882,887	2,907,137	2,745,531	161,606
Community Development:				
Planning and Community Development:				
City Planner	302,731	412,574	308,139	104,435
ADA Coordination	-	-	281	(281)
Technical Services	-	22,500	15,000	7,500
Contributions to Community Organizations	46,096	13,856	13,856	-

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, 2014

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Community Development: (cont'd)				
Tourism Department	\$ 213,760	\$ 248,430	\$ 190,961	\$ 57,469
Economic Development	273,524	273,824	253,178	20,646
Downtown Development	-	-	530	(530)
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	880,163	1,015,236	825,997	189,239
Total Community Development	880,163	1,015,236	825,997	189,239
Debt Service:				
Principal Retirement	1,257,730	1,257,730	1,257,730	-
Interest and Fiscal Charges	675,494	675,494	676,271	(777)
Total Debt Service	1,933,224	1,933,224	1,934,001	(777)
Total General Fund	\$ 39,718,913	\$ 41,332,502	\$ 39,060,517	\$ 2,271,985
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	\$ 1,871,000	\$ 1,871,000	\$ 1,932,793	\$ (61,793)
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	\$ 1,350,000	\$ 1,560,073	\$ 2,016,899	\$ (456,826)
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	724,407	729,107	635,639	93,468
VJCCA Programs	120,199	120,199	88,052	32,147
Total Public Safety	844,606	849,306	723,691	125,615
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	225,500	225,500	163,678	61,822
Total Youth and Family Services Fund	\$ 1,070,106	\$ 1,074,806	\$ 887,369	\$ 187,437
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	\$ 234,293	\$ 234,293	\$ 243,963	\$ (9,670)
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	\$ -	\$ 284,036	\$ 280,397	\$ 3,639
Total Special Revenue Funds	\$ 4,525,399	\$ 5,024,208	\$ 5,361,421	\$ (337,213)
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	590,914	590,914	590,914	-
Interest and Fiscal Charges	750,555	750,555	750,555	-
Total Debt Service	1,341,469	1,341,469	1,341,469	-
Total Debt Revenue Fund	\$ 1,341,469	\$ 1,341,469	\$ 1,341,469	\$ -
Total Debt Service Funds	\$ 1,341,469	\$ 1,341,469	\$ 1,341,469	\$ -

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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, 2014

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks	\$ -	\$ 3,108,569	\$ 2,609,171	\$ 499,398
Other Public Works Improvements	-	546,829	381,469	165,360
Total Public Works	-	3,655,398	2,990,640	664,758
Capital Projects:				
Building Improvements	\$ -	\$ -	\$ 21,222	\$ (21,222)
Total Capital Improvements Fund	\$ -	\$ 3,655,398	\$ 3,011,862	\$ 643,536
Total Capital Projects Funds	\$ -	\$ 3,655,398	\$ 3,011,862	\$ 643,536
Grand Total - Expenditures - Primary Government	\$ 45,585,781	\$ 51,353,577	\$ 48,775,269	\$ 2,578,308
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	24,803,431	25,019,493	24,547,267	472,226
Administration, Attendance, and Health	1,940,284	1,950,188	1,874,885	75,303
Total Administration and Instruction of Schools	26,743,715	26,969,681	26,422,152	547,529
Operating Costs:				
Pupil Transportation	1,099,977	1,066,498	1,042,114	24,384
Operation and Maintenance of School Plant	3,189,388	3,404,320	3,230,031	174,289
Technology	688,942	770,050	720,117	49,933
Total Operating Costs	4,978,307	5,240,868	4,992,262	248,606
Total Education	31,722,022	32,210,549	31,414,414	796,135
Debt Service:				
Principal Retirement	223,489	223,489	223,489	-
Interest and Fiscal Charges	119,565	154,369	154,367	2
Total Debt Service	343,054	377,858	377,856	2
Payment to City - Debt Service	-	-	200,000	(200,000)
Total School Operating Fund	\$ 32,065,076	\$ 32,588,407	\$ 31,992,270	\$ 596,137
School Cafeteria Fund:				
Education:				
Food Service	\$ 1,345,165	\$ 1,345,165	\$ 1,334,518	\$ 10,647
School Textbook Fund:				
Education:				
Instructional Costs	\$ 237,677	\$ 237,677	\$ 411,457	\$ (173,780)
Total Special Revenue Funds	\$ 33,647,918	\$ 34,171,249	\$ 33,738,245	\$ 433,004
Grand Total - Expenditures - Component Unit - School Board	\$ 33,647,918	\$ 34,171,249	\$ 33,738,245	\$ 433,004

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	<u>Tables</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 - 4	90-94
<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	95-98
<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	99-103
<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	104-105
<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	106-108

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

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

Table 1

	2005	2006 (1)	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 18,510,103	\$ 26,444,121	\$ 32,011,866	\$ 31,627,418	\$ 30,038,195	\$ 28,815,976	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091
Restricted	990,219	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672
Unrestricted	(6,934,478)	(16,024,338)	(21,776,627)	(19,723,629)	(17,413,909)	(14,891,347)	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)
Total governmental activities net position	<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>	<u>\$ 21,355,913</u>	<u>\$ 19,721,125</u>	<u>\$ 23,112,850</u>
Business-type activities										
Net investment in capital assets	11,899,122	11,304,265	21,497,669	22,891,760	25,288,754	28,231,948	23,628,183	24,126,240	32,958,276	32,955,974
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,179,606	5,056,293	6,212,456	5,806,391	6,285,557	6,465,365	11,988,432	11,804,718	10,494,915	9,752,065
Total business-type activities net position	<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>	<u>\$ 35,930,958</u>	<u>\$ 43,453,191</u>	<u>\$ 42,708,039</u>
Primary government										
Net investment in capital assets	30,409,225	37,748,386	53,509,535	54,519,178	55,326,949	57,047,924	52,107,470	52,708,583	61,702,839	64,089,065
Restricted	990,219	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672
Unrestricted	(2,754,872)	(10,968,045)	(15,564,171)	(13,917,238)	(11,128,352)	(8,425,982)	(1,952,980)	2,235,956	(151,467)	(11,848)
Total primary government net position	<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>	<u>\$ 57,286,871</u>	<u>\$ 63,174,316</u>	<u>\$ 65,820,889</u>
School Board Component Unit										
Net investment in capital assets	\$ 20,852,878	\$ 25,642,715	\$ 39,204,452	\$ 41,067,451	\$ 40,107,227	\$ 39,518,141	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991
Restricted	753,072	298,153	251,234	177,285	177,222	56,579	-	-	-	-
Unrestricted	1,200,554	8,835,911	2,326,403	(36,603)	(224,865)	(648,481)	(718,197)	(824,406)	(1,329,615)	(2,172,690)
Total governmental activities net position	<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>	<u>\$ 37,967,077</u>	<u>\$ 36,790,247</u>	<u>\$ 35,052,301</u>

