



# City of Waynesboro, Virginia

*Comprehensive Annual Financial Report  
Prepared by the Finance Department  
June 30, 2020*

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**CITY OF WAYNESBORO, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2020**

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***INTRODUCTORY SECTION (UNAUDITED)***

**CITY OF WAYNESBORO, VIRGINIA**  
**(As of June 30, 2020)**

**COUNCIL**

Terry Short Jr., Mayor  
 Robert Henderson, Vice Mayor  
 Ethel "Jeannie" McCutcheon  
 Bruce Allen  
 Dr. Samuel Hostetter  
 Julia Bortle, Clerk

**OFFICIALS**

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

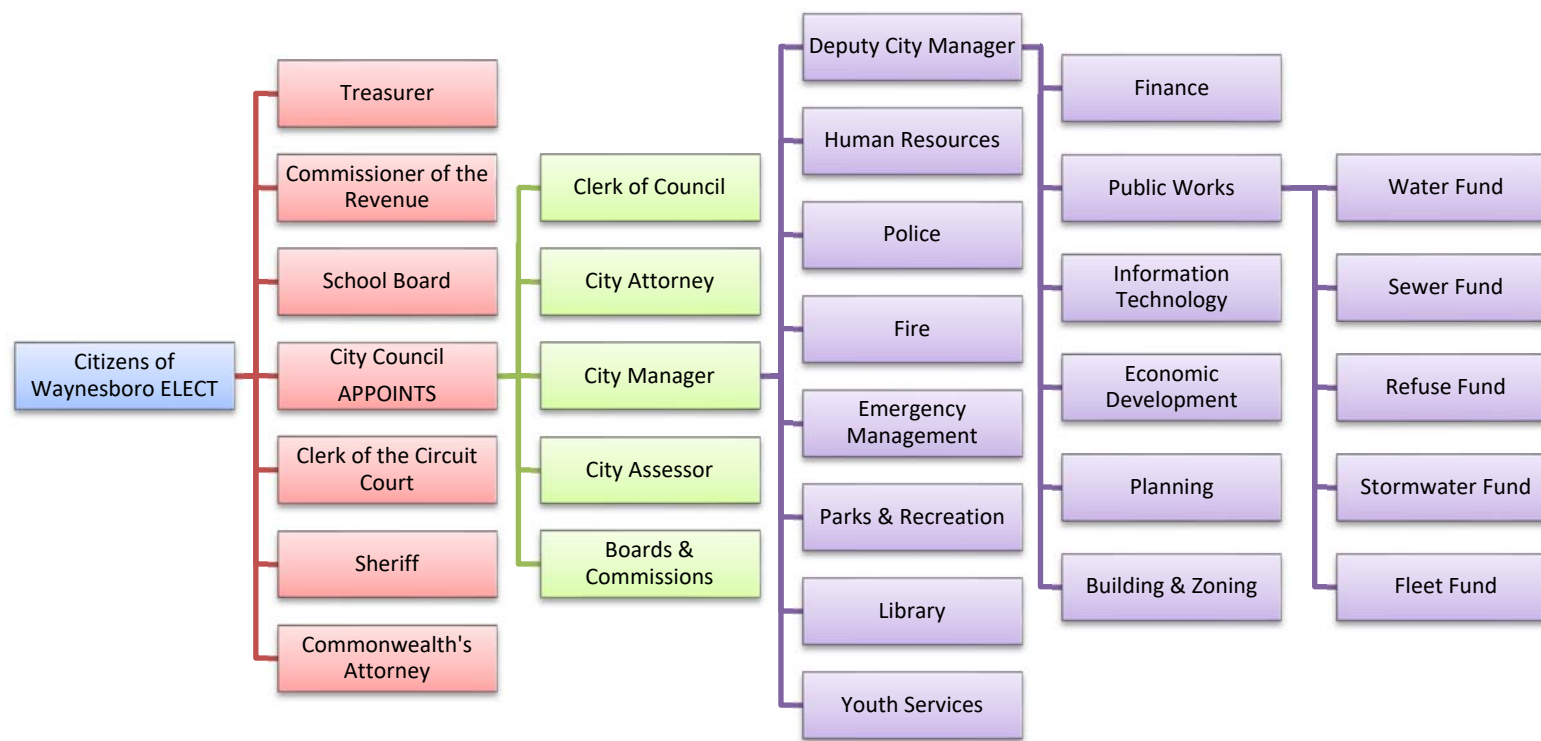
**SCHOOL BOARD**

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

**ECONOMIC DEVELOPMENT AUTHORITY**

Perry Fridley, Chair  
 Mary Sullivan, Vice Chair  
 Gregory Hitchin, Secretary/Treasurer  
 George Reed  
 Tami Radecke  
 Mark Snyder  
 Angie Bandy  
 Pete Brooks

## FY20 City of Waynesboro Organizational Chart



### BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

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

### OTHER AGENCIES & BOARDS

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

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## ***FINANCIAL SECTION***

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill, which represent 3.9%, 6.4%, and 4.9%, respectively, of the assets, net position, and revenues of the City's Business-type Activities - Enterprise Funds. The City's share of this undivided interest and joint venture component represents the entirety of the City's ACSA Joint Landfill Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining funds information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, Schedule of Employer's Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions Net Pension Liability, Schedule of Employer's Share of Net Pension Liability VRS Teachers Retirement Plan, Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, and the Schedule of Employer Contributions Other Post-Employment Benefits Plan on pages 7 through 16 and 87 through 91, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Didawick & Company, P.C.***

December 11, 2020

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, 2020. This analysis is a cursory overview and is meant to be considered as a companion document to the *Financial Statements* and *Notes* that follow.

### Financial Highlights

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$68,410,720. Of this amount, \$9,775,330 (unrestricted net position) may be used to satisfy the primary government's obligations to citizens and creditors for business-type activities.
- The City's total net position related to the primary government decreased by \$1,077,557 compared to 2019.
- As of the end of 2020, the City's governmental funds reported a combined ending fund balance of \$30,187,607 – a decrease of \$5,162,208 in comparison to the prior year. Of this amount, \$3,107,832 is shown as an increase to the fund balance of the General Fund, \$1,091,362 as an increase to the fund balance of Self-funded Health Insurance Fund, \$8,227,182 as a decrease to the Bond Fund and \$1,134,220 as a decrease to the fund balance of Other Governmental Funds.
- For 2020, the City adopted a formal policy regarding the General Fund's fund balance. The policy states that the City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow. This balance will be maintained in committed fund balance in the General Fund and will be no less than 16% of the next year's General Fund adopted budget. Accordingly, General Fund committed fund balance should be no less than \$8,268,308. At the end of 2020 there were sufficient funds in committed fund balance to satisfy this policy.
- The City's total long-term liabilities at the close of 2020, including governmental and business type activities, were \$91,293,493. During fiscal year 2020, the city retired a total of \$4,773,757, predominantly through principal reductions. Over the same period, the City added a total of \$5,682,263 in new long-term obligations, due to increases in OPEB obligation, pension liability, and compensated absences. At the close of the fiscal year, the amount of debt principal payments due within one year was \$4,732,742. (See Note 9 for relevant disclosures regarding the City's long-term debt.)

### Overview of the Financial Statements

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

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

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



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

Both of the government-wide financial statements distinguish between the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of the City of Waynesboro include general government, judicial administration, public safety, street maintenance, education, parks and recreation, and community development. The business-type activities include water, sewer, refuse collection, stormwater and the joint Augusta County Service Authority landfill operations.

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

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These two statements, read together, will give the reader a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has two major governmental funds--the General Fund and the Self-funded Health Insurance Fund, and nine non-major governmental funds. Fund financial statements immediately follow the government-wide financial statement section
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the governmental-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, stormwater, and the joint Augusta County Service Authority landfill operations. Internal Service funds are used to report activities of the City's Store and Equipment funds which account for inventory supplies for City operations and maintenance of the City's equipment fleet, respectively. It is important to note that the proprietary funds are accounted for on a full accrual basis, whereas the governmental funds are accounted for using a modified accrual basis.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. No such funds were reported during 2020.

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

## Government-Wide Financial Analysis

As noted earlier, a comparison of net position over several years can serve as a useful indicator of a government's financial position. In the case of the City, total primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68,410,720 at the close of fiscal year 2020. Capital assets (e.g., land, buildings, machinery, and equipment) in 2020 comprise approximately 66% of total assets, which is slightly higher than 2019. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although their value is reported net of related debt, it should be noted that the resources needed to repay this debt must be derived from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	42,940,341	47,988,179	13,381,002	12,746,240	56,321,343	60,734,419
Capital assets	43,612,757	42,223,388	64,897,840	63,933,886	108,510,597	106,157,274
<b>Total assets</b>	<b>86,553,098</b>	<b>90,211,567</b>	<b>78,278,842</b>	<b>76,680,126</b>	<b>164,831,940</b>	<b>166,891,693</b>
Deferred charges	133,786	308,458	743,746	698,352	877,532	1,006,810
Deferred losses	3,234,676	2,490,622	734,304	495,408	3,968,980	2,986,030
<b>Total deferred outflows of resources</b>	<b>3,368,462</b>	<b>2,799,080</b>	<b>1,478,050</b>	<b>1,193,760</b>	<b>4,846,512</b>	<b>3,992,840</b>
Current and other liabilities	6,837,464	6,707,052	3,298,109	1,031,481	10,135,573	7,738,533
Long-term liabilities outstanding	53,365,049	56,266,737	33,195,702	34,118,250	86,560,751	90,384,987
<b>Total liabilities</b>	<b>60,202,513</b>	<b>62,973,789</b>	<b>36,493,811</b>	<b>35,149,731</b>	<b>96,696,324</b>	<b>98,123,520</b>
Unavailable revenue	2,413,738	130,116	-	-	2,413,738	130,116
Deferred gains	1,788,383	2,641,699	369,287	500,921	2,157,670	3,142,620
<b>Total deferred inflows of resources</b>	<b>4,202,121</b>	<b>2,771,815</b>	<b>369,287</b>	<b>500,921</b>	<b>4,571,408</b>	<b>3,272,736</b>
Net position:						
Invested in capital assets, net of related debt	39,102,605	34,787,121	33,116,043	32,528,272	72,218,648	67,315,393
Restricted and Nonexpendable	5,329,520	13,460,899	2,421	977	5,331,941	13,461,876
Unrestricted	(18,915,199)	(20,982,977)	9,775,330	9,693,985	(9,139,869)	(11,288,992)
<b>Total net position</b>	<b>25,516,926</b>	<b>27,265,043</b>	<b>42,893,794</b>	<b>42,223,234</b>	<b>68,410,720</b>	<b>69,488,277</b>

### Summary of Net Position

As shown in the summary table above, it would appear that the primary government does not have the resources to meet its ongoing obligations to citizens and creditors because the negative value of its unrestricted assets is indicative of a deficit financial position. These numbers, however, are represented as such due to the dynamics of asset and liability reporting that exists between the governmental activities and the Schools, a Discrete Component Unit. Because Virginia School Boards do not have the authority to issue debt, the City is responsible for reporting all school-related debt which, at June 30, 2020, is \$32,704,777. 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 \$58,221,703 and the total net position for the primary government would be \$101,115,497.

Approximately 21% of the governmental activities net position represents resources that are subject to external restrictions on how they may be used. Grants, donations, perpetual care funds, and cash set aside for capital projects comprise the restricted assets of the City. Grants and donations are normally designated for a specific purpose. The perpetual care funds are restricted in accordance with the *Code of the City of Waynesboro*, §26-6, Perpetual Care Trust Fund Reserve. The funds held for debt service are in accordance with City Council and School Board resolutions.

Overall, the City's net position decreased by \$1,077,557 compared to 2019. This decrease is the net effect of a \$670,560 increase in the net position of the business-type activities, and a \$1,748,117 decrease in the net position of the governmental activities.

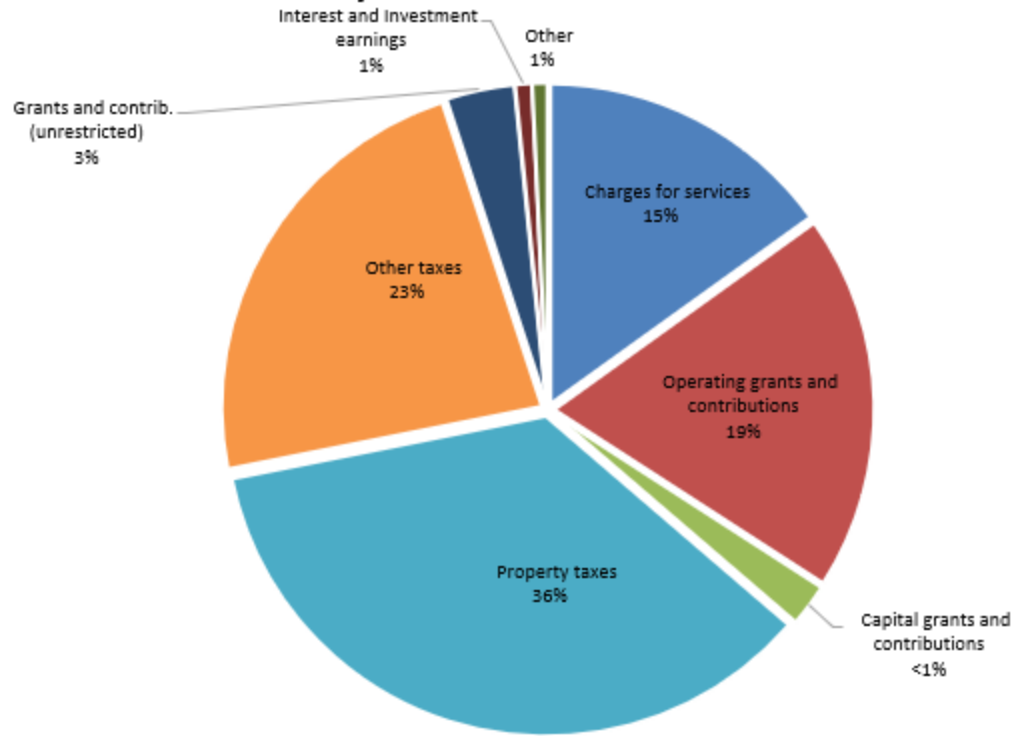
The table on the following page provides comparison information from 2019 to 2020 related to revenues and expenses of governmental and business-type activities. Revenues are broken down into program and general types. Program revenues consist of charges for services, operating grants and contributions, and capital contributions. General revenues include such sources as taxes on property, retail sales, business licenses, communications, meals, lodging, etc.

When compared to 2019, total revenues from Governmental Activities increased by \$6,008,770. There were significant increases in property taxes (\$2.4M), charges for services (\$1.1M), and grants and contributions (\$3.1M). There were no significant decreases. When compared to 2019, total expenditures of Governmental Activities increased by \$3,684,487; with significant increases to public works (\$3.6M), and significant decreases to parks and recreation (\$1M). Overall, the change in the Governmental net position was a decrease of \$3,199,064 before transfers and after transfers of \$1,748,117 are taken into consideration.

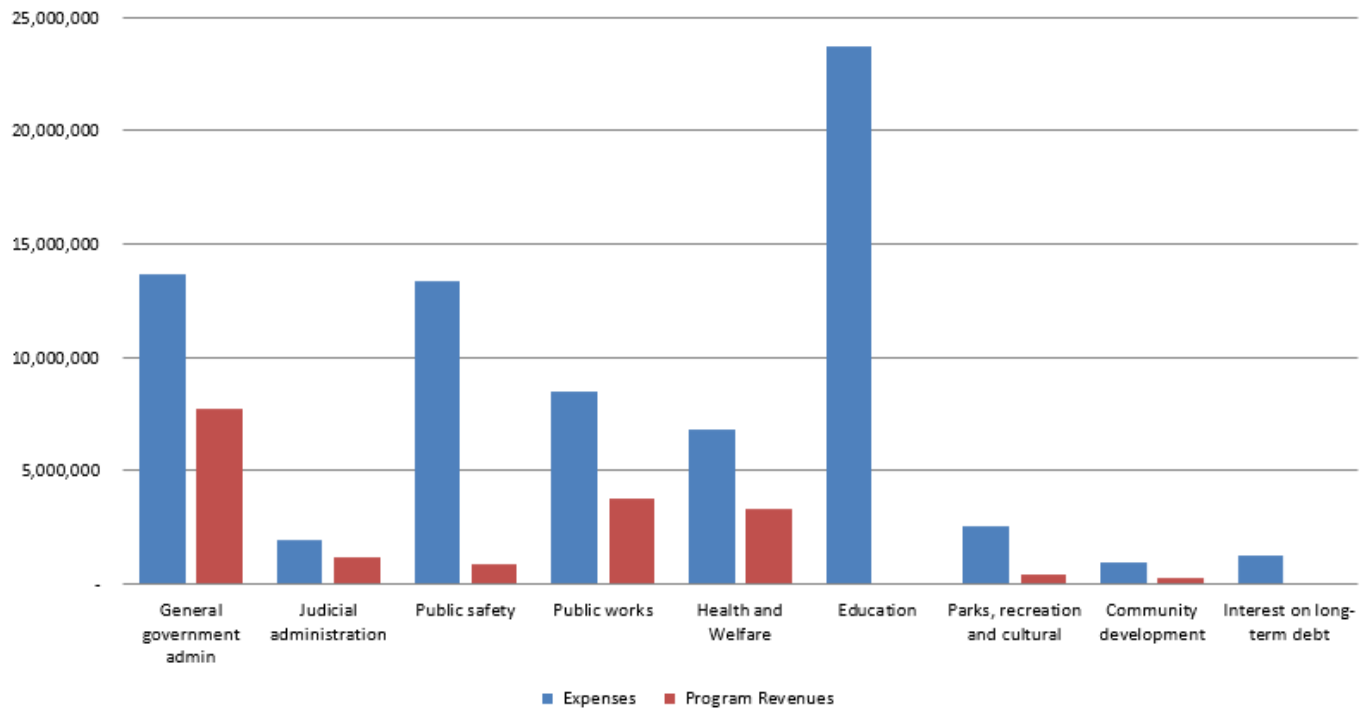
In comparison to 2019, Business-type revenues derived from charges for services increase in 2020 by \$943,270. Of the five business-type activity funds, the water fund had a small increase in expenses, while the other funds all had moderate increases.