Notes:

(1) The City implemented retroactive infrastructure reporting in fiscal year 2006 as allowed by GASB 34.

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

Table 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 3,012,553	\$ 2,941,433	\$ 3,320,789	\$ 3,941,896	\$ 3,588,200	\$ 3,513,547	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629
Judicial administration	1,135,970	1,153,813	1,269,518	1,379,141	1,467,058	1,343,998	1,382,610	1,375,669	1,541,889	1,530,639
Public safety	8,459,852	8,870,386	9,052,280	9,810,982	9,881,777	9,828,150	10,117,442	10,543,735	11,041,793	10,965,288
Public works	3,778,038	6,079,801	6,635,621	7,110,417	7,537,332	6,577,485	6,868,683	4,888,803	7,084,792	6,832,130
Health and welfare	2,849,224	2,995,267	3,624,327	3,986,651	4,331,885	3,654,529	3,814,915	3,960,411	3,896,292	4,852,442
Education	11,112,271	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,613,857	12,474,733	12,952,643	13,442,240
Parks, recreation and culture	2,241,236	2,233,386	2,372,588	2,571,051	2,735,276	2,624,705	2,190,791	2,955,145	2,852,606	2,911,705
Community development	538,773	1,328,319	1,298,951	1,217,097	1,960,369	2,045,703	2,556,858	1,497,846	688,295	91,647
Interest on long-term debt	507,905	1,010,098	1,239,572	1,415,580	1,528,816	1,530,649	1,453,059	1,477,542	1,605,156	1,453,602
Total governmental activities expenses	<u>33,635,822</u>	<u>49,422,149</u>	<u>46,660,887</u>	<u>42,653,524</u>	<u>44,190,881</u>	<u>43,214,552</u>	<u>44,285,671</u>	<u>42,657,383</u>	<u>45,132,250</u>	<u>45,693,322</u>
Business-type activities:										
Water	1,609,769	1,712,328	1,870,141	2,537,545	3,193,050	3,079,569	3,084,115	3,004,078	3,078,347	3,297,434
Sewer	2,635,137	2,551,425	3,040,972	3,380,232	3,809,431	3,996,227	4,335,813	4,469,768	5,340,416	5,741,003
Landfill Operations	1,303,960	846,062	591,641	772,907	2,194,854	1,039,018	423,090	414,018	688,241	714,131
Garbage	880,686	914,086	930,127	1,131,628	1,018,808	910,371	957,700	1,104,390	1,011,546	1,070,287
Total business-type activities expenses	<u>6,429,552</u>	<u>6,023,901</u>	<u>6,432,881</u>	<u>7,822,312</u>	<u>10,216,143</u>	<u>9,025,185</u>	<u>8,800,718</u>	<u>8,992,254</u>	<u>10,118,550</u>	<u>10,822,855</u>
Total primary government expenses	<u>\$ 40,065,374</u>	<u>\$ 55,446,050</u>	<u>\$ 53,093,768</u>	<u>\$ 50,475,836</u>	<u>\$ 54,407,024</u>	<u>\$ 52,239,737</u>	<u>\$ 53,086,389</u>	<u>\$ 51,649,637</u>	<u>\$ 55,250,800</u>	<u>\$ 56,516,177</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	28,104	26,465	35,285	22,826	26,269	24,446	25,148	40,182	36,338	30,922
Judicial administration	206,537	216,898	195,104	172,295	167,312	147,024	170,118	197,290	212,018	226,112
Public safety	12,834	30,003	12,043	12,300	17,923	21,189	35,325	436,082	268,103	327,960
Public works	48,186	51,295	23,616	23,153	45,487	15,874	15,738	22,500	17,627	18,052
Health and welfare	-	-	-	-	-	-	69,765	69,765	143,038	87,250
Parks, recreation and culture	295,844	278,560	276,411	319,154	308,305	353,479	369,128	394,767	327,945	250,997
Community development	303,742	348,016	344,194	262,748	193,518	200,676	168,425	155,923	225,882	219,301
Operating grants and contributions	6,397,270	7,171,563	7,152,598	7,046,973	7,681,113	7,389,284	8,171,171	7,444,708	8,326,003	8,524,997
Capital grants and contributions	121,773	204,881	7,104,865	21,274	380,641	585,973	1,437,657	368,431	180,832	1,321,893
Total governmental activities revenues	<u>7,414,290</u>	<u>8,327,681</u>	<u>15,144,116</u>	<u>7,880,723</u>	<u>8,820,568</u>	<u>8,737,945</u>	<u>10,462,475</u>	<u>9,129,648</u>	<u>9,737,786</u>	<u>11,007,484</u>
Business-type activities:										
Charges for services:										
Water	1,505,287	1,501,958	1,797,368	2,148,094	2,287,371	2,653,141	2,659,951	2,832,835	3,457,578	3,595,736
Sewer	3,020,392	3,174,260	3,553,837	3,654,850	3,377,798	3,747,884	4,051,980	5,156,159	5,066,599	5,382,235
Landfill operations	844,313	785,885	888,552	950,049	763,988	681,827	971,976	670,726	781,904	626,250
Garbage	831,883	855,661	972,114	970,030	1,054,859	1,122,743	1,128,021	1,126,637	1,124,421	1,196,942
Operating grants and contributions	-	74,180	2,940	-	-	5,125	5,910	5,000	7,216	6,366
Capital grants and contributions	-	-	10,617,960	777,586	6,712,151	3,279,541	1,417,616	155,346	21,275	282,689
Total business-type activities revenues	<u>6,201,875</u>	<u>6,391,944</u>	<u>17,832,771</u>	<u>8,500,609</u>	<u>14,196,167</u>	<u>11,490,261</u>	<u>10,235,454</u>	<u>9,946,703</u>	<u>10,458,993</u>	<u>11,090,218</u>
Total primary government revenues	<u>\$ 13,616,165</u>	<u>\$ 14,719,625</u>	<u>\$ 32,976,887</u>	<u>\$ 16,381,332</u>	<u>\$ 23,016,735</u>	<u>\$ 20,228,206</u>	<u>\$ 20,697,929</u>	<u>\$ 19,076,351</u>	<u>\$ 20,196,779</u>	<u>\$ 22,097,702</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (26,221,532)	\$ (41,094,468)	\$ (31,516,771)	\$ (34,772,801)	\$ (35,370,313)	\$ (34,476,607)	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)
Business-type activities	<u>(227,677)</u>	<u>368,043</u>	<u>11,399,890</u>	<u>678,297</u>	<u>3,980,024</u>	<u>2,465,076</u>	<u>1,434,736</u>	<u>954,449</u>	<u>340,443</u>	<u>267,363</u>
Total primary government net expense	<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>	<u>\$ (32,573,286)</u>	<u>\$ (35,054,021)</u>	<u>\$ (34,418,475)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	14,056,671	14,576,219	14,480,811	17,012,250	17,072,546	17,424,487	17,778,371	19,820,066	18,527,350	18,864,334
Sales taxes	3,339,120	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849
Utility taxes	1,933,004	1,998,674	1,613,339	1,069,158	1,039,426	1,022,522	1,025,014	1,004,623	1,031,726	1,030,193
Business license taxes	1,565,469	1,855,437	1,865,555	2,095,063	1,971,825	1,795,885	1,822,607	1,935,728	2,050,853	1,997,600
Hotel and meals taxes	2,039,518	2,299,645	2,482,776	2,726,913	2,844,749	2,878,449	3,276,948	4,037,742	4,259,246	4,448,874
Communication sales taxes	-	-	638,517	1,489,033	1,352,919	1,358,560	-	-	-	-
Tobacco taxes	451,890	434,098	427,431	432,587	414,921	392,881	394,680	416,691	398,681	378,197
E-911 taxes	269,374	278,907	-	-	-	-	-	-	-	-
Other local taxes	868,345	1,026,871	1,059,761	770,915	793,431	828,617	834,833	776,681	842,557	853,752
Unrestricted grants and contributions	2,490,660	2,692,442	2,861,725	3,895,364	2,920,104	2,900,125	4,109,897	4,034,685	4,120,323	4,215,912
Payment from Component Unit School Board	372,484	1,002,794	1,474,454	569,901	540,069	315,789	200,000	200,000	200,000	200,000
Investment earnings	220,148	404,429	588,662	706,362	252,686	314,491	244,466	113,331	145,171	136,103
Miscellaneous	459,512	597,273	575,240	626,028	403,882	458,724	392,858	680,575	535,939	476,393
Gain(loss) on sale of capital assets	9,788	26,988	10,658	71,525	-	3,655	22,602	37,470	19,388	(10,564)
Transfers	<u>(2,569,050)</u>	<u>(92,044)</u>	<u>315,741</u>	<u>254,744</u>	<u>1,248,572</u>	<u>711,774</u>	<u>644,665</u>	<u>722,000</u>	<u>648,000</u>	<u>855,795</u>
Total governmental activities	<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>	<u>38,636,114</u>	<u>37,597,591</u>	<u>38,386,438</u>
Business-type activities:										
Investment earnings	27,292	68,405	260,480	540,849	140,797	12,731	33,932	37,849	37,539	39,093
Miscellaneous	7,514	9,179	4,938	17,164	15,005	22,549	95,299	44,045	41,976	26,572
Gain(loss) on sale of capital assets	-	-	-	6,460	(11,094)	-	-	-	-	90,530
Transfers	<u>2,569,050</u>	<u>92,044</u>	<u>(315,741)</u>	<u>(254,744)</u>	<u>(1,248,572)</u>	<u>(711,774)</u>	<u>(644,665)</u>	<u>(722,000)</u>	<u>(648,000)</u>	<u>(855,795)</u>
Total business-type activities	<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>	<u>(640,106)</u>	<u>(568,485)</u>	<u>(699,600)</u>
Total primary government	<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>	<u>\$ 37,996,008</u>	<u>\$ 37,029,106</u>	<u>\$ 37,686,838</u>
Change in Net Position										
Governmental activities	(714,599)	(9,925,974)	990,497	1,620,643	95,911	206,319	1,413,353	5,108,379	2,203,127	3,700,600
Business-type activities	<u>2,376,179</u>	<u>537,671</u>	<u>11,349,567</u>	<u>988,026</u>	<u>2,876,160</u>	<u>1,788,582</u>	<u>919,302</u>	<u>314,343</u>	<u>(228,042)</u>	<u>(432,237)</u>
Total primary government	<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>	<u>\$ 5,422,722</u>	<u>\$ 1,975,085</u>	<u>\$ 3,268,363</u>