City of Wagnersboro, Virginia						
Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
<b>Revenues by source:</b>						
Program Revenues						
Charges for services	10,509,538	9,369,695	13,853,467	12,910,197	24,363,005	22,279,892
Operating grants and contributions	13,265,337	10,174,092	3,947	9,207	13,269,284	10,183,299
Capital grants and contributions	1,510,347	281,901	1,229,300	526,806	2,739,647	808,707
General Revenues						
Property taxes	24,780,249	22,384,195	-	-	24,780,249	22,384,195
Other taxes	16,084,820	16,035,178	-	-	16,084,820	16,035,178
Grants and contrib. (unrestricted)	2,405,649	3,809,924	-	-	2,405,649	3,809,924
Interest and Investment earnings	581,897	1,182,404	121,763	130,733	703,660	1,313,137
Other	527,951	419,629	(117,808)	29,074	410,143	448,703
Total Revenues	69,665,788	63,657,018	15,090,669	13,606,017	84,756,457	77,263,035
<b>Expenses by activity:</b>						
Governmental activity						
General government admin	13,670,378	12,887,236	-	-	13,670,378	12,887,236
Judicial administration	1,966,048	1,608,858	-	-	1,966,048	1,608,858
Public safety	13,374,317	12,394,461	-	-	13,374,317	12,394,461
Public works	8,518,205	4,940,088	-	-	8,518,205	4,940,088
Health and Welfare	6,792,298	7,047,841	-	-	6,792,298	7,047,841
Education	23,718,238	23,861,807	-	-	23,718,238	23,861,807
Parks, recreation and cultural	2,564,162	3,569,855	-	-	2,564,162	3,569,855
Community development	968,380	1,147,717	-	-	968,380	1,147,717
Interest on long-term debt	1,292,826	1,722,502	-	-	1,292,826	1,722,502
Business-type activities						
Water	-	-	3,883,766	3,866,372	3,883,766	3,866,372
Sewer	-	-	5,736,809	5,481,883	5,736,809	5,481,883
Landfill operations	-	-	932,424	687,386	932,424	687,386
Refuse	-	-	1,132,911	866,285	1,132,911	866,285
Stormwater	-	-	1,283,252	826,700	1,283,252	826,700
Total Expenses	72,864,852	69,180,365	12,969,162	11,728,626	85,834,014	80,908,991
Change in net position before transfer	(3,199,064)	(5,523,347)	2,121,507	1,877,391	(1,077,557)	(3,645,956)
Transfers	1,450,947	1,436,507	(1,450,947)	(1,436,507)	-	-
Increase (decrease) in net position	(1,748,117)	(4,086,840)	670,560	440,884	(1,077,557)	(3,645,956)
Net position - beginning	27,265,043	31,351,883	42,223,234	41,782,350	69,488,277	73,134,233
Net position -ending	25,516,926	30,671,658	42,893,794	41,689,943	68,410,721	72,361,601

### Revenues by Source - Governmental Activities

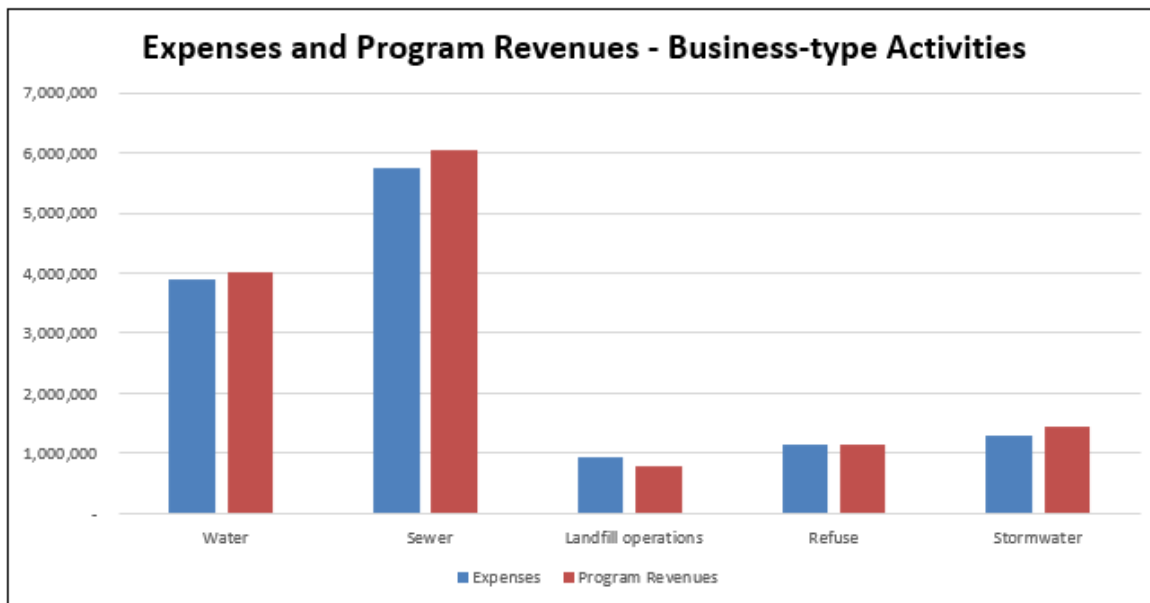


### Expenses and Program Revenues - Governmental Activities



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 2020 compared to the expenses incurred for governmental activities during 2020. The difference between program revenue and expenses or merely the lack of program revenues for some expenses is compensated for by non-programmatic/non-categorical General Fund revenues.

As depicted in the bar graph below, revenues exceeded associated expenditures for all business-type activities in 2020 except Landfill operations.



### 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 2020, the City's governmental funds reported a combined ending fund balance of \$30,187,607, a decrease of \$5,162,208 in comparison to the prior year. Approximately 5% of this total amount (\$1,478,341) 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 (\$4.3M), Council contingency (\$8.2M), Self-funded health insurance (2.7M), and Public Works (\$1.2).

**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 \$1,478,341, while total fund balance was \$18,863,821. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents approximately 3% of total fund expenditures, while total fund balance represents approximately 44% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$3,107,832 during 2020. Large positive variances in general property tax revenue, federal revenues, general government administration expenditures and public works expenditures contributed to the increase.

**Self-funded Health Insurance Fund.** The Self-funded Health Insurance Fund is the self-funded health insurance fund of the City. At the end of 2020, fund balance was \$2,674,079. The net change in fund balance was \$1,091,362.

**Bond Fund.** The Bond Fund is the bond fund of the City. At the end of 2020, fund balance was \$2,832,058, a decrease of \$8,227,182 from the prior year. This fund is intended to spend bond proceeds, so large swings in fund balance are common during issuance and spend down periods.

**Other non-major funds.** As of June 30, 2020, the fund balance for the other governmental funds was \$5,817,649. This fund balance amount represents 34% of the total of all other non-major fund expenditures. The net change in fund balance was a decrease of \$1,134,220.

**Proprietary funds.** At the end of 2020, the total net position of the enterprise funds was \$43,924,666. This figure represents an increase in net position of \$555,778 compared to 2019. The total net assets of the internal services fund at the end of 2020 were \$2,685,204 which represents a decrease from 2019 of \$5,624.

### **Budgetary Highlights**

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

- General Fund final budgeted revenues were \$687,898 greater than originally budgeted revenues. The increase is comprised primarily of additional appropriations for revenues received from federal sources.
- General Fund final budgeted expenses were \$2,153,249 greater than originally budgeted expenses. The primary factors for the increase are additional appropriations related to the receipt of additional federal funding totaling \$378,000, transfers to the school fund for prior year unspent appropriations of \$229,619, and adjustments made at the time 2019 encumbrances were rolled to the new fiscal year totaling \$1,014,143.
- General Fund's actual revenues were \$1,848,373 greater than final budgeted revenues, representing a variance of approximately 3.5%.
- General Fund's actual expenditures were \$3,893,523 less than final budgeted expenditures, representing a variance of 9.1%. This variance is due to several factors, including general vacancy savings in salaries and fringe benefits and significant positive variances in public works and general government administration.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets includes land, buildings, improvements other than buildings, equipment, and construction work in progress. The City had a total investment in capital assets of \$108,510,597 for its governmental and business-type activities as of June 30, 2020.

Total capital assets attributed to governmental activities decreased by \$1,389,369, due primarily to the transfer of stormwater-related assets to the stormwater fund. The total capital assets attributed to the business-type activities increased by \$963,954 due primarily to the transfer of stormwater-related assets to the stormwater fund from governmental funds. (See note 7 for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2020 included the following:

- The completion of the Enterprise Software Planning System replacement.
- Work continued on the South River Greenway, A Street Culvert, Rosser Avenue/Lucy Lane sidewalk, Sunset Park and Florence Avenue bridge projects.
- New vehicles and equipment were purchased for multiple departments including dump trucks, police vehicles, and an asphalt crack sealer.
- A new computer assisted mass appraisal system was acquired for use in the assessor's office.
- The construction of an aerial ladder truck for the fire department began during 2020.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	8,775,798	8,739,798	386,268	386,268	9,162,066	9,126,066
Buildings	8,126,301	8,055,935	39,611,524	40,611,258	47,737,825	48,667,193
Improvements other than buildings	2,051,014	2,181,793	22,951,496	20,990,911	25,002,510	23,172,704
Machinery and equipment	4,626,073	3,032,688	1,922,784	1,809,157	6,548,857	4,841,845
Infrastructure	13,984,646	16,801,027	0	0	13,984,646	16,801,027
Construction in Progress	6,048,925	3,412,147	25,768	136,292	6,074,693	3,548,439
<b>Total Capital Assets</b>	<b>43,612,757</b>	<b>42,223,388</b>	<b>64,897,840</b>	<b>63,933,886</b>	<b>108,510,597</b>	<b>106,157,274</b>

**Long-term debt.** As of June 30, 2020, the City of Waynesboro held no ratings from Moody's Investor Service. Ratings are only issued when bonds are in the process of being sold. Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds, with numerical (1-3) modifiers that indicate the obligation ranking within a rating category; Standard & Poor's issues ratings from AAA to D.

The Code of Virginia and the City's Charter limit the amount of general obligation debt that may be issued to ten percent of the total assessed value of taxable real property. Based on this limitation, the City's outstanding GO debt cannot exceed \$198,869,980.

City of Waynesboro Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
GO bonds	37,214,973	41,789,133	13,942,420	12,133,286	51,157,392	53,922,419
Literary loans	0	250,000	0	0	0	250,000
VA Revolving Loans	0	0	17,513,297	18,953,327	17,513,297	18,953,327
<b>Total O/S Debt</b>	<b>37,214,973</b>	<b>42,039,133</b>	<b>31,455,716</b>	<b>31,086,613</b>	<b>68,670,689</b>	<b>73,125,746</b>

The table above provides comparative information related to the City's long-term outstanding debt. As of June 30, 2020, the City had long-term debt outstanding of \$68,670,689; \$31,455,716 was for business-type activities and \$37,214,973 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,179,873, and \$2,191,463 for business-type activities. These debt payments were budgeted as expenditures in the 2020 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities' column, \$4,718,317 is related to general government capital projects. The remaining debt outstanding is related to School Board—component unit projects. (See Note 9 for relevant disclosures regarding the City's outstanding debt.)



### **Economic Factors and Next Year's Budget and Rates**

- The fiscal year 2021 general fund budget was adopted at \$50,644,179, a decrease of \$1,032,747 when compared to the 2020 budget.
- The real property tax rate remained at \$0.90 on every \$100.00 of assessed value.
- The personal property tax rate for all types of personal property remained at a rate of \$3.25 per \$100 of value.
- The City funded an increase in health insurance premiums of about 5%.
- None of the City's enterprise fund fees were increased.
- According to the Virginia Employment Commission and the National Conference of State Legislatures, the unemployment rate for the City of Waynesboro as of June 2020 was 8.70%, a 65.5% increase from June of 2019. This is due to the onset of the Covid-19 pandemic. This compares favorably with the national rate of 10.2% for the same period, and is slightly higher than the Commonwealth's rate of 8.0%.

### **Requests for Information**

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

Copies of this report may be downloaded from the City's website at [www.waynesboro.va.us](http://www.waynesboro.va.us).

## ***BASIC FINANCIAL STATEMENTS***

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,759,055	\$ 8,971,226	\$ 36,730,281	\$ 5,288,259
Investments	4,809,586	-	4,809,586	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	1,996,618	-	1,996,618	-
Accounts	730,352	2,732,082	3,462,434	160,327
Notes	3,095,870	-	3,095,870	-
Interest	57,970	-	57,970	-
Due from other governments	2,364,963	-	2,364,963	1,232,627
Internal balances	1,030,892	(1,030,892)	-	-
Inventories	495,566	-	495,566	-
Restricted assets:				
Permanently restricted:				
Cash and cash equivalents	599,469	-	599,469	-
Investment in landfill joint venture	-	2,708,586	2,708,586	-
Capital assets not being depreciated:				
Land	8,775,798	386,268	9,162,066	811,907
Construction in progress	6,048,925	25,768	6,074,693	18,191,071
Capital assets, net of accumulated depreciation:				
Buildings and systems	8,126,301	39,611,524	47,737,825	32,997,170
Improvements other than buildings	2,051,014	22,951,496	25,002,510	868,835
Machinery and equipment	4,626,073	1,922,784	6,548,857	840,137
Infrastructure	13,984,646	-	13,984,646	-
Total assets	<u>86,553,098</u>	<u>78,278,842</u>	<u>164,831,940</u>	<u>60,390,333</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	133,786	743,746	877,532	-
Deferred outflow on OPEB obligation	307,814	144,819	452,633	332,681
Deferred outflow of resources VRS	<u>2,926,862</u>	<u>589,485</u>	<u>3,516,347</u>	<u>5,770,952</u>
Total deferred outflows of resources	<u>3,368,462</u>	<u>1,478,050</u>	<u>4,846,512</u>	<u>6,103,633</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	3,472,641	563,678	4,036,319	2,181,546
Accrued interest payable	592,320	377,260	969,580	10,987
Unearned revenue	396,932	-	396,932	-
Noncurrent liabilities:				
Due within one year	2,375,571	2,357,171	4,732,742	288,081
Due in more than one year	<u>53,365,049</u>	<u>33,195,702</u>	<u>86,560,751</u>	<u>33,776,593</u>
Total liabilities	<u>60,202,513</u>	<u>36,493,811</u>	<u>96,696,324</u>	<u>36,257,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - taxes receivable	1,489,554	-	1,489,554	-
Unavailable revenue - grant revenue	924,184	-	924,184	-
Deferred inflow on OPEB obligation	526,075	107,562	633,637	1,750,000
Deferred inflow of resources VRS	<u>1,262,308</u>	<u>261,725</u>	<u>1,524,033</u>	<u>3,895,960</u>
Total deferred inflows of resources	<u>4,202,121</u>	<u>369,287</u>	<u>4,571,408</u>	<u>5,645,960</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