cont'd

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

Table 2 (Cont'd)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
School Board Component Unit:										
Education	\$ 27,548,709	\$ 29,155,136	\$ 31,211,201	\$ 32,243,465	\$ 33,197,562	\$ 33,673,788	\$ 31,807,568	\$ 32,721,840	\$ 34,443,290	\$ 35,093,147
Total School Board component unit expenses	<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>	<u>32,721,840</u>	<u>34,443,290</u>	<u>35,093,147</u>
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	472,211	570,801	531,282	567,854	504,427	553,422	488,202	559,761	431,285	478,999
Operating grants and contributions	15,471,883	16,766,001	18,843,656	19,254,634	19,913,135	19,640,208	18,697,345	18,493,906	19,746,721	19,255,186
Capital grants and contributions	<u>1,792,810</u>	<u>13,605,279</u>	<u>8,253,141</u>	<u>760,012</u>	<u>574,981</u>	<u>115,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School Board component unit revenues	<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>	<u>19,053,667</u>	<u>20,178,006</u>	<u>19,734,185</u>
Net (Expense)/Revenue										
School Board Component Unit	<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>	<u>(13,668,173)</u>	<u>(14,265,284)</u>	<u>(15,358,962)</u>
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Waynesboro	9,675,920	9,566,828	9,946,467	10,804,096	10,896,054	12,065,383	12,583,454	12,444,330	12,920,240	13,411,837
Investment earnings	1,767	418,251	525,207	83,853	10,552	3,992	19,232	27,752	33,864	33,719
Miscellaneous	<u>138,467</u>	<u>157,967</u>	<u>116,758</u>	<u>199,060</u>	<u>149,864</u>	<u>161,649</u>	<u>116,263</u>	<u>140,001</u>	<u>134,350</u>	<u>175,460</u>
Total School Board Component Unit	<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>	<u>12,612,083</u>	<u>13,088,454</u>	<u>13,621,016</u>
Change in Net Position										
School Board Component Unit	<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>	<u>\$ (1,056,090)</u>	<u>\$ (1,176,830)</u>	<u>\$ (1,737,946)</u>

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

Table 3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 247,205	\$ 1,377,822	\$ 2,065,121	\$ 715,167	\$ 892,304	\$ 1,807,457	\$ -	\$ -	\$ -	\$ -
Unreserved	4,727,307	6,639,081	6,599,014	8,280,974	9,402,818	8,849,322	-	-	-	-
Restricted	-	-	-	-	-	-	1,046,961	1,667,383	642,134	1,089,914
Committed	-	-	-	-	-	-	1,014,335	683,745	4,134,909	4,190,258
Assigned	-	-	-	-	-	-	123,126	1,277,007	526,948	319,698
Unassigned	-	-	-	-	-	-	8,204,385	11,385,888	8,923,216	9,054,972
Total general fund	<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>	<u>\$ 15,014,023</u>	<u>\$ 14,227,207</u>	<u>\$ 14,654,842</u>
All Other Governmental Funds										
Reserved	407,899	420,399	440,722	452,099	592,766	813,025	-	-	-	-
Unreserved, reported in:										
Special revenue funds	256,293	139,494	177,141	157,527	292,120	307,281	-	-	-	-
Capital projects funds	(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	522,799	542,549	561,049
Restricted	-	-	-	-	-	-	5,478,065	3,617,202	2,479,482	1,599,807
Committed	-	-	-	-	-	-	926,958	487,621	1,033,646	246,579
Assigned	-	-	-	-	-	-	705,774	751,682	719,023	1,036,474
Total all other governmental funds	<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>	<u>\$ 5,379,304</u>	<u>\$ 4,774,700</u>	<u>\$ 3,443,909</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 14,167,813	\$ 14,631,862	\$ 14,624,266	\$ 16,516,401	\$ 16,951,430	\$ 17,604,173	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063
Sales taxes	3,339,120	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849
Other local taxes	7,158,461	7,893,632	8,087,379	8,583,669	8,417,271	8,276,914	7,354,082	8,171,465	8,583,063	8,708,616
Permits, privilege fees and regulatory licenses	236,768	198,272	227,255	219,523	150,889	177,958	170,838	156,939	208,253	219,973
Fines and forfeitures	201,305	211,196	170,508	150,275	163,322	145,287	167,027	190,807	195,247	206,543
Revenues from use of money and property	382,886	565,881	750,952	870,168	329,146	372,488	310,851	155,142	195,246	181,754
Charges for services	393,317	453,148	418,956	403,498	361,624	396,579	387,367	439,765	389,346	304,491
Miscellaneous	296,774	435,821	412,950	462,222	327,422	450,724	322,391	510,028	355,209	373,154
Recovered costs	326,527	337,168	319,744	314,203	357,849	333,526	394,505	799,509	699,041	704,473
Intergovernmental	8,997,744	10,618,252	11,238,967	11,237,215	11,366,090	10,367,422	12,487,769	11,782,542	12,581,314	13,987,916
Total revenues	<u>35,500,715</u>	<u>39,411,993</u>	<u>40,363,575</u>	<u>43,430,775</u>	<u>43,036,137</u>	<u>42,402,038</u>	<u>43,944,814</u>	<u>47,019,676</u>	<u>46,443,310</u>	<u>48,629,832</u>
Expenditures										
General government administration	2,954,994	2,916,026	3,296,296	3,960,404	3,590,224	3,455,029	3,204,711	3,424,066	3,405,476	3,592,910
Judicial administration	1,058,116	1,081,644	1,194,039	1,308,577	1,374,825	1,244,498	1,307,187	1,295,198	1,472,117	1,455,629
Public safety	8,255,928	8,782,223	8,930,552	10,115,145	9,540,225	9,537,907	9,941,487	10,181,785	11,008,118	10,798,557
Public works	3,626,598	4,931,184	5,519,983	5,756,366	5,550,039	5,630,528	6,761,493	4,836,876	7,666,797	7,774,030
Health and welfare	2,835,527	2,994,485	3,621,412	3,979,258	4,323,371	3,647,964	3,805,952	3,953,428	3,887,883	4,843,683
Education (1)	11,112,271	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,113,857	12,474,733	12,950,643	13,442,240
Parks, recreation and culture	2,114,322	2,135,662	2,274,105	2,759,849	2,704,053	2,764,188	2,330,164	2,742,398	2,723,097	2,745,531
Community development	845,509	1,472,833	1,289,363	1,198,317	1,947,500	1,599,940	2,920,682	1,762,793	1,329,120	1,226,971
Capital projects	776,298	478,366	167,250	-	-	-	500,000	4,960,867	2,396	21,222
Debt service:										
Principal retirement	1,013,703	1,043,772	1,245,602	2,055,794	1,997,519	2,223,843	2,307,296	1,794,863	2,678,211	2,626,338
Interest and fiscal charges	519,296	735,946	1,116,990	1,274,495	1,568,976	1,588,914	1,499,775	1,522,276	1,634,500	1,540,320
Bond issuance costs	-	250,997	-	74,292	123,651	-	23,112	15,800	-	-
Total expenditures	<u>35,112,562</u>	<u>49,632,784</u>	<u>46,502,833</u>	<u>43,703,206</u>	<u>43,880,551</u>	<u>43,788,597</u>	<u>46,715,716</u>	<u>48,965,083</u>	<u>48,758,358</u>	<u>50,067,431</u>
Excess of revenues over (under) expenditures	388,153	(10,220,791)	(6,139,258)	(272,431)	(844,414)	(1,386,559)	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Insurance recoveries	-	-	-	-	-	-	115,957	128,736	141,036	79,009
Sale of property	-	-	4,590	-	-	-	-	-	-	-
Debt issued	-	14,380,000	7,600,000	9,704,713	5,870,000	-	985,000	3,519,100	-	-
Premium on debt	-	69,718	-	394,877	139,199	-	14,567	-	-	-
Capital lease	-	29,666	-	-	-	-	32,718	-	278,806	-
Refunded bonds redeemed	-	-	-	(6,708,062)	-	-	-	-	-	-
Transfers in	978,978	2,539,722	2,262,292	2,485,276	2,652,677	2,402,169	3,734,651	3,539,351	4,818,149	4,820,987
Transfers out	<u>(3,777,454)</u>	<u>(2,767,676)</u>	<u>(2,210,833)</u>	<u>(2,424,819)</u>	<u>(2,051,153)</u>	<u>(1,939,190)</u>	<u>(3,342,472)</u>	<u>(2,858,606)</u>	<u>(4,407,371)</u>	<u>(4,365,553)</u>
Total other financing sources and uses	<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>	<u>4,328,581</u>	<u>830,620</u>	<u>534,443</u>
Net change in fund balances	<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>	<u>\$ 2,383,174</u>	<u>\$ (1,484,428)</u>	<u>\$ (903,156)</u>
Debt service as a percentage of noncapital expenditures	4.6%	4.2%	5.1%	8.1%	8.6%	8.9%	8.8%	7.8%	9.3%	9.0%

Notes:

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

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

Table 5

Fiscal Year	Real Property (1)(3)				Personal Property (2)								Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100	Public Service	Tax Rate per \$100	Machinery & Tools	Tax Rate per \$100	Rolling Stock	Tax Rate per \$100				
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%
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.07	1,972,346,376	96.45%

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	
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
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07

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>	<u>December 31, 2013</u>			<u>December 31, 2004</u>		
	<u>Taxable Assessed Value</u>	<u>Rank (1)</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>
Poly-Bond, Inc.	\$ 24,532,428	1	1.31%	\$ 22,079,325	2	1.88%
Ntelos Communications Inc.	21,028,147	2	1.13%	13,296,939	4	1.13%
Invista/DuPont	21,726,025	3	1.16%	97,407,774	1	8.28%
Waynesboro Town Center LLC	29,580,151	4	1.58%	-	-	-
Wal-Mart	18,275,418	5	0.98%	10,161,187	5	0.86%
Lowe's Home Center	14,577,539	6	0.78%	-	-	-
DuPont Community Credit Union	10,708,011	7	0.57%	7,017,004	6	0.60%
Chicopee Inc.	14,714,600	8	0.79%	-	-	-
Waynesboro Plaza LLC	12,401,300	9	0.66%	-	-	-
Target Corporation	11,728,400	10	0.63%	-	-	-
Wayn-Tex, Inc.	-	-	-	7,561,832	3	0.64%
WT Acquisition Inc.	-	-	-	8,210,600	7	0.70%
Allied Ready Mix Co.	-	-	-	2,868,994	8	0.24%
Shenandoah Properties	-	-	-	4,762,905	9	0.40%
William J. Wade, Owner, Trustee	-	-	-	5,357,700	10	0.46%
Total	\$ 179,272,019		9.62%	\$ 178,724,260		15.19%

Source:

City of Waynesboro, Commissioner of the Revenue

Notes:

(1) Taxpayers are ranked based on total dollar value of taxes paid.

**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
2005	\$ 15,628,828	\$ 1,065,345	\$ 16,694,173	\$ 15,127,728	96.79%	\$ 674,817	\$ 15,802,545	94.66%
2006	16,055,110	(160,662)	15,894,448	15,569,109	96.97%	323,292	15,892,401	99.99%
2007	16,272,801	(106,450)	16,166,351	15,755,640	96.82%	408,555	16,164,195	99.99%
2008	18,270,937	(100,597)	18,170,340	17,685,561	96.80%	483,456	18,169,017	99.99%
2009	18,591,502	(84,075)	18,507,427	17,868,396	96.11%	629,593	18,497,989	99.95%
2010	18,947,394	(14,412)	18,932,982	18,344,884	96.82%	513,533	18,858,417	99.61%
2011	19,072,989	1,865	19,074,854	18,584,504	97.44%	400,604	18,985,108	99.53%
2012	19,079,144	10,944	19,090,088	18,708,395	98.06%	268,256	18,976,651	99.41%
2013	19,811,574	9,964	19,821,538	19,331,996	97.58%	283,149	19,615,145	98.96%
2014	20,238,326	-	20,238,326	19,814,287	97.90%	-	19,814,287	97.90%

Source:

City of Waynesboro, Treasurer

Notes:

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

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

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	State Literary Loans	Notes Payable (2)	Capital Leases	General Obligation Bonds	Sewer Revenue Bonds	Virginia Revolving Loan			
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	21,149,556	5,373,625	74,342,822	10.69%	3,539
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	10.49%	3,514
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	10.29%	3,544
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	9.19%	3,362

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 104 for personal income and population data.
- (2) Beginning in 2013, the Economic Development Authority was presented as a blended component unit.