Exhibit 1 (continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>NET POSITION</b>				
Net investment in capital assets	39,102,605	33,116,043	72,218,648	52,489,416
Restricted for:				
Judicial administration	144,868	-	144,868	-
Public safety	131,301	-	131,301	-
Public works	1,168,970	-	1,168,970	-
Parks, recreation and cultural	44,260	-	44,260	-
Shenandoah Valley Animal Center	408,594	-	408,594	-
Education	2,832,058	-	2,832,058	-
Grant proceeds	-	2,421	2,421	-
Perpetual care:				
Nonexpendable	599,469	-	599,469	-
Unrestricted	(18,915,199)	9,775,330	(9,139,869)	(27,898,617)
Total net position	<u>\$ 25,516,926</u>	<u>\$ 42,893,794</u>	<u>\$ 68,410,720</u>	<u>\$ 24,590,799</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, 2020

Exhibit 2

					Net (Expenses) Revenue and Changes in Net Position				
Program Revenues					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	
<b>Primary government:</b>									
Governmental activities:									
General government administration	\$ 13,670,378	\$ 9,366,492	\$ 241,571	\$ -	\$ (4,062,315)		\$ (4,062,315)		
Judicial administration	1,966,048	175,303	999,823	-	(790,922)		(790,922)		
Public safety	13,374,317	420,720	3,210,564	-	(9,743,033)		(9,743,033)		
Public works	8,518,205	19,221	4,701,673	1,211,488	(2,585,823)		(2,585,823)		
Health and welfare	6,792,298	123,860	3,952,589	-	(2,715,849)		(2,715,849)		
Education	23,718,238	-	-	-	(23,718,238)		(23,718,238)		
Parks, recreation and cultural	2,564,162	107,643	159,117	166,163	(2,131,239)		(2,131,239)		
Community development	968,380	296,299	-	132,696	(539,385)		(539,385)		
Interest on long-term debt	1,292,826	-	-	-	(1,292,826)		(1,292,826)		
Total governmental activities	72,864,852	10,509,538	13,265,337	1,510,347	(47,579,630)		(47,579,630)		
Business-type activities:									
Water	3,883,766	4,244,688	-	415,000	-	\$ 775,922	775,922		
Sewer	5,736,809	6,351,505	-	564,300	-	1,178,996	1,178,996		
Landfill operations	932,424	677,513	-	-	-	(254,911)	(254,911)		
Refuse	1,132,911	1,182,167	3,947	-	-	53,203	53,203		
Stormwater	1,283,252	1,397,594	-	250,000	-	364,342	364,342		
Total business-type activities	12,969,162	13,853,467	3,947	1,229,300	-	2,117,552	2,117,552		
Total primary government	\$ 85,834,014	\$ 24,363,005	\$ 13,269,284	\$ 2,739,647	(47,579,630)	2,117,552	(45,462,078)		
<b>Component units:</b>									
School board	35,211,575	775,552	23,276,690	-				\$ (11,159,333)	
Total component unit	\$ 35,211,575	\$ 775,552	\$ 23,276,690	\$ -				(11,159,333)	
General revenues:									
Taxes:									
General property					24,780,249	-	24,780,249	-	
Sales					5,604,128	-	5,604,128	-	
Utility					1,045,083	-	1,045,083	-	
Business license					2,283,334	-	2,283,334	-	
Hotel and meals					5,529,653	-	5,529,653	-	
Tobacco					507,789	-	507,789	-	
Other					1,114,833	-	1,114,833	-	
Miscellaneous					502,161	18,484	520,645	586,638	
Payment and contribution from City of Waynesboro					-	-	-	23,682,892	
Grants and contributions not restricted to specific programs					2,405,649	-	2,405,649	-	
Unrestricted investment earnings					581,897	121,763	703,660	44,458	
Gain (loss) on disposal of capital assets					25,790	(136,292)	(110,502)	-	
Transfers					1,450,947	(1,450,947)	-	-	
Total general revenues and transfers					45,831,513	(1,446,992)	44,384,521	24,313,988	
Change in net position					(1,748,117)	670,560	(1,077,557)	13,154,655	
Net position - beginning					27,265,043	42,223,234	69,488,277	11,436,144	
Net position - ending					\$ 25,516,926	\$ 42,893,794	\$ 68,410,720	\$ 24,590,799	

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, 2020**

Exhibit 3

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,600,599	\$ 3,479,542	\$ -	\$ 4,858,422	\$ 26,938,563
Investments	1,561	-	4,808,025	-	4,809,586
Receivables (Net of allowances for uncollectibles):					
Taxes, including penalties	1,996,618	-	-	-	1,996,618
Accounts	438,183	133,806	-	156,019	728,008
Due from other funds	1,461,724	-	-	-	1,461,724
Interest Receivable	21,938	-	-	-	21,938
Due from other governments	1,377,101	-	-	987,862	2,364,963
Restricted assets:					
Cash and cash equivalents	-	-	-	599,469	599,469
<b>Total assets</b>	<b>\$ 23,897,724</b>	<b>\$ 3,613,348</b>	<b>\$ 4,808,025</b>	<b>\$ 6,601,772</b>	<b>\$ 38,920,869</b>
<b>LIABILITIES</b>					
Accounts payable	413,003	542,337	640,473	460,723	2,056,536
Accrued payroll	578,464	-	-	16,264	594,728
Retainage payable	-	-	629,098	49,718	678,816
Due to other funds	-	-	706,396	257,418	963,814
Amounts held for others	33,205	-	-	-	33,205
Escrow and deposits payable	89,850	-	-	-	89,850
Unearned revenue	-	396,932	-	-	396,932
<b>Total liabilities</b>	<b>\$ 1,114,522</b>	<b>\$ 939,269</b>	<b>\$ 1,975,967</b>	<b>\$ 784,123</b>	<b>\$ 4,813,881</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	\$ 3,919,381	\$ -	\$ -	\$ -	\$ 3,919,381
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent fund principal	-	-	-	599,469	599,469
Restricted for:					
Judicial administration	144,868	-	-	-	144,868
Public safety	131,301	-	-	-	131,301
Public works	1,168,970	-	-	-	1,168,970
Parks, recreation and cultural	44,260	-	-	-	44,260
Shenandoah Valley Animal Center	-	-	-	408,594	408,594
Education	-	-	2,832,058	-	2,832,058
Committed to:					
Council contingency	8,268,308	-	-	-	8,268,308
Public works	650,000	-	-	-	650,000
Health and welfare	69,019	-	-	-	69,019
Capital projects	-	-	-	4,253,383	4,253,383
Revenue stabilization	500,000	-	-	-	500,000
Public Safety	4,576	-	-	-	4,576

continued



**CITY OF WAYNESBORO, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

Exhibit 3 (continued)

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES (cont'd)</b>					
Assigned to:					
General government administration	\$ 135,350	\$ -	\$ -	\$ -	\$ 135,350
Judicial administration	34,861	-	-	-	34,861
Public safety	507,814	-	-	-	507,814
Public works	37,707	-	-	-	37,707
Health and welfare	20,967	-	-	-	20,967
Parks, recreation and cultural	774	-	-	-	774
Community development	500	-	-	-	500
Youth and family services	-	-	-	381,926	381,926
CAPSAW	-	-	-	40,063	40,063
Self-funded health insurance	-	2,674,079	-	-	2,674,079
Economic Development Authority	-	-	-	99,006	99,006
Debt service	-	-	-	35,208	35,208
Education	600,000	-	-	-	600,000
Reserve replenishment	3,147,281	-	-	-	3,147,281
Capital projects	1,918,924	-	-	-	1,918,924
Unassigned:					
General	1,478,341	-	-	-	1,478,341
 Total fund balances	 \$ 18,863,821	 \$ 2,674,079	 \$ 2,832,058	 \$ 5,817,649	 \$ 30,187,607
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 23,897,724	 \$ 3,613,348	 \$ 4,808,025	 \$ 6,601,772	 \$ 38,920,869

**CITY OF WAYNESBORO, VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 30,187,607
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.	41,476,200
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	3,131,902
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,823,775
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.	3,716,096
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(56,061,493)
Other long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,757,161)</u>
Net position of governmental activities	<u>\$ 25,516,926</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

Exhibit 5

	General Fund	Self-Funded Health Insurance Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 24,243,256	\$ -	\$ -	\$ -	\$ 24,243,256
Other local taxes	16,084,820	-	-	-	16,084,820
Permits, privilege fees and regulatory licenses	262,225	-	-	-	262,225
Fines and forfeitures	117,943	-	-	-	117,943
Revenue from use of money and property	365,245	35,420	164,516	16,716	581,897
Charges for services	202,906	-	-	19,091	221,997
Miscellaneous	769,384	9,267,105	-	296,993	10,333,482
Recovered costs	186,902	-	-	735,192	922,094
Intergovernmental:					
Commonwealth	9,337,061	-	-	3,569,382	12,906,443
Federal	1,188,708	-	-	2,804,356	3,993,064
Total revenues	<u>52,758,450</u>	<u>9,302,525</u>	<u>164,516</u>	<u>7,441,730</u>	<u>69,667,221</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	4,751,400	8,211,163	-	-	12,962,563
Judicial administration	1,641,324	-	-	-	1,641,324
Public safety	11,979,453	-	-	1,045,351	13,024,804
Public works	4,459,645	-	-	5,559,054	10,018,699
Health and welfare	553,474	-	-	6,324,713	6,878,187
Education	15,326,540	-	8,391,698	-	23,718,238
Parks, recreation, and cultural	3,028,820	-	-	-	3,028,820
Community development	860,137	-	-	118,608	978,745
Debt service:					
Principal retirement	-	-	-	2,359,557	2,359,557
Interest and fiscal charges	-	-	-	1,495,334	1,495,334
Total expenditures	<u>42,600,793</u>	<u>8,211,163</u>	<u>8,391,698</u>	<u>16,902,617</u>	<u>76,106,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,157,657</u>	<u>1,091,362</u>	<u>(8,227,182)</u>	<u>(9,460,887)</u>	<u>(6,439,050)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	25,790	-	-	-	25,790
Transfers in	1,458,310	-	-	8,334,030	9,792,340
Transfers out	<u>(8,533,925)</u>	<u>-</u>	<u>-</u>	<u>(7,363)</u>	<u>(8,541,288)</u>
Total other financing sources and uses	<u>(7,049,825)</u>	<u>-</u>	<u>-</u>	<u>8,326,667</u>	<u>1,276,842</u>
Net change in fund balances	3,107,832	1,091,362	(8,227,182)	(1,134,220)	(5,162,208)
Fund balance - beginning	<u>15,755,989</u>	<u>1,582,717</u>	<u>11,059,240</u>	<u>6,951,869</u>	<u>35,349,815</u>
Fund balance - ending	<u>\$ 18,863,821</u>	<u>\$ 2,674,079</u>	<u>\$ 2,832,058</u>	<u>\$ 5,817,649</u>	<u>\$ 30,187,607</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, 2020**

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ (5,162,208)
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 (5,818,490) exceeds depreciation (1,876,133) in the current period.	3,942,357
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(50,282)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,359,557
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,730,315)
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.	(107,226)
Change in net position of governmental activities	<u>\$ (1,748,117)</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, 2020**

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 23,320,800	\$ 23,320,800	\$ 24,243,256	\$ 922,456
Other local taxes	16,053,473	16,053,473	16,084,820	31,347
Permits, privilege fees and regulatory licenses	189,300	189,300	262,225	72,925
Fines and forfeitures	141,200	141,200	117,943	(23,257)
Revenue from use of money and property	220,556	220,556	365,245	144,689
Charges for services	325,100	331,800	202,906	(128,894)
Miscellaneous	681,447	718,121	769,384	51,263
Recovered costs	6,500	32,124	186,902	154,778
Intergovernmental:				
Commonwealth	9,207,102	9,448,002	9,337,061	(110,941)
Federal	76,701	454,701	1,188,708	734,007
<b>Total revenues</b>	<b>50,222,179</b>	<b>50,910,077</b>	<b>52,758,450</b>	<b>1,848,373</b>
<b>EXPENDITURES</b>				
Current:				
General government administration	4,904,748	5,572,047	4,751,400	820,647
Judicial administration	1,787,121	1,853,238	1,641,324	211,914
Public safety	11,734,162	12,272,150	11,979,453	292,697
Public works	5,787,533	6,464,783	4,459,645	2,005,138
Health and welfare	575,677	575,677	553,474	22,203
Education	15,096,921	15,326,540	15,326,540	-
Parks, recreation and cultural	3,436,315	3,398,666	3,028,820	369,846
Community development	1,018,590	1,031,215	860,137	171,078
<b>Total expenditures</b>	<b>44,341,067</b>	<b>46,494,316</b>	<b>42,600,793</b>	<b>3,893,523</b>
Excess (deficiency) of revenues over (under) expenditures	5,881,112	4,415,761	10,157,657	5,741,896
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	9,194	25,790	16,596
Transfers in	1,454,747	1,454,747	1,458,310	3,563
Transfers out	(7,335,859)	(8,475,697)	(8,533,925)	(58,228)
<b>Total other financing sources and uses</b>	<b>(5,881,112)</b>	<b>(7,011,756)</b>	<b>(7,049,825)</b>	<b>(38,069)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(2,595,995)</b>	<b>3,107,832</b>	<b>5,703,827</b>
Fund balance - beginning	15,755,989	15,755,989	15,755,989	-
Fund balance - ending	\$ 15,755,989	\$ 13,159,994	\$ 18,863,821	\$ 5,703,827

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, 2020**

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,916,022	\$ 4,088,413	\$ 1,966,791	\$ 8,971,226	\$ 820,492
Accounts receivable (net of allowance for uncollectibles)	670,916	1,182,390	878,776	2,732,082	2,344
Inventory	-	-	-	-	495,566
Total current assets	<u>3,586,938</u>	<u>5,270,803</u>	<u>2,845,567</u>	<u>11,703,308</u>	<u>1,318,402</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,708,586	2,708,586	-
Capital assets:					
Land	342,088	44,180	-	386,268	-
Buildings	9,019,357	43,354,787	113,453	52,487,597	-
Improvements other than buildings	19,604,406	36,952,670	3,939,076	60,496,152	-
Machinery and equipment	1,210,077	2,889,797	1,886,948	5,986,822	8,323,922
Construction in progress	-	25,768	-	25,768	-
Less accumulated depreciation	<u>(15,904,499)</u>	<u>(35,977,999)</u>	<u>(2,602,269)</u>	<u>(54,484,767)</u>	<u>(6,187,365)</u>
Total capital assets (net of accumulated depreciation)	<u>14,271,429</u>	<u>47,289,203</u>	<u>3,337,208</u>	<u>64,897,840</u>	<u>2,136,557</u>
Total noncurrent assets	<u>14,271,429</u>	<u>47,289,203</u>	<u>6,045,794</u>	<u>67,606,426</u>	<u>2,136,557</u>
Total assets	<u>17,858,367</u>	<u>52,560,006</u>	<u>8,891,361</u>	<u>79,309,734</u>	<u>3,454,959</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	533,760	92,250	117,736	743,746	-
Deferred outflow on OPEB obligation	58,121	83,065	3,633	144,819	-
Deferred outflow or resources VRS	<u>198,998</u>	<u>196,475</u>	<u>194,012</u>	<u>589,485</u>	<u>50,330</u>
Total deferred outflows of resources	<u>790,879</u>	<u>371,790</u>	<u>315,381</u>	<u>1,478,050</u>	<u>50,330</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	49,367	33,655	133,938	216,960	13,020
Retainage payable	-	880	-	880	-
Accrued payroll	26,950	25,312	88,073	140,335	6,486
Accrued interest payable	108,039	241,327	27,894	377,260	-
Deposits payable	203,275	-	2,228	205,503	-
Due to other funds	-	-	-	-	497,910
Compensated absences	6,058	4,091	20,970	31,119	-
General obligation bonds - current	435,869	478,063	244,852	1,158,784	-
Revenue bonds payable - current	-	1,167,268	-	1,167,268	-
Total current liabilities	<u>829,558</u>	<u>1,950,596</u>	<u>517,955</u>	<u>3,298,109</u>	<u>517,416</u>
Noncurrent liabilities:					
Compensated absences	64,017	43,246	49,491	156,754	15,745
Net OPEB obligation	334,155	344,373	293,301	971,829	91,709
Net pension liability	648,399	640,181	579,048	1,867,628	163,993
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	10,099,097	4,137,820	2,180,089	16,417,006	-
Revenue bonds payable	-	13,782,485	-	13,782,485	-
Total noncurrent liabilities	<u>11,145,668</u>	<u>18,948,105</u>	<u>3,101,929</u>	<u>33,195,702</u>	<u>271,447</u>
Total liabilities	<u>11,975,226</u>	<u>20,898,701</u>	<u>3,619,884</u>	<u>36,493,811</u>	<u>788,863</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow on OPEB obligation	34,670	35,730	37,162	107,562	9,515
Deferred inflow of resources VRS	<u>85,824</u>	<u>84,737</u>	<u>91,164</u>	<u>261,725</u>	<u>21,707</u>
Total deferred inflows of resources	<u>120,494</u>	<u>120,467</u>	<u>128,326</u>	<u>369,287</u>	<u>31,222</u>

continued

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, 2020**

Exhibit 8 (continued)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>NET POSITION</b>					
Net investment in capital assets	4,270,223	27,815,817	1,030,003	33,116,043	2,136,557
Restricted grant proceeds	-	-	2,421	2,421	-
Unrestricted	<u>2,283,303</u>	<u>4,096,811</u>	<u>4,426,108</u>	<u>10,806,222</u>	<u>548,647</u>
Total net position	<u>\$ 6,553,526</u>	<u>\$ 31,912,628</u>	<u>\$ 5,458,532</u>	43,924,686	<u>\$ 2,685,204</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(1,030,892)</u>	
Net position of business-type activities				<u>\$ 42,893,794</u>	