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

Table 10

Fiscal Year	General Bonded Debt				Less: Amounts Available in Debt Service Fund	Net General Bonded Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	State Literary Loans	Notes Payable (3)	Total				
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
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,531
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,590
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,676
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,552

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 95 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 104.
- (3) Beginning in 2013, the Economic Development Authority was presented as a blended component unit.

CITY OF WAYNESBORO, VIRGINIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
As of June 30, 2014

Table 11

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Waynesboro	Amount Applicable to City of Waynesboro
City of Waynesboro	\$ 33,120,804	100%	\$ 33,120,804

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 43,324,128	\$ 125,379,038	\$ 128,684,924	\$ 175,114,401	\$ 182,261,476	\$ 193,003,137	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613
Total net debt applicable to limit	<u>12,559,201</u>	<u>26,602,273</u>	<u>37,981,466</u>	<u>50,207,571</u>	<u>54,336,689</u>	<u>52,494,141</u>	<u>52,886,540</u>	<u>53,998,965</u>	<u>54,869,493</u>	<u>51,861,205</u>
Legal debt margin	<u>\$ 30,764,927</u>	<u>\$ 98,776,765</u>	<u>\$ 90,703,458</u>	<u>\$ 124,906,830</u>	<u>\$ 127,924,787</u>	<u>\$ 140,508,996</u>	<u>\$ 142,526,629</u>	<u>\$ 127,782,868</u>	<u>\$ 128,651,062</u>	<u>\$ 124,475,408</u>
Total net debt applicable to the limit as a percentage of debt limit	28.99%	21.22%	29.52%	28.67%	29.81%	27.20%	27.06%	29.71%	29.90%	29.41%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value of Real Property	\$ 1,763,366,127
Debt Limit - 10% (1)	176,336,613
Debt Applicable to Limit:	
General obligation debt	51,861,205
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>51,861,205</u>
Legal Debt Margin	<u>\$ 124,475,408</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 Seven 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	
2012	5,203,047	2,167,385	3,035,662	780,021	849,756		1.86	
2013	5,095,721	2,575,558	2,520,163	1,018,555	613,747		1.54	
2014	5,408,414	2,659,610	2,748,804	817,036	812,515		1.69	

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		
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	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%

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>2014 (1)</u>			<u>2005 (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	5.29%	500-999	2	5.23%
Ntelos Communications Inc.	250-499	2	2.64%	250-499	6	2.62%
Invista/Dupont	250-499	3	2.64%	500-999	1	5.23%
City of Waynesboro	250-499	4	2.64%	250-499	5	2.62%
Walmart	250-499	5	2.64%	250-499	3	2.62%
Lumos	250-499	6	2.64%			
Adecco	100-249	7	1.06%	100-249	8	1.05%
Chicopee Inc.	100-249	8	1.06%			
Augusta Lumber LLC	100-249	9	1.06%	100-249	7	1.05%
Kroger	100-249	10	1.06%			
Wayn-Tex, Inc.	-		-	250-499	4	2.62%
Allied Ready Mix	-		-	100-249	10	1.05%
Dupont Community Credit Union	-		-	100-249	9	1.05%
Total	<u>2,150</u>		<u>22.74%</u>	<u>2,900</u>		<u>25.10%</u>

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 2014 and 2005, respectively.

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

Table 16

	Full-Time Equivalent Employees as of June 30								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Function/Program</u>									
General government administration	32.9	37.5	48.5	39.8	41.5	31.2	33.5	30.2	31.0
Judicial administration	5.8	6.4	5.2	9.4	9.3	8.4	8.9	9.2	9.2
Public safety:									
Police	69.4	69.7	70.1	73.3	67.7	65.4	68.1	65.0	63.8
Fire	33.8	33.5	36.7	37.1	37.4	37.0	38.5	37.4	35.5
Correction and detention	22.3	21.7	20.9	18.5	14.7	15.3	16.6	15.6	13.1
Building inspections	5.9	6.8	6.6	6.4	5.6	5.8	5.4	5.9	5.8
Emergency management	17.5	18.1	18.7	17.4	16.8	17.3	22.7	22.9	24.6
Animal control	1.0	1.0	1.1	1.1	1.1	1.0	5.4	7.4	8.3
Public works:									
General engineering/administrative	29.9	31.6	31.3	49.9	44.3	44.4	45.4	41.8	40.9
Building and grounds	9.0	10.8	10.5	11.1	12.6	31.3	6.4	8.0	8.3
Equipment rental	7.6	0.0	9.3	9.1	8.4	0.0	6.8	6.7	6.8
Waterworks	19.7	22.6	17.7	24.3	24.3	21.9	24.2	28.2	29.6
Sewage/collection	20.5	17.1	41.4	41.5	41.5	43.1	46.4	31.9	35.3
Sanitation	34.1	30.4	36.7	60.0	33.4	32.2	31.4	28.7	29.0
Parks, recreation and cultural:									
Parks	33.9	32.5	32.1	1.1	1.1	1.1	8.4	7.9	7.3
Library	3.0	17.0	17.1	16.4	15.7	15.6	15.5	15.0	14.8
Community development	4.6	2.8	5.7	6.1	5.6	5.2	6.1	5.9	6.2
Schools	531.3	529.0	539.3	486.0	488.0	485.0	484.0	482.0	488.0
Total	882.2	888.5	948.9	908.5	869.0	861.2	873.7	849.6	857.4

Source: City and School Finance Departments

Notes:

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

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

Table 17

Function	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building & Zoning									
Building permits issued (total)	1,468	1,494	1,185	714	772	730	946	968	875
Building inspections conducted (total)	4,193	3,995	3,339	1,757	1,716	1,593	1,587	2,179	2,502
New residential construction	142	92	71	51	42	28	29	63	48
New commercial construction	8	20	22	7	7	2	4	12	4
Zoning permits issued	157	167	165	97	114	112	146	140	114
Property Maintenance Cases	88	107	128	135	160	340	307	357	340
Property Maintenance Inspections	230	202	240	272	248	667	661	865	776
Economic Development (2)									
Business prospects	26	33	35	17	N/A	N/A	N/A	N/A	N/A
Development inquiries	35	52	54	25	N/A	N/A	N/A	N/A	N/A
Planning									
Conditional use permits	15	8	9	5	3	5	4	5	2
Rezoning requests	6	2	5	3	0	0	0	2	2
Major subdivision reviews	13	8	11	5	1	1	1	1	1
Minor subdivision reviews	23	14	13	10	12	12	9	2	8
Vacate streets/alleys	5	3	2	2	2	3	2	-	1
Public Safety									
Arrests	3,547	3,438	2,575	2,602	2,390	2,099	2,414	2,134	2,051
Parking violations	706	876	848	631	702	696	592	133	263
Traffic citations	4,118	3,567	2,942	3,319	1,707	1,700	2,131	1,800	1,920
Judicial - Circuit Court									
Civil and criminal cases	828	779	843	844	1,137	890	958	910	1,001
Deeds recorded	4,535	4,514	4,096	3,426	3,268	2,764	2,381	2,724	3,162
Judgments	866	1,082	958	1,129	1,023	958	1,019	943	974
Passports issued	543	673	881	672	616	631	628	777	927
Library									
Total collection	192,503	178,160	177,135	169,977	155,212	151,038	148,050	152,829	153,022
Total circulation	305,268	309,057	306,339	320,129	318,703	294,945	267,440	309,659	317,896
Visitors/patrons	215,719	219,430	217,607	227,291	224,540	215,458	166,207	167,314	183,023
Public Works									
Meters placed for new construction	87	154	134	68	56	48	35	43	51
Meters replaced	154	631	1,196	1,084	173	155	179	724	853
Education									
Number of teachers, Elementary (K-5)	157	160	172	173	175	179	172	179	169
Number of teachers, Secondary (6-12)	83	83	90	87	82	85	80	82	78
Number of teachers, District-Wide (K-12)	9	10	9	9	14	11	12	11	11
Number of students, District-Wide (K-12)	2,942	2,993	3,007	2,999	3,024	3,102	3,079	3,010	3,024

Source: Various Departments in the City

Notes:

- (1) Information is only available for last nine fiscal years. Data will be added until a 10 year comparison is achieved.
(2) The Economic Development Director stopped tracking this information beginning in FY2010

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

Table 18

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (1)	10	14	12	12	12	12	12	10	13	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	110.50	113.80	116.18	116.18	116.96	117.1	117.24	117.24	117.24	117.24*
Water lines (miles)	107.58	107.58	115.34	115.69	116.92	116.92	117.4	117.4	117.4	117.4*
Fire hydrants	680	680	767	778	800	804	808	808	809	809*
Waste water treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	97.22	97.22	105.36	105.36	107	108.02	108.04	108.04	108.04	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:

(*) Updated data not available for fiscal year 2014.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and 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 deficiency described in the accompanying schedule of findings and questioned costs as finding 08-1 to be a material weakness.

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 findings 14-1 to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to the City's management in a separate letter dated November 20, 2014.

City's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "R. L. & Company, P.C.", is written in a cursive style.

November 20, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
 AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings & questioned costs as item 14-2 to be a significant deficiency.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "R. L. & Company, P.C.", is written in a cursive, flowing style.

November 20, 2014

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

I. SUMMARY OF THE AUDITORS' RESULTS

- a. The auditors' report expresses an unmodified opinion on the financial statements of the City of Waynesboro.
- b. Two 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*. Item 08-1 is reported as a material weakness.
- c. No instances of noncompliance material to the financial statements of the City of Waynesboro were disclosed during the audit.
- d. One significant deficiency in internal control over major federal award programs was disclosed during the audit.
- e. The auditors' report on compliance for the major federal award programs for the City of Waynesboro expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with 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. Community Development Block Grants	14.228
iii. Highway Planning and Construction	20.205
iv. Asset Forfeiture Transfer Program	21.000
v. Brownfields Assessment and Cleanup Cooperative	66.818
vi. <u>Special Education Cluster (IDEA):</u>	
Special Education-Grants to States (IDEA, Part B)	84.027
Special Education-Preschool Grants (IDEA Preschool)	84.173
vii. Community Services Block Grant	93.569
viii. Assistance to Firefighters Grant	97.044
- 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.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

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

Criteria:

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

Cause:

Internal controls over financial reporting under GAAP were inadequately designed.

Effect:

Because of the failure to adjust financial accounts, such as capital asset-related accounts, accrued revenues and expenditures, 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 will continue to strive to execute as many adjustments as possible before the audit begins.

14-1 Petty Cash and Cash Collections – City (Significant Deficiency)

Condition:

Internal controls over petty cash and daily cash collections at the Shenandoah Valley Animal Service Center are not adequately designed.

Criteria:

A system of internal controls over cash receipts should be in place to prevent material misstatements from occurring in the financial statements.

Cause:

Daily cash reconciliations are not consistently performed at the Shenandoah Valley Animal Service Center and internal control procedures over cash collections are not adequately followed.

Effect:

Because of the failure to reconcile petty cash and cash receipts on a daily basis, misstatements in the financial statements, such as, unrecorded transactions or misappropriation of assets could occur.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

14-1 Petty Cash and Cash Collections – City (Significant Deficiency) (cont'd)

Recommendation:

The City should implement procedures to ensure that all cash transactions of the Shenandoah Valley Animal Service Center are recorded in the general ledger. Procedures should include daily reconciliations of cash collections at the Animal Center to cash edit listings posted in H.T.E..

City Response:

City staff is developing a revised cash receipt process for the SVASC and will work with SVASC staff to ensure that the new process is properly implemented and monitored.