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Exhibit 9 Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,244,688	\$ 6,351,505	\$ 3,257,274	\$ 13,853,467	\$ 767,853
Miscellaneous	7,361	9,223	1,900	18,484	197
Total operating revenues	<u>4,252,049</u>	<u>6,360,728</u>	<u>3,259,174</u>	<u>13,871,951</u>	<u>768,050</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,582,762	1,481,280	1,416,621	4,480,663	397,000
Contractual services	340,411	264,277	800,119	1,404,807	14,165
Other supplies and expenses	803,599	979,450	333,091	2,116,140	183,549
Depreciation	817,845	2,273,305	340,944	3,432,094	378,855
Total operating expenses	<u>3,544,617</u>	<u>4,998,312</u>	<u>2,890,775</u>	<u>11,433,704</u>	<u>973,569</u>
Operating income (loss)	<u>707,432</u>	<u>1,362,416</u>	<u>368,399</u>	<u>2,438,247</u>	<u>(205,519)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental:					
Commonwealth	-	-	3,947	3,947	-
Interest income	52,424	49,260	20,079	121,763	-
Gain (loss) on disposal of assets	-	(136,292)	-	(136,292)	-
Gain (loss) on equity interest	-	-	(349,241)	(349,241)	-
Interest and fiscal charges	(421,501)	(751,035)	(128,463)	(1,300,999)	-
Total nonoperating revenues (expenses)	<u>(369,077)</u>	<u>(838,067)</u>	<u>(453,678)</u>	<u>(1,660,822)</u>	<u>-</u>
Income before contributions and transfers	<u>338,355</u>	<u>524,349</u>	<u>(85,279)</u>	<u>777,425</u>	<u>(205,519)</u>
Capital contributions	415,000	564,300	250,000	1,229,300	-
Transfers in	-	-	-	-	199,895
Transfers out	(476,415)	(486,220)	(488,312)	(1,450,947)	-
Change in net position	276,940	602,429	(323,591)	555,778	(5,624)
Total net position - beginning	<u>6,276,586</u>	<u>31,310,199</u>	<u>5,782,123</u>		<u>2,690,828</u>
Total net position - ending	<u>\$ 6,553,526</u>	<u>\$ 31,912,628</u>	<u>\$ 5,458,532</u>		<u>\$ 2,685,204</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>114,782</u>	
Change in net position of business-type activities				<u>\$ 670,560</u>	

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Exhibit 10 Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 4,332,121	\$ 6,320,157	\$ 3,287,559	\$ 13,939,837	\$ -
Cash received from interfund services provided	-	-	-	-	781,471
Cash paid to suppliers	(1,147,330)	(1,285,319)	(1,113,632)	(3,546,281)	(7,662)
Cash paid to employees	(1,374,321)	(1,356,748)	(1,178,769)	(3,909,838)	(352,134)
Other receipts (payments)	7,361	9,223	1,900	18,484	197
Net cash provided (used) by operating activities	<u>1,817,831</u>	<u>3,687,313</u>	<u>997,058</u>	<u>6,502,202</u>	<u>421,872</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Subsidy from state grant	-	-	3,947	3,947	-
Transfer to other funds	(476,415)	(486,220)	(488,312)	(1,450,947)	(174,659)
Net cash provided (used) by noncapital financing activities	<u>(476,415)</u>	<u>(486,220)</u>	<u>(484,365)</u>	<u>(1,447,000)</u>	<u>(174,659)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(150,777)	(611,072)	(25,390)	(787,239)	(340,788)
Transfer from other funds	-	-	-	-	199,895
Principal paid on capital debt	(337,595)	(2,103,768)	(198,561)	(2,639,924)	-
Interest paid on capital debt	(447,862)	(235,868)	(109,724)	(793,454)	-
Net cash provided (used) by capital and related financing activities	<u>(936,234)</u>	<u>(2,950,708)</u>	<u>(333,675)</u>	<u>(4,220,617)</u>	<u>(140,893)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	52,424	49,260	20,079	121,763	-
Cash paid to joint venture	-	-	(304,213)	(304,213)	-
Net cash provided (used) by investing activities	<u>52,424</u>	<u>49,260</u>	<u>(284,134)</u>	<u>(182,450)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	457,606	299,645	(105,116)	652,135	106,320
Cash and cash equivalents - beginning of year	<u>2,458,416</u>	<u>3,788,768</u>	<u>2,071,907</u>	<u>8,319,091</u>	<u>714,172</u>
Cash and cash equivalents - end of year	<u>\$ 2,916,022</u>	<u>\$ 4,088,413</u>	<u>\$ 1,966,791</u>	<u>\$ 8,971,226</u>	<u>\$ 820,492</u>
Cash and cash equivalents at end of year is composed of the following:					
Cash and cash equivalents	<u>\$ 2,916,022</u>	<u>\$ 4,088,413</u>	<u>\$ 1,966,791</u>	<u>\$ 8,971,226</u>	<u>\$ 820,492</u>

continued

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, 2020**

	Business-type Activities - Enterprise Funds				Exhibit 10 (continued)
				Total	Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds		Activities Internal Service Fund
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 707,432	\$ 1,362,416	\$ 368,399	\$ 2,438,247	\$ (205,519)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	817,845	2,273,305	340,944	3,432,094	378,855
(Increase) decrease in accounts receivable	88,490	(31,348)	29,985	87,127	13,618
(Increase) decrease in inventory	-	-	-	-	163,936
(Increase) decrease in deferred outflow on OPEB obligation	(39,248)	(56,092)	(1,959)	(97,299)	-
(Increase) decrease in deferred loss on VRS pension	(51,230)	(33,726)	(56,641)	(141,597)	(8,413)
Increase (decrease) in accounts payable	(3,320)	(41,592)	19,578	(25,334)	12,936
Increase (decrease) in accrued payroll	(25,431)	(29,764)	(16,496)	(71,691)	(8,340)
Increase (decrease) in net OPEB obligation	178,335	177,421	145,971	501,727	45,775
Increase (decrease) in net pension liability	175,822	119,691	183,953	479,466	29,939
Increase (decrease) in deferred inflow on OPEB	(5,732)	(7,558)	4,335	(8,955)	(2,395)
(Increase) decrease in deferred gain on VRS pension	(39,316)	(53,090)	(30,273)	(122,679)	(13,791)
Increase (decrease) in deposits payable	(1,057)	-	300	(757)	-
Increase (decrease) in compensated absences	15,241	7,650	8,962	31,853	2,091
Total Adjustments	1,110,399	2,324,897	628,659	4,063,955	614,211
Net cash provided (used) by operating activities	\$ 1,817,831	\$ 3,687,313	\$ 997,058	\$ 6,502,202	\$ 408,692
<b>Noncash investing, capital, and financing activities:</b>					
Capital contributions of water, sewer, and stormwater from developers	\$ 415,000	\$ 564,300	\$ 250,000	\$ 1,229,300	\$ -

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

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**Blended Component Unit:**

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

Separate financial statements of this component unit are not available.

**Discretely Presented Component Unit:**

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

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

Separate financial statements of this component unit are not available.

**Undivided Interests and Joint Ventures:**

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net position, revenues and expenses of the undivided interest component are reported by the City in its ACSA Joint Landfill Fund. Likewise, the City's investment in the joint venture component of the Landfill, which is an explicit, measurable, equity interest, is reported as an asset in the ACSA Joint Landfill Fund and totaled \$2,708,586 as of June 30, 2020. Complete financial statements of the Augusta Regional Landfill can be obtained from the entity's administrative offices by contacting the Augusta County Service Authority, P.O. Box 859, Verona, VA 24482-0859.

The City, in conjunction with the City of Staunton, City of Harrisonburg, County of Augusta, and the County of Rockingham, is a participant in the Middle River Regional Jail Authority, but has no equity interest in the venture. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating and debt service component. The City paid the Jail Authority \$1,524,120 for fiscal year 2020.

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Reporting Entity** (continued)

**Undivided Interests and Joint Ventures:** (continued)

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter, with equity interest in the Regional Animal Shelter Land Trust. Capital and operating costs are allocated annually based on percentage of ownership for each locality. Activity is shown in a special revenue fund, named Shenandoah Valley Animal Service Center. The City transferred funds to the Regional Animal Shelter in the amount of \$64,389 for fiscal year 2020.

**Excluded Organizations:**

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

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

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

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

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

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

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

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

**1. *Deposits and Investments***

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

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

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

**2. *Receivables and Payables***

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

**3. *Inventories***

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

**4. *Property Taxes***

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

5. *Allowance for Uncollectible Accounts*

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,141,299 at June 30, 2020, and consisted of the following:

General Fund – taxes	\$ 617,542
Water Fund – utility billings	207,968
Sewer Fund – utility billings	212,797
Refuse Fund – utility billings	52,516
Stormwater Fund – utility billings	<u>50,476</u>
Total	<u>\$ 1,141,299</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 \$599,469 in the Cemetery Care Fund, a permanent fund, are non-spendable and thus restricted. Only earnings may be used by the City to fund the cemetery maintenance costs.

8. *Capital Assets*

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

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

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

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

(Notes continued on next page)



**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present financial position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government has three items that qualify for reporting in this category. They are the deferred charge on refunding, deferred loss on other post-employment benefits and deferred loss on VRS pension reported in the government-wide statement of net position and the enterprise funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt, or the new debt whichever is shorter. The City's net pension liability and other post-employment benefits are calculated using a measurement date of June 30, 2019. Employer contributions made after this date are reported as deferred outflows of resources. The City's employer share of fiscal year 2020 VRS and other post-employment benefit contributions will be reported as part of total pension expense in the next fiscal year.

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

10. *Compensated Absences*

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

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

11. *Long-term Obligations*

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

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

12. *Fund Equity*

Financial policies - For fiscal year 2020, a formal policy regarding the General Fund's fund balance was adopted by the City. The City does not intend to use General Fund equity (unassigned fund balance) to finance current operations. The City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to eliminate the need for short term tax anticipation borrowing. This balance will be maintained in committed fund balance in the General Fund and will be no less 16% of the next year's General Fund adopted budget. This calculation for fiscal year 2020 totaled \$8,268,308. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

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

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

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

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

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

13. *Net Position*

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

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

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

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any new property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. As of June 30, 2020, the City does not record the School Board's capital assets; they are reported as capital assets of the Component Unit – School Board.

15. *Component Unit – Open Lines of Credit*

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

16. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Retirement Plan and the additions to/deductions from the City's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 \$3,716,096 difference in the primary government are as follows:

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

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

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

Net position of the internal service funds	\$ 2,685,204
Subtract: Internal receivable representing costs in less than charges to business-type activities - current year	(114,782)
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	<u>1,145,674</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,716,096</u>

Another element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of these \$56,061,493 and \$34,075,661 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 37,316,444	\$ -
Less: Discount on bonds payable	(101,472)	-
Plus: Issuance premium	1,314,767	-
Capital leases payable	-	1,219,704
Landfill closure liability	1,770,401	-
Accrued interest payable	592,320	10,987
Net OPEB obligation	4,978,738	4,093,000
Net pension liability	9,372,689	28,079,298
Compensated absences	<u>817,606</u>	<u>672,672</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 56,061,493</u>	<u>\$ 34,075,661</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of these \$2,359,557 and \$266,490 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Principal repayments:	<u>\$ 2,359,557</u>	<u>\$ 266,490</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,359,557</u>	<u>\$ 266,490</u>

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

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

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

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(2,730,315) and \$717,586 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (86,789)	\$ (41,255)
Accrued interest	65,641	2,401
Landfill post-closure care liability	9,317	-
(Increase)/decrease in net OPEB obligation	(2,591,685)	(573,000)
(Increase)/decrease in net pension liability	(1,912,937)	(2,307,936)
Increase/(Decrease) in deferred outflows	735,641	2,543,807
(Increase)/Decrease in deferred inflows	837,130	1,093,569
EDA revolving loans issued	76,500	-
Amortization of issuance premium	166,725	-
Amortization of deferred charge on refunding	(29,858)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,730,315)</u>	<u>\$ 717,586</u>

Another element of that reconciliation states, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities." The details of this \$107,226 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ (5,624)
Less: Gain in excess of charges to business-type activities	<u>(101,602)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (107,226)</u>

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. Prior to March 30, the City Manager submits to City Council a proposed budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of a budget resolution.
4. The budget resolution places legal restrictions on expenditures at the function level (i.e. General Government Admin., Public Safety, etc.) The appropriations for each function can be revised only by the City Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budget data presented in the accompanying financial statements includes the original budget and the revised budget as of June 30, 2020.

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**A. Budgetary Information (continued)**

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

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2020, the Comprehensive Service Act Fund had expenditures exceeding appropriations.

**C. Deficit Fund Balance**

At June 30, 2020, no funds had a deficit fund balance or net position.

**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, 2020 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Quality Ratings</u>	
		<u>AAAm</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 1,561	\$ 1,561	\$ -
Total Fair Value	\$ 1,561	\$ 1,561	\$ -

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

*Interest Rate Risk* – As of June 30, 2020, the City had investments with the following maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
<u>Primary Government</u>				
Local Government Investment Pool	\$ 1,561	\$ 1,561	\$ -	\$ -
Total Fair Value	\$ 1,561	\$ 1,561	\$ -	\$ -

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

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**4. DEPOSITS AND INVESTMENTS (continued)**

Amortized Costs:

The City categorizes its amortized cost measurements within the amortized cost hierarchy established by generally accepted accounting principles. The City has recurring amortized cost measurements as of June 30, 2020, for its Local Government Investment Pool, as Level 1 totaling \$1,561. The City's Local Government Investment Pool classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those securities at amortized costs.

**5. DUE FROM OTHER GOVERNMENTS**

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

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
School Funds	\$ -	\$ 702,323
State sales taxes	-	502,854
Local sales taxes	1,063,966	-
Communications tax	176,472	-
Public assistance grants	62,766	-
Comprehensive Services Act funds	364,912	-
Other State funds	107,080	-
Total Due from the Commonwealth	<u>1,775,196</u>	<u>1,205,177</u>
Federal Government:		
Community Services Block Grant	13,815	-
Community Development Block Grant	78,301	-
Public assistance grants	59,559	-
Department of Transportation	260,929	-
Victim Witness	29,583	-
Other federal funds	147,580	27,450
Total Due from the Federal Government	<u>589,767</u>	<u>27,450</u>

**6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Inter-fund balances at June 30, 2020 consisted of the following:

Primary Government:

Due to General Fund from:

Bond Fund	\$ 706,396
Non-major governmental funds	257,418
Non-major Internal Service Fund	497,910
Total due to General Fund from other funds for cash advances	<u>\$ 1,461,724</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

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

Inter-fund transfers for the year ended June 30, 2020 consisted of the following:

Primary Government:

Transfers to General Fund from:

Non-major governmental funds	\$ 7,363
Water Fund for operations	476,415
Sewer Fund for operations	486,220
Non-major enterprise funds for operations	488,312
Total transfers to General Fund	<u>\$ 1,458,310</u>

Transfers to non-major governmental funds from:

General Fund for welfare assistance	\$ 2,368,353
General Fund for Shenandoah Valley Animal Service Center	64,389
General Fund for Economic Development Authority	54,466
General Fund for debt service	3,685,694
General Fund for capital projects	2,161,128
Total transfers to non-major governmental funds	<u>\$ 8,334,030</u>

Transfers to non-major Internal Service Fund from:

General Fund for equipment purchases	<u>\$ 199,895</u>
--------------------------------------	-------------------

Component Unit School Board:

Transfers to School Textbook Fund from:

School Operating Fund	<u>\$ 283,622</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.