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

14-2 Highway Planning and Construction – CFDA No. 20.205; City

Condition:

The City did not properly monitor whether subcontractors were in compliance with the Davis-Bacon Act for projects that were funded by Department of Transportation federal grants.

Criteria:

Internal controls over compliance requirements should include monitoring procedures to provide reasonable assurance that the City is in compliance with the Davis-Bacon Act.

Cause:

The subcontractor paid one employee, whose compensation was funded by a Department of Transportation federal grant, an hourly wage rate that was below the prevailing rate for a skilled laborer.

Effect:

Noncompliance could result in the City being held liable for the difference in wages that would have been paid under the Davis-Bacon Act and wages that were actually paid or the return of federal funding.

Recommendation:

The City should carefully monitor subcontractor payroll records to provide assurance that compliance requirements are appropriately followed per grant specifications.

City Response:

A process is in place to monitor Davis-Bacon compliance. The single finding that was noted was a case of human error. The City contacted the contractor that monitors Davis-Bacon compliance when the oversight was detected to ensure that restitution was made.

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

None

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<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 Agriculture and Consumer Services:</u>			
Nutrition Cluster:			
National School Lunch Program - non-cash commodities	10.555	N/A	\$ 81,472
Rural Business Enterprise Grants	10.769	N/A	<u>4,500</u>
<u>Department of Education:</u>			
Nutrition Cluster:			
School Breakfast Program	10.553	40591	211,224
National School Lunch Program	10.555	40623	748,932
Fresh Fruit and Vegetable Program	10.582	40599	<u>9,729</u>
<u>Department of Forestry:</u>			
Forest Stewardship Program	10.678	50105	<u>2,200</u>
<u>Total Department of Agriculture - Pass-Through Programs:</u>			<u>1,058,057</u>
<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	940,833
Special Education - Grants to States	84.027	43071	619,423
Vocational Education - Basic Grants to States	84.048	61095	69,367
Special Education - Preschool Grants	84.173	62521	14,091
Rural Education	84.358	43481	60,834
English Language Acquisition Grants	84.365	60509 & 60512	16,694
Improving Teacher Quality State Grants	84.367	61480	132,809
Adult Literacy Grants	84.002	42801, 61111 & 61380	581,655
Advanced Placement Program	84.330	60957	<u>675</u>
<u>Total Department of Education - Pass-Through Programs:</u>			<u>2,436,381</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Programs</u>			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	90AK0004-02-00	<u>143,897</u>
<u>Total Department of Health and Human Services - Direct Programs:</u>			<u>143,897</u>
<u>Pass-Through Programs:</u>			
<u>Department of Social Services:</u>			
Community Services Block Grant	93.569	CVS-14-002-05	168,734
Temporary Assistance for Needy Families:	93.558		
Aid to Dependent Children		80801	(154)
VIEW-Component & Supportive Services		87201 & 87202	18,022
VIEW-Transitional		87204 & 87211	2,335
VIEW-Transporation		87207	25,633

cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<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>			
Refugee and Entrant Assistance - State Administered Programs:	93.566		
Refugee Cash Assistance		81901	\$ 2,904
Child Care and Development Block Grant:	93.575		
CDC Fee At Risk		88302	(16)
Fee Child Care - 100		88302	(113)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	93.596		
VIEW-AFDC Working Day Care		87101	(558)
Foster Care - Title IV-E:	93.658		
ARRA - Residential Foster Care Payments		81107	32,275
Child Placing Agencies		81108	48,836
Agency Foster Homes		81110	34,705
Licensed Child		81112	72,795
Adoption Assistance:	93.659		
Subsidized Adoption		81201	174,326
Nonrecurring IV-E Adoption		81202	2,141
Federal Adoption		81203	96,607
Social Services Block Grant:	93.667		
Child Protective Services		82402	123,419
State Adoption		81701	30,929
Family Preservation Purchased Services		82905	2,709
Adult Services - Homebound Companion		83304	16,424
Adult Protective Services		89501	992
<u>Total Department of Health and Human Services - Pass-Through Programs:</u>			<u>852,945</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	97.042	52742	5,000
Assistance to Firefighters Grant	97.044	N/A	65,403
<u>Total Department of Health and Human Services - Pass-Through Programs:</u>			<u>70,403</u>
<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	50790	268,899
<u>Total Department of Housing and Urban Development - Pass-Through Programs:</u>			<u>268,899</u>
cont'd			

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<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 Justice Assistance Grant Program	16.738	N/A	\$ 101,155
<u>Total Department of Justice - Pass-Through Programs:</u>			<u>101,155</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Motor Vehicles:</u>			
Highway Planning and Construction	20.205	N/A	457,040
State and Community Highway Safety	20.600	N/A	10,076
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	N/A	<u>6,927</u>
<u>Total Department of Transportation - Pass-Through Programs:</u>			<u>474,043</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
<u>Direct Programs</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	96317601 & 96316701	<u>158,768</u>
<u>Total Environmental Protection Agency - Direct Programs:</u>			<u>158,768</u>
<u>Pass-Through Programs:</u>			
<u>National Fish and Wildlife Foundation:</u>			
Chesapeake Bay Program	66.466	N/A	33,199
<u>American Rivers, Inc.</u>			
Potomac Highlands Implementation Grant	66.050	N/A	<u>5,000</u>
<u>Total Environmental Protection Agency - Pass-Through Programs:</u>			<u>38,199</u>
<u>DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Asset Forfeiture Transfer Program	21.000	N/A	<u>98,295</u>
<u>Total Department of Treasury - Direct Programs:</u>			<u>98,295</u>
Total Expenditures of Federal Awards			<u>\$ 5,701,042</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<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>
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>\$ 3,792,417</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

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 \$3,792,417 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2014.

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, 2014, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

- Budget and Appropriation Laws
- Cash and Investments Laws
- Conflicts of Interest Act
- Debt Provisions
- Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Sheriff Internal Controls

State Agency Requirements:

- Education
- Comprehensive Service Act Funds
- Social Services
- Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances



November 20, 2014