**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**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, 2019	Reclassifications (1)	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 8,739,798	\$ -	\$ 36,000	\$ -	\$ 8,775,798
Construction in progress	3,412,147	-	4,340,395	(1,703,617)	6,048,925
Total capital assets not being depreciated	<u>12,151,945</u>	<u>-</u>	<u>4,376,395</u>	<u>(1,703,617)</u>	<u>14,824,723</u>
Capital assets, being depreciated					
Buildings	15,819,815	-	395,924	-	16,215,739
Improvements other than buildings	5,782,607	-	19,970	-	5,802,577
Equipment	13,174,521	(163,740)	2,444,606	(96,983)	15,358,404
Infrastructure	58,324,147	(3,482,440)	626,000	-	55,467,707
Total capital assets being depreciated	<u>93,101,090</u>	<u>(3,646,180)</u>	<u>3,486,500</u>	<u>(96,983)</u>	<u>92,844,427</u>
Less accumulated depreciation for:					
Buildings	(7,763,880)	-	(325,558)	-	(8,089,438)
Improvements other than buildings	(3,600,814)	-	(150,749)	-	(3,751,563)
Equipment	(10,141,833)	150,559	(838,040)	96,983	(10,732,331)
Infrastructure	(41,523,120)	980,700	(940,641)	-	(41,483,061)
Total accumulated depreciation	<u>(63,029,647)</u>	<u>1,131,259</u>	<u>(2,254,988)</u>	<u>96,983</u>	<u>(64,056,393)</u>
Total capital assets being depreciated, net	<u>30,071,443</u>	<u>(2,514,921)</u>	<u>1,231,512</u>	<u>-</u>	<u>28,788,034</u>
Governmental activities capital assets, net	<u>\$ 42,223,388</u>	<u>\$ (2,514,921)</u>	<u>\$ 5,607,907</u>	<u>\$ (1,703,617)</u>	<u>\$ 43,612,757</u>

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

Governmental activities:	
General government administration	\$ 368,192
Judicial administration	71,749
Public safety	316,967
Public works	1,197,042
Health and welfare	817
Parks, recreation, and cultural	180,647
Community development	<u>119,574</u>
Total depreciation expense – governmental activities	<u>\$ 2,254,988</u>

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**7. CAPITAL ASSETS (continued)**

PRIMARY GOVERNMENT (continued)

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

	Balance July 1, 2019	Reclassification (1)	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 386,268	\$ -	\$ -	\$ -	\$ 386,268
Construction in progress	136,292	-	25,768	(136,292)	25,768
Total capital assets not being depreciated	<u>522,560</u>	<u>-</u>	<u>25,768</u>	<u>(136,292)</u>	<u>412,036</u>
Capital assets, being depreciated:					
Buildings	52,458,388	-	29,209	-	52,487,597
Improvements other than buildings	55,519,547	3,482,440	1,494,165	-	60,496,152
Equipment	5,354,805	163,740	468,277	-	5,986,822
Total capital assets being depreciated	<u>113,332,740</u>	<u>3,646,180</u>	<u>1,991,651</u>	<u>-</u>	<u>118,970,571</u>
Less accumulated depreciation for:					
Buildings	(11,847,130)	-	(1,028,943)	-	(12,876,073)
Improvements other than buildings	(34,528,636)	(980,700)	(2,035,320)	-	(37,544,656)
Equipment	(3,545,648)	(150,559)	(367,831)	-	(4,064,038)
Total accumulated depreciation	<u>(49,921,414)</u>	<u>(1,131,259)</u>	<u>(3,432,094)</u>	<u>-</u>	<u>(54,484,767)</u>
Total capital assets being depreciated, net	<u>63,411,326</u>	<u>2,514,921</u>	<u>(1,440,443)</u>	<u>-</u>	<u>64,485,804</u>
Business-type activities capital assets, net	<u>\$ 63,933,886</u>	<u>\$ 2,514,921</u>	<u>\$ (1,414,675)</u>	<u>\$ (136,292)</u>	<u>\$ 64,897,840</u>

(1) Portions of certain types of capital assets related to stormwater activities were reclassified from governmental to business-type activities.

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

Business-type activities:	
Water	\$ 817,845
Sewer	2,273,305
Refuse	96,293
Stormwater	<u>244,651</u>
Total depreciation expense – business-type activities	<u>\$ 3,432,094</u>

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**7. CAPITAL ASSETS (continued)**

COMPONENT UNIT - SCHOOL BOARD

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 523,891	\$ 288,016	\$ -	\$ 811,907
Construction in progress	7,918,937	10,272,134	-	18,191,071
Total capital assets not being depreciated	8,442,828	10,560,150	-	19,002,978
Capital assets, being depreciated:				
Buildings	52,227,462	794,495	-	53,021,957
Improvements other than buildings	4,335,100	109,402	-	4,444,502
Equipment	4,436,027	165,285	-	4,601,312
Total capital assets being depreciated	60,998,589	1,069,182	-	62,067,771
Less accumulated depreciation for:				
Buildings	(19,043,810)	(980,977)	-	(20,024,787)
Improvements other than buildings	(3,422,415)	(153,252)	-	(3,575,667)
Equipment	(3,561,545)	(199,630)	-	(3,761,175)
Total accumulated depreciation	(26,027,770)	(1,333,859)	-	(27,361,629)
Total capital assets being depreciated, net	34,970,819	(264,677)	-	34,706,142
School Board capital assets, net	\$ 43,413,647	\$ 10,295,473	\$ -	\$ 53,709,120

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

Governmental activities:	
Education	\$ 1,333,859

**8. UNAVAILABLE REVENUE**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of fiscal year 2020, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Deferred Property Tax Revenue, representing uncollected tax billings at June 30, 2020 (General Fund)	\$ 1,505,643
Property Taxes Paid in Advance, representing property taxes not yet due, but paid by June 30, 2020 (General Fund)	1,489,554
CARES Act funding received but not expended (General Fund)	924,184
Total unavailable revenue for governmental funds	<u>\$ 3,919,381</u>

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**9. LONG-TERM DEBT**

PRIMARY GOVERNMENT

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

	Governmental Activities					
Year Ending	General Obligation Bonds		Virginia Revolving Loans			
			Taxable G.O. Bonds		Sewer Revenue Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,142,391	\$ 1,393,707	\$ 37,482	\$ -		
2022	2,220,707	1,297,265	37,482	-		
2023	2,045,587	1,202,543	37,482	-		
2024	2,132,115	1,110,386	37,482	-		
2025	9,703,965	893,215	37,482	-		
2026-2030	7,362,488	2,637,241	187,408	-		
2031-2035	5,690,533	1,433,965	187,408	-		
2036-2040	5,280,001	383,222	74,959	-		
	<u>\$ 36,577,787</u>	<u>\$ 10,351,544</u>	<u>\$ 637,185</u>	<u>\$ -</u>		
	Business-Type Activities					
Year Ending	General Obligation Bonds		Virginia Revolving Loans			
			Taxable G.O Bonds		Sewer Revenue Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 697,597	\$ 610,820	\$ 347,906	\$ 77,439	\$ 1,652,336	\$ 63,829
2022	727,477	577,115	358,421	66,924	1,657,923	57,475
2023	760,143	541,896	369,255	56,090	1,663,521	50,855
2024	804,260	503,732	380,415	44,930	1,669,127	43,971
2025	840,046	463,155	391,913	33,432	1,674,743	36,821
2026-2030	4,428,430	1,701,858	819,722	30,968	8,318,273	76,854
2031-2035	3,394,467	904,956	-	-	1,317,936	6,325
2036-2040	2,289,999	166,537	-	-	-	-
	<u>\$ 13,942,419</u>	<u>\$ 5,470,069</u>	<u>\$ 2,667,632</u>	<u>\$ 309,783</u>	<u>\$ 17,953,859</u>	<u>\$ 336,130</u>

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

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**9. LONG-TERM DEBT** (continued)

PRIMARY GOVERNMENT (continued)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2020:

Governmental Activities	Balance July 1, 2019	Reclassification (1)	Additions	Retirements	Balance June 30, 2020	Due within one year
General Obligation Bonds	\$ 41,114,467	\$ (2,464,604)	\$ -	\$ 2,072,075	\$ 36,577,787	\$ 2,142,391
Unamortized Bond Premium	1,676,623	(195,131)	-	166,725	1,314,767	157,276
VRA Loan - Taxable G.O. Bond	787,522	-	-	48,866	738,657	48,328
Unamortized Bond Discount	(112,856)	-	-	(11,384)	(101,472)	(10,846)
State Literary Loans	250,000	-	-	250,000	-	-
Liability for Landfill Closure	1,779,718	-	-	9,317	1,770,401	-
Net OPEB Obligation	2,432,988	-	2,637,459	-	5,070,447	-
Net Pension Liability	7,593,804	-	1,942,878	-	9,536,682	-
Compensated Absences	744,471	-	88,880	-	833,351	38,422
Total Governmental Activities	\$ 56,266,737	\$ (2,659,735)	\$ 4,669,217	\$ 2,535,599	\$ 55,740,620	\$ 2,375,571
Business-type Activities						
General Obligation Bonds	\$ 12,133,286	\$ 2,464,604	\$ -	\$ 655,471	\$ 13,942,419	\$ 697,598
Unamortized Bond Premium	1,017,353	195,131	-	142,657	1,069,827	134,589
VRA Loan - Taxable G.O. Bond	3,005,331	-	-	337,699	2,667,632	347,906
VRA Loan - Sewer Revenue Bond	19,600,612	-	-	1,646,753	17,953,859	1,652,336
Unamortized Bond Discount	(3,652,616)	-	-	(544,422)	(3,108,194)	(506,377)
Net OPEB Obligation	470,102	-	501,727	-	971,829	-
Net Pension Liability	1,388,161	-	479,467	-	1,867,628	-
Compensated Absences	156,021	-	31,852	-	187,873	31,119
Total Business-type Activities	\$ 34,118,250	\$ 2,659,735	\$ 1,013,046	\$ 2,238,158	\$ 35,552,873	\$ 2,357,171
Primary Government Totals	\$ 90,384,987	\$ -	\$ 5,682,263	\$ 4,773,757	\$ 91,293,493	\$ 4,732,742

(1) Portions of certain debt issuances related to stormwater projects were reclassified from governmental to business-type activities.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$271,447 at June 30, 2020, 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	Govern- mental	Business- type
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.	\$ 492,276	\$ -
\$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 \$57,445.	\$ 2,842,611	\$ -
\$1,370,000 General Obligation Public Improvement Bonds – Taxable Build America Bonds, Series 2010A (General, Sewer) issued December 7, 2010, maturing annually through 2031.	208,122	1,161,878

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**9. LONG-TERM DEBT** (continued)

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

General Obligation Bonds: (continued)

\$1,925,000 General Obligation Public Improvement Bonds – Tax-Exempt Series 2010B (General City and Schools – Westwood Hills Elementary, Sewer) issued December 7, 2010, maturing annually through 2031. The bond is shown net of unamortized premium of \$2,618 for governmental activities and unamortized premium of \$14,504 for business-type activities.

116,831

655,291

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

1,742,765

-

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

9,870,000

-

\$16,045,000 General Obligation Public Improvement Bonds - Series 2015 (General, Water, Sewer) issued April 13, 2015, maturing with annual installments through October 1, 2037, bearing interest from 2.625% to 5.125%. The bonds are shown net of unamortized premium of \$183,016 for governmental activities and unamortized premium of \$951,235 for business-type activities.

2,313,261

13,090,988

\$19,860,000 General Obligation School Bonds – Series 2018A (WHS Renovation), issued May 1, 2018, maturing annually through July 15, 2038, bearing interest from 3.05% to 5.05% payable semiannually. The bonds are shown net of unamortized premiums of \$1,071,688 for governmental activities.

20,306,688

-

Total General Obligation Bonds

37,892,554

14,908,157

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.

-

2,667,632

\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$1,720,761 is based on imputed interest rate of 4.41%.

-

6,306,434

\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$1,315,069 is based on imputed interest rate of 3.55%.

-

6,362,982

\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$72,364 is based on imputed interest rate of 3.12%.

-

387,100

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**9. LONG-TERM DEBT** (continued)

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

Virginia Revolving Loans: (continued)

\$1,295,000 Sewer Revenue Bond – Series 2015 issued April 28, 2015, maturing with annual installments beginning in 2019 through October 1, 2028, bearing interest from 3.125% through 5.125%. The bond is shown net of unamortized premium of \$104,088.

- 1,289,088

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

- 604,149

\$749,630 General Obligation Public Improvement Bonds – Series 2015B issued June 8, 2015, maturing semi-annually through March 1, 2037. Unamortized discount of \$101,472 is based on imputed interest rate of 2.05%.

637,185 -

Total Virginia Revolving Loans

637,185 17,617,385

Liability for Municipal Solid Waste Landfill Closure

1,770,401 -

Net OPEB Obligation

5,070,447 971,829

Net Pension Liability

9,536,682 1,867,629

Compensated Absences

833,351 187,873

Total Primary Government Long-Term Debt

\$ 55,740,620 \$ 35,552,873

COMPONENT UNIT SCHOOL BOARD

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

Year Ending	Governmental Activities	
	Capital Leases	
	Principal	Interest
June 30		
2021	281,047	62,005
2022	296,400	46,652
2023	312,591	30,461
2024	<u>329,666</u>	<u>13,391</u>
	<u>\$ 1,219,704</u>	<u>\$ 152,509</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.

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**CITY OF WAYNESBORO, VIRGINIA**  
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**9. LONG-TERM DEBT** (continued)

COMPONENT UNIT SCHOOL BOARD

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, 2020:

<u>Governmental Activities</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Capital Leases	\$ 1,486,194	\$ -	\$ 266,490	\$ 1,219,704	\$ 281,047
Net OPEB Obligation	3,520,000	573,000	-	4,093,000	-
Net Pension Liability	25,771,362	2,307,936	-	28,079,298	-
Compensated Absences	631,417	41,255	-	672,672	7,034
Total Governmental Activities	<u>\$ 31,408,973</u>	<u>\$ 2,922,191</u>	<u>\$ 266,490</u>	<u>\$ 34,064,674</u>	<u>\$ 288,081</u>

Details of Long-Term Indebtedness

Capital Lease:

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

\$ 1,219,704

Net OPEB Obligation

4,093,000

Net Pension Liability

28,079,298

Compensated Absences

672,672

Total Component Unit School Board Long-Term Debt

\$ 34,064,674

**10. CAPITAL LEASES**

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

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	343,052
2022	343,052
2023	343,052
2024	343,057
Total minimum lease payments	<u>\$ 1,372,213</u>
Less: amount representing interest	<u>(152,509)</u>
Present value of minimum lease payments	<u>\$ 1,219,704</u>

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## 11. CONTINGENT LIABILITIES

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

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

## 12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

### Construction Commitments and Other Significant Commitments

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

	<u>Governmental</u>
Estimated project costs financed	\$ 19,860,000
Bond Premium (net of fees)	1,143,511
Interest Received	648,712
Costs incurred through 6-30-20	<u>(18,820,165)</u>
Estimated remaining costs	<u>\$ 2,832,058</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2020:

<u>Function</u>	<u>Restricted</u>	<u>Assigned</u>
General government administration	\$ -	\$ 135,350
Judicial administration	-	34,861
Public safety	-	507,814
Public works	56,970	37,707
Health and Welfare	-	20,967
Parks, recreation and cultural	-	774
Community development	-	<u>500</u>
Total	<u>\$ 56,970</u>	<u>\$ 737,973</u>

Encumbrances in other funds at June 30, 2020, are as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ 925,788
Water Fund	35,818
Sewer Fund	261,971
Nonmajor Enterprise Funds	152,729
Internal Service Fund	<u>2,894</u>
Total	<u>\$ 1,379,200</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.

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**13. DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

***Pensions***

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

***Plan Description***

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

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

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

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

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<p><b>Service Credit</b></p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position.</p> <p>It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service credit</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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><b><u>Defined Contributions Component:</u></b></p> <p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
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<p><b>Vesting</b></p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. 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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>
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<p><b>Calculating the Benefit</b>  The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <u><b>Defined Benefit Component:</b></u> See definition under Plan 1</p> <p><u><b>Defined Contribution Component:</b></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><b>Average Final Compensation</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier VRS:</b>  The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier VRS:</b>  Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non- hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <u><b>Defined Benefit Component:</b></u>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u>  Not applicable.</p>

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

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<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b></p> <ul style="list-style-type: none"> <li>• For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</li> <li>• For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</li> </ul> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b></p> <p>Same as Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p>Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p> <p><b><u>Eligibility:</u></b></p> <p>Same as Plan 1 and Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p>Same as Plan 1 and Plan 2.</p>
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<p><b>Disability Coverage</b>  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><b>Disability Coverage</b>  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><b>Disability Coverage</b>  Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b>  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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>  Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <b><u>Defined Benefit Component:</u></b>  Same as Plan 1, with the following exceptions:  • Hybrid Retirement Plan members are ineligible for ported service  .</p> <p><b><u>Defined Contribution Component:</u></b>  Not applicable.</p>

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**13. DEFINED BENEFIT PENSION PLAN** (continued)

***Employees Covered by Benefit Terms - City***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	309
Inactive members:	
Vested inactive members	79
Non-vested inactive members	106
Inactive members active elsewhere in VRS	<u>163</u>
Total inactive members	348
Active members	295
Total covered employees	952

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

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	41
Inactive members:	
Vested inactive members	5
Non-vested inactive members	18
Inactive members active elsewhere in VRS	<u>15</u>
Total inactive members	38
Active members	34
Total covered employees	113

***Contributions***

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

The City's contractually required contribution rate for the year ended June 30, 2020 was 5.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2020 was 5.70% of covered employee compensation for its non-professional employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,343,906 and \$1,274,194 for the years ended June 30, 2020 and June 30, 2019, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$14,683 and \$15,563 for the years ended June 30, 2020 and June 30, 2019, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the school division were \$2,769,156 and \$2,762,944 for the years ended June 30, 2020 and June 30, 2019, respectively.

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**13. DEFINED BENEFIT PENSION PLAN** (continued)

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City and School Board's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions – General Employees – City and School Board***

The total pension liability for General Employees in the City's and School Board's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35% (3.5% - 5.95% School Board Professional)
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

Mortality rates:

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

**Pre-Retirement:**

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

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

**Post-Retirement:**

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

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

**Post-Disablement:**

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**13. DEFINED BENEFIT PENSION PLAN** (continued)

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 – Non-Hazardous Duty:**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates.
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
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**13. DEFINED BENEFIT PENSION PLAN** (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 – Non-Hazardous Duty:**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
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**13. DEFINED BENEFIT PENSION PLAN** (continued)

***Long-Term Expected Rate of Return***

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS – Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP – Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>5.13%</b>
	<b>Inflation</b>		<b><u>2.50%</u></b>
	<b>* Expected arithmetic nominal return</b>		<b><u>7.63%</u></b>

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**13. DEFINED BENEFIT PENSION PLAN** (continued)

***Changes in Net Pension Liability – City***

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2018	\$ 75,999,859	\$ 67,036,003	\$ 8,963,856
Changes for the year:			
Service cost	1,292,003	-	1,292,003
Interest	5,168,415	-	5,168,415
Changes of assumptions	2,221,521	-	2,221,521
Differences between expected and actual expenses	(11,925)	-	(11,925)
Contributions - employer	-	1,273,875	(1,273,875)
Contributions - employee	-	649,479	(649,479)
Net investment income	-	4,382,921	(4,382,921)
Benefit payments, including refunds of employee contributions	(4,330,724)	(4,330,724)	-
Administrative expenses	-	(44,903)	44,903
Other changes	-	(2,753)	2,753
Net Changes	4,339,290	1,927,895	2,411,395
Balances at June 30, 2019	\$ 80,339,149	\$ 68,963,898	\$ 11,375,251

***Changes in Net Pension Liability – School Board Non-professional***

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2018	\$ 3,541,665	\$ 3,945,303	\$ (403,638)
Changes for the year:			
Service cost	86,193	-	86,193
Interest	241,587	-	241,587
Changes of assumptions	95,394	-	95,394
Differences between expected and actual expenses	(8,669)	-	(8,669)
Contributions - employer	-	15,532	(15,532)
Contributions - employee	-	40,348	(40,348)
Net investment income	-	259,258	(259,258)
Benefit payments, including refunds of employee contributions	(180,834)	(180,834)	-
Administrative expenses	-	(2,640)	2,640
Other changes	-	(163)	163
Net Changes	233,671	131,501	102,170
Balances at June 30, 2019	\$ 3,775,336	\$ 4,076,804	\$ (301,468)

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**13. DEFINED BENEFIT PENSION PLAN** (continued)

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

The following presents the net pension liability of the City and School Board (non-professional) using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	(5.75%)	Rate (6.75%)	(7.75%)
<b>City's Net Pension Liability</b>	<b>\$21,430,536</b>	<b>\$11,375,251</b>	<b>\$3,354,982</b>
<b>School Board–Non-Professional Net Pension Liability</b>	<b>\$105,131</b>	<b>\$(301,468)</b>	<b>\$(630,072)</b>

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

The following table presents the collective net pension liability of the participating employers in the VRS Teacher Retirement Plan using the discount rate of 6.75%, as well as what collective net pension liability of the participating employers in the VRS Teacher Retirement Plan net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	(5.75%)	Rate (6.75%)	(7.75%)
<b>School Board – Professional Net Pension Liability</b>	<b>\$42,725,382</b>	<b>\$28,380,766</b>	<b>\$16,520,425</b>

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

For the year ended June 30, 2020, the City recognized pension expense of \$2,198,728. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 114,998
Changes in assumptions	1,343,449	-
Net difference between projected and actual earnings on plan investments	803,774	1,390,669
Employer contributions subsequent to the measurement date	<u>1,343,906</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,491,129</u></b>	<b><u>\$ 1,505,667</u></b>

\$1,343,906 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30**

2021	\$ 768,650
2022	(158,883)
2023	(12,944)
2024	44,733
2025	-
Thereafter	-

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**13. DEFINED BENEFIT PENSION PLAN (continued)**

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

For the year ended June 30, 2020, the School Board's non-professional pension plan recognized pension expense of \$111,881. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,223
Changes of assumptions	46,474	-
Net difference between projected and actual earnings on plan investments	46,426	81,455
Employer contributions subsequent to Measurement Date	<u>14,683</u>	<u>-</u>
Total	<u>\$ 107,583</u>	<u>\$ 85,678</u>

\$14,683 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30**

2021	\$42,137
2022	(36,586)
2023	(819)
2024	2,490
2025	-
Thereafter	-

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

At June 30, 2020, the school division reported a liability of \$28,380,766 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.21565% as compared to 0.22258% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,467,951. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**13. DEFINED BENEFIT PENSION PLAN** (continued)

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,817,341
Change of assumptions	2,810,361	-
Net difference between projected and actual earnings on plan investments	-	623,174
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,852	1,369,767
Employer contributions subsequent to the measurement date	<u>2,769,156</u>	<u>-</u>
Total	<u>\$ 5,663,369</u>	<u>\$ 3,810,282</u>

\$2,769,156 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30**

2021	\$(401,091)
2022	(836,972)
2023	(61,429)
2024	229,216
Thereafter	154,207

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at [varetire.org/pdf/publications/2019-annual-report.pdf](http://varetire.org/pdf/publications/2019-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**14. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2020. All claims are paid in full at the time of damage. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended desired levels.

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

During 2015 the City established a self-funded health insurance fund to account for health insurance claims for employees and retirees. The fund is reported as a special revenue fund and revenues are from payroll deductions and retiree contributions. Claims are paid as they become due and the fund has generated a surplus of \$2,674,079 to pay out future health insurance claims. The City has an individual stop loss limit of \$125,000.

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**15. SURETY BONDS**

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

**16. LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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

In fiscal year 2008, the City began post-closure care on the old City landfill site. The \$1,770,401 reported as landfill closure and post-closure care liability at June 30, 2020, represents the cumulative amount reported to date based on the estimated costs of post-closure care for the old City landfill. This amount is based on what it would cost to perform all closure and post-closure care from 2008 through 2020 based upon a DEQ-approved inflation rate. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

**17. OTHER POST-EMPLOYMENT BENEFITS**

**Summary of Significant Accounting Policies**

***Other Post-employment Benefits Program***

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

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
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**17. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Summary of Significant Accounting Policies** (continued)

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

***Plan Description***

All full-time, salaried permanent employees of participating City and School Board are automatically covered by the VRS City and School Board Other Post-employment Benefits Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The Other Post-employment Benefits are a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

***Plan Description*** (continued)

***Employees Covered by Benefit Terms - City***

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

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

***Employees Covered by Benefit Terms – School Board***

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

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the City and School Board by the Virginia General Assembly. The City's and School Board's contractually required employer contribution rate for the year ended June 30, 2020 was 0.74% and 1.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City's and School Board's Other Post-employment Benefits Program were \$127,997 and \$111,681 for the year ended June 30, 2020 and \$120,413 and \$93,373 for the year ended June 30, 2019.

***Net OPEB liability***

The City's and School Board's net Other Post-employment Benefits OPEB liability was measured as of June 30, 2019. The total Other Post-employment Benefits OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

***Actuarial Assumptions***

The total OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation -	
Locality – general employees	3.5% - 5.35%
Locality – hazardous duty employees	3.5% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

***Long-Term Expected Rate of Return***

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

**Long-Term Expected Rate of Return** (continued)

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS – Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP – Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>5.13%</b>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.63%</u>

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

***Changes in Net OPEB Liability - City***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 2,854,000	\$ -	\$ 2,854,000
Changes for the year			
Service cost	96,000	-	96,000
Interest	105,000	-	105,000
Differences between expected and actual experience	81,000	-	81,000
Contributions - employer	-	96,000	(96,000)
Net investment income	-	-	-
Benefit payments	(96,000)	(96,000)	-
Other Changes	2,955,000	-	2,955,000
Net Changes	3,141,000	-	3,141,000
Balances at June 30 2020	\$ 5,995,000	\$ -	\$ 5,995,000

***Changes in Net OPEB Liability – School Board***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 3,520,000	\$ -	\$ 3,520,000
Changes for the year			
Service cost	294,000	-	294,000
Interest	135,000	-	135,000
Difference between expected and a actual experience	226,000	-	226,000
Contributions - employer	-	157,000	(157,000)
Net investment income	-	-	-
Benefit payments	(157,000)	(157,000)	-
Other changes	75,000	-	75,000
Net Changes	573,000	-	573,000
Balances at June 30 2020	\$ 4,093,000	\$ -	\$ 4,093,000

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

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

The following presents the City's and School Board's Other Post-employment Benefits Program net OPEB liability using the discount rate of 6.75%, as well as what the City's and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
<b>City's Net OPEB Liability</b>	<b>\$6,550,000</b>	<b>\$5,995,000</b>	<b>\$5,495,000</b>
<b>School Board's OPEB Liability</b>	<b>\$4,254,000</b>	<b>\$4,093,000</b>	<b>\$3,934,000</b>

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

For the year ended June 30, 2020, the City and School Board recognized Other Post-employment Benefits Program OPEB expense of \$201,000 and \$429,000, respectively. At June 30, 2020, the City's and School Board's reported deferred outflows of resources and deferred inflows of resources related to the City's and School Board's Other Post-employment Benefits Program from the following sources:

<b>City's</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 69,000	\$ (313,000)
Change in assumptions	208,000	(309,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>127,997</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 404,997</u></b>	<b><u>\$ (622,000)</u></b>
 <b>School Board's</b>	 <b>Deferred Outflows of Resources</b>	 <b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 166,000	\$ (425,000)
Change in assumptions	55,000	(1,325,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>111,681</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 332,681</u></b>	<b><u>\$ (1,750,000)</u></b>

\$127,997 and \$111,681 reported as deferred outflows of resources related to the OPEB resulting from the City's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

(Notes continued on next page)

**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**17. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

***City's***

**Year ended June 30**

2021	\$ (69,000)
2022	(69,000)
2023	(69,000)
2024	(69,000)
2025	(69,000)

***School Board's***

**Year ended June 30**

2021	\$ (904,000)
2022	(686,000)
2023	61,000
2024	-
2025	-

***Other Post-employment Benefits Program Plan Data***

Information about the City's and School Board's Other Post-employment Benefits Program is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**18. NOTES RECEIVABLE**

The Blended Component Unit, Economic Development Authority, reports a note receivable related to revolving notes entered into with numerous local businesses. These notes were the result of USDA Rural Development grant funds received by the EDA to encourage small business growth in the City. The EDA matched the grant funds received from the USDA at 10% of each note. The revolving notes will be paid back to the EDA over three years with an annual interest rate of 3%. At June 30, 2020, the outstanding balance of the notes was \$115,441.

During fiscal year 2015, the City entered into a buy-in agreement with other localities related to the Middle River Regional Jail Authority. The City reports a note receivable related to this buy-in agreement. The note will be paid back to the City over ten years with an annual interest rate of 2.17%. At June 30, 2020, the outstanding balance of the note was \$2,980,429.

**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, 2020 the debt obligations outstanding as of June 30, 2019 have been refinanced. There are currently no outstanding conduit debt obligations.

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**CITY OF WAYNESBORO, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2020**

**20. TAX ABATEMENTS/REBATES**

The City enters into property tax abatements/rebate agreements with local businesses under the Code of Virginia Section 15.2-953. Under the Code, localities may grant property tax abatements/rebates to spur economic development within the City to benefit the city and its citizens. For the fiscal year ended June 30, 2020, the City abated/rebated property taxes totaling \$25,183 under this program, including the following:

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

**21. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 11, 2020, which is the date the financial statements were available to be issued.

**22. NEW ACCOUNTING STANDARDS**

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

GASB Statement No. 84, Fiduciary Activities:

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

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

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

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance:

The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

***REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)***

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

<b>CITY</b>	<b>Exhibit 11</b>					
	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 1,292,003	\$ 1,322,862	\$ 1,395,692	\$ 1,418,197	\$ 1,364,584	\$ 1,410,687
Interest	5,168,415	5,042,241	4,893,349	4,735,848	4,846,873	4,674,679
Changes in assumptions	2,221,521	-	(83,704)	-	-	-
Differences between expected and actual experience	(11,925)	(429,534)	(93,408)	133,586	(3,886,254)	-
Benefit payments, including refunds of employee contributions	(4,330,724)	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Net change in total pension liability	4,339,290	2,000,112	2,077,595	2,246,721	(1,456,438)	2,616,107
Total pension liability - beginning	75,999,859	73,999,747	71,922,152	69,675,431	71,131,869	68,515,762
Total pension liability ending (a)	80,339,149	75,999,859	73,999,747	71,922,152	69,675,431	71,131,869
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,273,875	\$ 1,337,978	\$ 1,340,790	\$ 1,802,969	\$ 1,747,952	\$ 1,694,304
Contributions - employee	649,479	650,993	663,517	683,362	635,125	637,148
Net investment income	4,382,921	4,720,235	7,119,980	1,009,564	2,660,724	8,097,319
Benefit payments, including refunds of employee contributions	(4,330,724)	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Administrative expense	(44,903)	(41,590)	(42,294)	(37,703)	(37,243)	(44,224)
Other	(2,753)	(4,161)	(6,285)	(435)	(557)	427
Net change in plan fiduciary net position	1,927,895	2,727,998	5,041,374	(583,153)	1,224,360	6,915,715
Plan fiduciary net position - beginning	67,036,003	64,308,005	59,266,631	59,849,784	58,625,424	51,709,709
Plan fiduciary net position - ending (b)	68,963,898	67,036,003	64,308,005	59,266,631	59,849,784	58,625,424
City of Waynesboro's net pension liability - ending (a) - (b)	\$ 11,375,251	\$ 8,963,856	\$ 9,691,742	\$ 12,655,521	\$ 9,825,647	\$ 12,506,445
Plan fiduciary net position as a percentage of the total pension liability	85.84%	88.21%	86.90%	82.40%	85.90%	82.42%
Covered payroll	\$ 14,046,279	\$ 13,056,242	13,153,451	13,015,233	12,776,149	12,048,335
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	80.98%	68.66%	73.68%	97.24%	76.91%	103.80%
<b>SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)</b>						
	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 86,193	\$ 80,698	\$ 76,422	\$ 101,863	\$ 106,501	\$ 103,795
Interest	241,587	227,102	246,759	237,820	243,416	234,497
Changes in assumptions	95,394	-	(6,561)	-	-	-
Differences between expected and actual experience	(8,669)	79,724	(412,930)	(20,577)	(205,893)	-
Benefit payments, including refunds of employee contributions	(180,834)	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)
Net change in total pension liability	233,671	207,180	(284,984)	124,971	(109,785)	170,366
Total pension liability - beginning	3,541,665	3,334,485	3,619,469	3,494,498	3,604,283	3,433,917
Total pension liability ending (a)	3,775,336	3,541,665	3,334,485	3,619,469	3,494,498	3,604,283
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 15,532	\$ 39,487	\$ 39,331	\$ 63,505	\$ 80,835	\$ 108,104
Contributions - employee	40,348	37,880	37,355	35,593	45,591	48,472
Net investment income	259,258	277,009	417,790	59,822	155,645	476,157
Benefit payments, including refunds of employee contributions	(180,834)	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)
Administrative expense	(2,640)	(2,430)	(2,475)	(2,219)	(2,229)	(2,557)
Other	(163)	(245)	(369)	(26)	(32)	25
Net change in plan fiduciary net position	131,501	171,357	302,958	(37,460)	26,001	462,275
Plan fiduciary net position - beginning	3,945,303	3,773,946	3,470,988	3,508,448	3,482,447	3,020,172
Plan fiduciary net position - ending (b)	4,076,804	3,945,303	3,773,946	3,470,988	3,508,448	3,482,447
City of Waynesboro's net pension liability - ending (a) - (b)	\$ (301,468)	\$ (403,638)	\$ (439,461)	\$ 148,481	\$ (13,950)	\$ 121,836
Plan fiduciary net position as a percentage of the total pension liability	107.99%	111.40%	113.18%	95.90%	100.40%	96.62%
Covered payroll	919,921	918,732	800,684	721,229	958,934	958,709
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	-32.77%	-43.93%	-54.89%	20.59%	-1.45%	12.71%

(1) The Schedule of Employer's Share of Net Pension Liability and Related Ratios is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only five years of data are available. However, additional years will be included as they become available.



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

CITY

Exhibit 12

<b>Date</b>	<b>Contractually Required Contributon</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	1,343,906	1,343,906	-	14,540,807	9.24%
2019	1,274,194	1,274,194	-	13,567,153	9.39%
2018	1,338,443	1,338,443	-	13,153,451	10.18%
2017	1,340,706	1,340,706	-	13,071,409	10.26%
2016	1,805,158	1,805,158	-	13,085,870	13.79%
2015	1,747,904	1,747,904	-	12,629,097	13.84%
2014	1,689,566	1,689,566	-	12,405,040	13.62%
2013	1,720,190	1,720,190	-	12,629,879	13.62%
2012	1,279,264	1,279,264	-	11,812,229	10.83%
2011	1,272,361	1,272,361	-	11,748,488	10.83%

**SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)**

<b>Date</b>	<b>Contractually Required Contributon</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	14,683	14,683	-	919,321	1.60%
2019	15,563	15,563	-	863,024	1.80%
2018	39,487	39,487	-	800,684	4.93%
2017	39,131	39,131	-	783,810	4.99%
2016	42,664	42,664	-	1,128,679	3.78%
2015	126,426	126,426	-	1,439,930	8.78%
2014	113,413	113,413	-	1,020,815	11.11%
2013	104,921	104,921	-	944,381	11.11%
2012	79,415	79,415	-	948,806	8.37%
2011	75,813	75,813	-	905,767	8.37%

**SCHOOL BOARD COMPONENT UNIT (TEACHERS)**

<b>Date</b>	<b>Contractually Required Contributon</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	2,769,156	2,769,156	-	18,440,722	15.02%
2019	2,762,944	2,762,944	-	18,220,562	15.16%
2018	2,878,665	2,878,665	-	18,071,133	15.93%
2017	2,598,021	2,598,021	-	18,019,016	14.42%
2016	2,151,749	2,151,749	-	22,649,987	9.50%
2015	3,267,648	3,267,648	-	22,535,503	14.50%
2014	2,299,687	2,299,687	-	19,722,871	11.66%
2013	1,978,240	1,978,240	-	16,966,037	11.66%
2012	1,043,343	1,043,343	-	16,482,505	6.33%
2011	636,450	636,450	-	16,194,666	3.93%

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

	Exhibit 13					
	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	21.56500%	22.25800%	22.83500%	22.81600%	0.22613%	0.23839%
Employer's Proportionate Share of Net Pension Liability (Asset)	28,380,766	26,175,000	28,083,000	31,974,000	28,462,000	28,809,000
Employer's Covered Payroll	19,190,062	19,151,599	20,320,572	20,576,683	21,209,830	20,131,806
Employer's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	147.89%	136.67%	138.20%	155.39%	134.19%	143.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

(1) The Schedule of Employer's Share of Net Pension Liability is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

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

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

CITY	Exhibit 14		
	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 96,000	\$ 130,000	\$ 127,000
Interest	105,000	130,000	128,000
Changes in assumptions	81,000	(427,000)	-
Differences between expected and actual experience	245,000	(431,000)	-
Benefit payments, including refunds of employee contributions	(96,000)	(157,000)	(208,000)
Net change in total OPEB liability	3,141,000	(755,000)	47,000
Total OPEB liability - beginning	2,854,000	3,609,000	3,562,000
Total OPEB liability ending (a)	5,995,000	2,854,000	3,609,000
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 96,000	\$ 157,000	\$ 208,000
Benefit payments, including refunds of employee contributions	(96,000)	(157,000)	(208,000)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 5,995,000	\$ 2,854,000	\$ 3,609,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	13,022,000	13,022,000	12,635,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	46.04%	21.92%	28.56%
<b>SCHOOL BOARD COMPONENT UNIT</b>			
	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 294,000	\$ 386,000	\$ 377,000
Interest	135,000	248,000	231,000
Changes of benefit terms	-	-	-
Changes in assumptions	75,000	(2,815,000)	-
Differences between expected and actual experience	226,000	(903,000)	-
Benefit payments, including refunds of employee contributions	(157,000)	23,000	(283,000)
Net change in total OPEB liability	573,000	(3,061,000)	325,000
Total OPEB liability - beginning	3,520,000	6,581,000	6,256,000
Total OPEB liability ending (a)	4,093,000	3,520,000	6,581,000
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 157,000	\$ (23,000)	\$ 283,000
Benefit payments, including refunds of employee contributions	(157,000)	23,000	(283,000)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 4,093,000	\$ 3,520,000	\$ 6,581,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	11,123,000	11,123,000	16,659,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	36.80%	31.65%	39.50%

(1) The Schedule of Employer's Share of Net OPEB Liability and Related Ratios is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data are available. However, additional years will be included as they become available.

See Independent Auditor's Report

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

CITY

Exhibit 15

<b>Date</b>	<b>Contractually Required Contributon</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	127,956	127,956	-	13,022,000	0.98%
2019	120,413	120,413	-	13,022,000	0.92%
2018	123,410	123,410	-	12,635,000	0.98%
2017	208,000	208,000	-	12,635,000	1.65%
2016	232,000	232,000	-	12,387,000	1.87%
2015	209,000	238,000	-	12,387,000	1.92%
2014	199,000	199,000	-	11,981,000	1.66%
2013	155,000	155,000	-	11,981,000	1.29%
2012	195,000	195,000	-	10,091,000	1.93%
2011	168,000	168,000	-	10,091,000	1.66%

**SCHOOL BOARD COMPONENT UNIT**

<b>Date</b>	<b>Contractually Required Contributon</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	111,681	111,681	-	11,123,000	1.00%
2019	93,373	93,373	-	11,123,000	0.84%
2018	215,331	215,331	-	16,659,000	1.29%
2017	283,000	283,000	-	16,659,000	1.70%
2016	260,000	260,000	-	17,785,000	1.46%
2015	232,000	232,000	-	17,785,000	1.30%
2014	317,000	317,000	-	17,260,000	1.84%
2013	290,000	290,000	-	17,260,000	1.68%
2012	470,000	470,000	-	16,817,000	2.79%
2011	450,000	450,000	-	16,817,000	2.68%

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***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, 2020**

	Special Revenue						
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 326,502	\$ 34,064	\$ 364,868	\$ 95,887	\$ 821,321
Accounts receivable	-	-	67,331	26,650	58,919	3,119	156,019
Due from other governments	122,325	364,912	-	46,311	-	-	533,548
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Total assets	<u>\$ 122,325</u>	<u>\$ 364,912</u>	<u>\$ 393,833</u>	<u>\$ 107,025</u>	<u>\$ 423,787</u>	<u>\$ 99,006</u>	<u>\$ 1,510,888</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	-	229,819	3,182	66,962	7,654	-	307,617
Accrued payroll	-	-	8,725	-	7,539	-	16,264
Retainage payable	-	-	-	-	-	-	-
Due to other funds	<u>122,325</u>	<u>135,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,418</u>
Total liabilities	<u>122,325</u>	<u>364,912</u>	<u>11,907</u>	<u>66,962</u>	<u>15,193</u>	<u>-</u>	<u>581,299</u>
Fund Balances:							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Shenandoah Valley Animal Cente	-	-	-	-	408,594	-	408,594
Committed to:							
Capital projects	-	-	-	-	-	-	-
Assigned to:							
Youth and family services	-	-	381,926	-	-	-	381,926
CAPSAW	-	-	-	40,063	-	-	40,063
Economic Development Authority	-	-	-	-	-	99,006	99,006
Debt service	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>381,926</u>	<u>40,063</u>	<u>408,594</u>	<u>99,006</u>	<u>929,589</u>
Total liabilities and fund balances	<u>\$ 122,325</u>	<u>\$ 364,912</u>	<u>\$ 393,833</u>	<u>\$ 107,025</u>	<u>\$ 423,787</u>	<u>\$ 99,006</u>	<u>\$ 1,510,888</u>

See Independent Auditor's Report



Exhibit 16

Debt Service	Capital Projects	Permanent	Total
Debt	Capital	Cemetery	Nonmajor
Revenue	Improvements	Care	Governmental
Fund	Fund	Fund	Funds
\$ 35,208	\$ 4,001,893	\$ -	\$ 4,858,422
-	-	-	156,019
-	454,314	-	987,862
-	-	599,469	599,469
<u>\$ 35,208</u>	<u>\$ 4,456,207</u>	<u>\$ 599,469</u>	<u>\$ 6,601,772</u>
-	153,106	-	460,723
-	-	-	16,264
-	49,718	-	49,718
-	-	-	257,418
-	202,824	-	784,123
-	-	599,469	599,469
-	-	-	408,594
-	4,253,383	-	4,253,383
-	-	-	381,926
-	-	-	40,063
-	-	-	99,006
35,208	-	-	35,208
-	-	-	-
<u>35,208</u>	<u>4,253,383</u>	<u>599,469</u>	<u>5,817,649</u>
<u>\$ 35,208</u>	<u>\$ 4,456,207</u>	<u>\$ 599,469</u>	<u>\$ 6,601,772</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund	Total
<b>REVENUES</b>							
Revenue from use of money and property	\$ -	\$ -	\$ 4,405	\$ 958	\$ 3,797	\$ 193	\$ 9,353
Charges for services	-	-	-	-	19,091	-	19,091
Miscellaneous	-	-	15,643	341	76,102	199,867	291,953
Recovered costs	-	-	281,826	110,564	329,862	-	722,252
Intergovernmental:							
Commonwealth	866,148	1,928,328	117,385	-	110	-	2,911,971
Federal	710,168	80,939	42,083	335,295	-	-	1,168,485
Total revenues	1,576,316	2,009,267	461,342	447,158	428,962	200,060	5,123,105
<b>EXPENDITURES</b>							
Current:							
Public safety	-	-	558,834	-	486,517	-	1,045,351
Public works	-	-	-	-	-	-	-
Health and welfare	2,374,084	3,433,552	27,741	489,336	-	-	6,324,713
Community development	-	-	-	-	-	118,608	118,608
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	2,374,084	3,433,552	586,575	489,336	486,517	118,608	7,488,672
Excess (deficiency) of revenues over (under) expenditures	(797,768)	(1,424,285)	(125,233)	(42,178)	(57,555)	81,452	(2,365,567)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	797,768	1,424,285	146,300	-	64,389	54,466	2,487,208
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	797,768	1,424,285	146,300	-	64,389	54,466	2,487,208
Net change in fund balances	-	-	21,067	(42,178)	6,834	135,918	121,641
Fund balance - beginning	-	-	360,859	82,241	401,760	(36,912)	807,948
Fund balance - ending	\$ -	\$ -	\$ 381,926	\$ 40,063	\$ 408,594	\$ 99,006	\$ 929,589

See Independent Auditor's Report

Exhibit 17

Debt Service	Capital Projects	Permanent	Total
Debt Revenue Fund	Capital Improvements Fund	Cemetery Care Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ 7,363	\$ 16,716
-	-	-	19,091
-	-	5,040	296,993
-	12,940	-	735,192
-	657,411	-	3,569,382
-	1,635,871	-	2,804,356
-	2,306,222	12,403	7,441,730
-	-	-	1,045,351
-	5,559,054	-	5,559,054
-	-	-	6,324,713
-	-	-	118,608
2,359,557	-	-	2,359,557
1,495,334	-	-	1,495,334
3,854,891	5,559,054	-	16,902,617
(3,854,891)	(3,252,832)	12,403	(9,460,887)
3,685,694	2,161,128	-	8,334,030
-	-	(7,363)	(7,363)
3,685,694	2,161,128	(7,363)	8,326,667
(169,197)	(1,091,704)	5,040	(1,134,220)
204,405	5,345,087	594,429	6,951,869
\$ 35,208	\$ 4,253,383	\$ 599,469	\$ 5,817,649

**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, 2020**

	Virginia Public Assistance Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	945,380	945,380	866,148	(79,232)
Federal	742,798	742,798	710,168	(32,630)
Total revenues	1,688,178	1,688,178	1,576,316	(111,862)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Health and welfare	2,450,893	2,450,893	2,374,084	76,809
Total expenditures	2,450,893	2,450,893	2,374,084	76,809
Excess (deficiency) of revenues over (under) expenditures	(762,715)	(762,715)	(797,768)	(35,053)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	762,715	762,715	797,768	35,053
Total other financing sources and uses	762,715	762,715	797,768	35,053
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
<b>Community Action Partnership of Staunton, Augusta and Waynesboro Fund</b>				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 958	\$ 958
Charges for services	-	-	-	-
Miscellaneous	500	500	341	(159)
Recovered costs	110,564	110,564	110,564	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	336,781	636,451	335,295	(301,156)
Total revenues	447,845	747,515	447,158	(300,357)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Health and welfare	512,250	811,920	489,336	322,584
Total expenditures	512,250	811,920	489,336	322,584
Excess (deficiency) of revenues over (under) expenditures	(64,405)	(64,405)	(42,178)	22,227
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Net change in fund balances	(64,405)	(64,405)	(42,178)	22,227
Fund balance - beginning	82,241	82,241	82,241	-
Fund balance - ending	\$ 17,836	\$ 17,836	\$ 40,063	\$ 22,227

See Independent Auditor's Report

Exhibit 18

Comprehensive Services Act Fund				Youth and Family Services Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,640	\$ 1,640	\$ 4,405	\$ 2,765
-	-	-	-	1,500	2,500	15,643	13,143
-	-	-	-	310,535	310,535	281,826	(28,709)
1,919,000	1,919,000	1,928,328	9,328	117,385	117,385	117,385	-
-	-	80,939	80,939	40,000	83,500	42,083	(41,417)
1,919,000	1,919,000	2,009,267	90,267	471,060	515,560	461,342	(54,218)
-	-	-	-	612,177	668,077	558,834	109,243
3,300,000	3,300,000	3,433,552	(133,552)	38,550	38,550	27,741	10,809
3,300,000	3,300,000	3,433,552	(133,552)	650,727	706,627	586,575	120,052
(1,381,000)	(1,381,000)	(1,424,285)	(43,285)	(179,667)	(191,067)	(125,233)	65,834
1,381,000	1,381,000	1,424,285	43,285	146,300	146,300	146,300	-
1,381,000	1,381,000	1,424,285	43,285	146,300	146,300	146,300	-
-	-	-	-	(33,367)	(44,767)	21,067	65,834
-	-	-	-	360,859	360,859	360,859	-
\$ -	\$ -	\$ -	\$ -	\$ 327,492	\$ 316,092	\$ 381,926	\$ 65,834
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ 3,021	\$ 3,797	\$ 776				
-	18,236	19,091	855				
45,000	72,111	76,102	3,991				
310,900	333,187	329,862	(3,325)				
-	-	110	110				
-	-	-	-				
355,900	426,555	428,962	2,407				
440,437	511,092	486,517	24,575				
-	-	-	-				
440,437	511,092	486,517	24,575				
(84,537)	(84,537)	(57,555)	26,982				
64,537	64,537	64,389	(148)				
(20,000)	(20,000)	6,834	26,834				
401,760	401,760	401,760	-				
\$ 381,760	\$ 381,760	\$ 408,594	\$ 26,834				

See Independent Auditor's Report

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For the Year Ended June 30, 2020**

Exhibit 19

	Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal retirement	2,365,924	2,365,924	2,359,557	6,367
Interest and fiscal charges	<u>1,519,770</u>	<u>1,519,770</u>	<u>1,495,334</u>	<u>24,436</u>
Total expenditures	<u>3,885,694</u>	<u>3,885,694</u>	<u>3,854,891</u>	<u>30,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,885,694)</u>	<u>(3,885,694)</u>	<u>(3,854,891)</u>	<u>30,803</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,685,694</u>	<u>3,685,694</u>	<u>3,685,694</u>	<u>-</u>
Total other financing sources and uses	<u>3,685,694</u>	<u>3,685,694</u>	<u>3,685,694</u>	<u>-</u>
Net change in fund balances	(200,000)	(200,000)	(169,197)	30,803
Fund balance - beginning	<u>204,405</u>	<u>204,405</u>	<u>204,405</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,405</u>	<u>\$ 4,405</u>	<u>\$ 35,208</u>	<u>\$ 30,803</u>

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**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, 2020**

Exhibit 20

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Recovered Costs	\$ -	\$ -	\$ 12,940	\$ 12,940
Intergovernmental:				
Commonwealth	420,000	420,000	657,411	237,411
Federal	3,624,178	3,624,178	1,635,871	(1,988,307)
Total revenues	<u>4,044,178</u>	<u>4,044,178</u>	<u>2,306,222</u>	<u>(1,737,956)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>9,739,497</u>	<u>10,532,307</u>	<u>5,559,054</u>	<u>4,973,253</u>
Total expenditures	<u>9,739,497</u>	<u>10,532,307</u>	<u>5,559,054</u>	<u>4,973,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,695,319)</u>	<u>(6,488,129)</u>	<u>(3,252,832)</u>	<u>3,235,297</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>205,361</u>	<u>2,548,268</u>	<u>2,161,128</u>	<u>(387,140)</u>
Total other financing sources and uses	<u>205,361</u>	<u>2,548,268</u>	<u>2,161,128</u>	<u>(387,140)</u>
Net change in fund balances	(5,489,958)	(3,939,861)	(1,091,704)	2,848,157
Fund balance - beginning	<u>5,345,087</u>	<u>5,345,087</u>	<u>5,345,087</u>	-
Fund balance - ending	<u>\$ (144,871)</u>	<u>\$ 1,405,226</u>	<u>\$ 4,253,383</u>	<u>\$ 2,848,157</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PERMANENT FUNDS**  
**For the Year Ended June 30, 2020**

Exhibit 21

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 7,363	\$ 3,363
Miscellaneous	-	-	5,040	5,040
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>12,403</u>	<u>8,403</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,000</u>	<u>4,000</u>	<u>12,403</u>	<u>8,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(7,363)</u>	<u>(3,363)</u>
Total other financing sources and uses	<u>(4,000)</u>	<u>(4,000)</u>	<u>(7,363)</u>	<u>(3,363)</u>
Net change in fund balances	-	-	5,040	5,040
Fund balance - beginning	<u>594,429</u>	<u>594,429</u>	<u>594,429</u>	<u>-</u>
Fund balance - ending	<u>\$ 594,429</u>	<u>\$ 594,429</u>	<u>\$ 599,469</u>	<u>\$ 5,040</u>

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**NONMAJOR ENTERPRISE FUNDS**

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

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

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

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2020**

Exhibit 22

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,098,742	\$ 315,363	\$ 552,686	\$ 1,966,791
Accounts receivable (net of allowance for uncollectibles)	217,849	74,797	586,130	878,776
Total current assets	1,316,591	390,160	1,138,816	2,845,567
Noncurrent assets:				
Equity interest in joint venture	-	2,708,586	-	2,708,586
Capital assets:				
Buildings	113,453	-	-	113,453
Improvements other than buildings	-	-	3,939,076	3,939,076
Machinery and equipment	1,424,958	-	461,990	1,886,948
Less accumulated depreciation	(1,164,147)	-	(1,438,122)	(2,602,269)
Total capital assets (net of accumulated depreciation)	374,264	-	2,962,944	3,337,208
Total noncurrent assets	374,264	2,708,586	2,962,944	6,045,794
Total assets	1,690,855	3,098,746	4,101,760	8,891,361
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	-	117,736	117,736
Deferred outflow on OPEB obligation	-	3,633	-	3,633
Deferred loss on VRS pension	93,574	25,218	75,220	194,012
Total deferred outflows of resources	93,574	28,851	192,956	315,381
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	5,560	112,482	15,896	133,938
Accrued payroll	13,361	64,627	10,085	88,073
Accrued interest payable	-	-	27,894	27,894
Deposits payable	2,228	-	-	2,228
Compensated absences	2,116	16,976	1,878	20,970
General obligation bonds - current	-	-	244,852	244,852
Total current liabilities	23,265	194,085	300,605	517,955
Noncurrent liabilities:				
Compensated absences	22,369	7,267	19,855	49,491
Net OPEB obligation	171,702	47,276	74,323	293,301
Net pension liability	304,895	29,060	245,093	579,048
General obligation bonds payable (net of unamortized deferred amount on refunding)	-	-	2,180,089	2,180,089
Total noncurrent liabilities	498,966	83,603	2,519,360	3,101,929
Total liabilities	522,231	277,688	2,819,965	3,619,884
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow on OPEB obligation	17,815	11,636	7,711	37,162
Deferred gain on VRS pension	40,357	18,366	32,441	91,164
Total deferred inflows of resources	58,172	30,002	40,152	128,326
<b>NET POSITION</b>				
Net investment in capital assets	374,264	-	655,739	1,030,003
Restricted for grant proceeds	2,421	-	-	2,421
Unrestricted	827,341	2,819,907	778,860	4,426,108
Total net position	\$ 1,204,026	\$ 2,819,907	\$ 1,434,599	\$ 5,458,532

See Independent Auditor's Report

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2020**

Exhibit 23

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,182,167	\$ 677,513	\$ 1,397,594	\$ 3,257,274
Miscellaneous	400	-	1,500	1,900
Total operating revenues	<u>1,182,567</u>	<u>677,513</u>	<u>1,399,094</u>	<u>3,259,174</u>
<b>OPERATING EXPENSES</b>				
Personal services	805,129	-	611,492	1,416,621
Contractual services	68,163	583,183	148,773	800,119
Other supplies and expenses	164,831	-	168,260	333,091
Depreciation	96,293	-	244,651	340,944
Total operating expenses	<u>1,134,416</u>	<u>583,183</u>	<u>1,173,176</u>	<u>2,890,775</u>
Operating income (loss)	<u>48,151</u>	<u>94,330</u>	<u>225,918</u>	<u>368,399</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental:				
Commonwealth	3,947	-	-	3,947
Interest income	12,557	1,588	5,934	20,079
Interest and fiscal charges	-	-	(128,463)	(128,463)
Gain (loss) on equity interest	-	(349,241)	-	(349,241)
Total nonoperating revenues (expenses)	<u>16,504</u>	<u>(347,653)</u>	<u>(122,529)</u>	<u>(453,678)</u>
Income before contributions and transfers	<u>64,655</u>	<u>(253,323)</u>	<u>103,389</u>	<u>(85,279)</u>
Capital contributions	-	-	250,000	250,000
Transfers out	<u>(243,986)</u>	<u>-</u>	<u>(244,326)</u>	<u>(488,312)</u>
Change in net position	(179,331)	(253,323)	109,063	(323,591)
Total net position - beginning	<u>1,383,357</u>	<u>3,073,230</u>	<u>1,325,536</u>	<u>5,782,123</u>
Total net position - ending	<u>\$ 1,204,026</u>	<u>\$ 2,819,907</u>	<u>\$ 1,434,599</u>	<u>\$ 5,458,532</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2020**

				Exhibit 24
	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 1,184,677	\$ 674,531	\$ 1,428,351	\$ 3,287,559
Cash paid to suppliers	(267,965)	(522,389)	(323,278)	(1,113,632)
Cash paid to employees	(661,987)	1,598	(518,380)	(1,178,769)
Other receipts (payments)	400	-	1,500	1,900
Net cash provided (used) by operating activities	<u>255,125</u>	<u>153,740</u>	<u>588,193</u>	<u>997,058</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Subsidy from state grant	3,947	-	-	3,947
Transfer to other funds	(243,986)	-	(244,326)	(488,312)
Net cash provided (used) by noncapital financing activities	<u>(240,039)</u>	<u>-</u>	<u>(244,326)</u>	<u>(484,365)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	-	(25,390)	(25,390)
Principal paid on capital debt	-	-	(198,561)	(198,561)
Interest paid on capital debt	-	-	(109,724)	(109,724)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(333,675)</u>	<u>(333,675)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	12,557	1,588	5,934	20,079
Cash paid to joint venture	-	(304,213)	-	(304,213)
Net cash provided by investing activities	<u>12,557</u>	<u>(302,625)</u>	<u>5,934</u>	<u>(284,134)</u>
Net increase (decrease) in cash and cash equivalents	27,643	(148,885)	16,126	(105,116)
Cash and cash equivalents - beginning of year	<u>1,071,099</u>	<u>464,248</u>	<u>536,560</u>	<u>2,071,907</u>
Cash and cash equivalents - end of year	<u>\$ 1,098,742</u>	<u>\$ 315,363</u>	<u>\$ 552,686</u>	<u>\$ 1,966,791</u>
Cash and cash equivalents at end of year is composed of the following:				
Cash and cash equivalents	<u>\$ 1,098,742</u>	<u>\$ 315,363</u>	<u>\$ 552,686</u>	<u>\$ 1,966,791</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 48,151	\$ 94,330	\$ 225,918	\$ 368,399
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	96,293	-	244,651	340,944
(Increase) decrease in accounts receivable	2,210	(2,982)	30,757	29,985
(Increase) decrease in deferred outflow on OPEB	-	(1,959)	-	(1,959)
(Increase) decrease in deferred loss on VRS pension	(32,136)	(5,725)	(18,780)	(56,641)
Increase (decrease) in accounts payable	(34,971)	60,794	(6,245)	19,578
Increase (decrease) in accrued payroll	(8,131)	2,570	(10,935)	(16,496)
Increase (decrease) in net OPEB obligation	85,215	(1,814)	62,570	145,971
Increase (decrease) in net pension liability	108,410	10,951	64,592	183,953
Increase (decrease) in deferred inflow on OPEB	(4,610)	4,281	4,664	4,335
Increase (decrease) in deferred gain on VRS pension	(11,673)	(3,244)	(15,356)	(30,273)
Increase (decrease) in deposits payable	300	-	-	300
Increase (decrease) in compensated absences	6,067	(3,462)	6,357	8,962
Total Adjustments	<u>206,974</u>	<u>59,410</u>	<u>362,275</u>	<u>628,659</u>
Net cash provided (used) by operating activities	<u>\$ 255,125</u>	<u>\$ 153,740</u>	<u>\$ 588,193</u>	<u>\$ 997,058</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital Contributions of stormwater assets from developers	\$ -	\$ -	\$ 250,000	\$ 250,000

See Independent Auditor's Report

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

#### **SPECIAL REVENUE FUNDS**

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

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

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

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **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**

Valley Academy Fund – to account for the operations, in a fiscal agent capacity, of a regional alternative education program for the City of Waynesboro and the County of Augusta. Receipts consist of state education funds and tuition payments from the participating localities and are restricted to use only for this regional program.

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, 2020**

	Exhibit 25			
	School Operating Fund	School Nutrition Fund	School Textbook Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,197,292	\$ 540,249	\$ 550,718	\$ 5,288,259
Accounts receivable	29,286	19,837	-	49,123
Due from other governments	<u>1,116,312</u>	<u>88,865</u>	<u>-</u>	<u>1,205,177</u>
Total assets	<u>\$ 5,342,890</u>	<u>\$ 648,951</u>	<u>\$ 550,718</u>	<u>\$ 6,542,559</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	404,447	20,632	3,000	428,079
Accrued payroll	1,661,722	65,537	-	1,727,259
Compensated absences	<u>26,208</u>	<u>-</u>	<u>-</u>	<u>26,208</u>
Total liabilities	<u>2,092,377</u>	<u>86,169</u>	<u>3,000</u>	<u>2,181,546</u>
Fund balances:				
Committed to:				
Education	3,250,513	-	-	3,250,513
Assigned to:				
Education	-	562,782	547,718	1,110,500
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,250,513</u>	<u>562,782</u>	<u>547,718</u>	<u>4,361,013</u>
Total liabilities and fund balances	<u>\$ 5,342,890</u>	<u>\$ 648,951</u>	<u>\$ 550,718</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.	53,709,120
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,242,287
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(34,075,661)
Deferred inflows of resources related to the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,645,960)</u>
Net position of governmental activities	<u>\$ 24,590,799</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, 2020**

	Exhibit 26			
	School Operating Fund	School Nutrition Fund	School Textbook Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from use of money and property	\$ 278,333	\$ -	\$ -	\$ 278,333
Charges for services	95,092	211,258	-	306,350
Miscellaneous	576,759	9,733	146	586,638
Recovered costs	235,327	-	-	235,327
Intergovernmental:				
Local	15,291,194	-	-	15,291,194
Commonwealth	18,884,864	43,915	-	18,928,779
Federal	2,772,138	1,480,476	-	4,252,614
Total revenues	<u>38,133,707</u>	<u>1,745,382</u>	<u>146</u>	<u>39,879,235</u>
<b>EXPENDITURES</b>				
Current:				
Education	35,837,368	1,710,839	208,166	37,756,373
Debt Service:				
Principal retirement	266,490	-	-	266,490
Interest and fiscal charges	76,563	-	-	76,563
Total expenditures	<u>36,180,421</u>	<u>1,710,839</u>	<u>208,166</u>	<u>38,099,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,953,286</u>	<u>34,543</u>	<u>(208,020)</u>	<u>1,779,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	283,622	283,622
Transfers out	(283,622)	-	-	(283,622)
Total other financing sources and uses	<u>(283,622)</u>	<u>-</u>	<u>283,622</u>	<u>-</u>
Net change in fund balances	1,669,664	34,543	75,602	1,779,809
Fund balance Beginning	<u>1,580,849</u>	<u>528,239</u>	<u>472,116</u>	
Fund balance - ending	<u>\$ 3,250,513</u>	<u>\$ 562,782</u>	<u>\$ 547,718</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 (1,333,859) was less than capital outlays (11,629,332) 10,295,473

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 95,297

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. 266,490

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. 717,586

Change in net position of governmental activities \$ 13,154,655

See Independent Auditor's Report

CITY OF WAYNESBORO, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
FIDUCIARY FUNDS  
June 30, 2020

			Exhibit 27
	Private- Purpose Trust Kimler	Agency Valley Academy	School Payroll Fringes
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 61,093	\$ 533,440
Receivables	-	26,000	-
Restricted assets:			
Cash and cash equivalents	14,122	-	-
Total assets	<u>14,122</u>	<u>87,093</u>	<u>\$ 533,440</u>
<b>LIABILITIES</b>			
Payroll taxes and fringes payable	-	-	533,440
Payroll Payable	-	21,508	-
Amounts held for Program	-	65,585	-
Total liabilities	<u>-</u>	<u>\$ 87,093</u>	<u>\$ 533,440</u>
<b>NET POSITION</b>			
Restricted for:			
Educational purposes	<u>\$ 14,122</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, 2020

	Exhibit 28
	Private- Purpose Trust Kimler
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 104
Total additions	<u>104</u>
<b>DEDUCTIONS</b>	
Education expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	104
Net position - beginning	<u>14,018</u>
Net position - ending	<u>\$ 14,122</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, 2020**

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ 30,200	\$ 30,200	\$ 278,333	\$ 248,133
Charges for services	71,800	71,800	95,092	23,292
Miscellaneous	481,522	485,522	576,759	91,237
Recovered costs	440,000	440,000	235,327	(204,673)
Intergovernmental:				
Local	15,061,575	15,291,194	15,291,194	-
Commonwealth	19,144,847	19,187,687	18,884,864	(302,823)
Federal	2,551,730	2,923,859	2,772,138	(151,721)
Total revenues	<u>37,781,674</u>	<u>38,430,262</u>	<u>38,133,707</u>	<u>(296,555)</u>
<b>EXPENDITURES</b>				
Current:				
Education	37,086,631	37,748,549	35,837,368	1,911,181
Debt service:				
Principal retirement	266,490	266,490	266,490	-
Interest and fiscal charges	76,563	76,563	76,563	-
Total expenditures	<u>37,429,684</u>	<u>38,091,602</u>	<u>36,180,421</u>	<u>1,911,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>351,990</u>	<u>338,660</u>	<u>1,953,286</u>	<u>1,614,626</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(344,993)	(344,993)	(283,622)	61,371
Total other financing sources and uses	<u>(344,993)</u>	<u>(344,993)</u>	<u>(283,622)</u>	<u>61,371</u>
Net change in fund balances	6,997	(6,333)	1,669,664	1,675,997
Fund balance - beginning	<u>1,580,849</u>	<u>1,580,849</u>	<u>1,580,849</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,587,846</u>	<u>\$ 1,574,516</u>	<u>\$ 3,250,513</u>	<u>\$ 1,675,997</u>

Exhibit 29

School Nutrition Fund				School Textbook Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
				Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
328,376	328,376	211,258	(117,118)	-	-	-	-
9,961	9,961	9,733	(228)	-	-	146	146
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
56,071	56,071	43,915	(12,156)	-	-	-	-
1,292,563	1,292,563	1,480,476	187,913	-	-	-	-
1,686,971	1,686,971	1,745,382	58,411	-	-	146	146
1,686,971	1,686,971	1,710,839	(23,868)	292,001	292,001	208,166	83,835
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,686,971	1,686,971	1,710,839	(23,868)	292,001	292,001	208,166	83,835
-	-	34,543	34,543	(292,001)	(292,001)	(208,020)	83,981
-	-	-	-	292,001	292,001	283,622	(8,379)
-	-	-	-	-	-	-	-
-	-	-	-	292,001	292,001	283,622	(8,379)
-	-	34,543	34,543	-	-	75,602	75,602
528,239	528,239	528,239	-	472,116	472,116	472,116	-
\$ 528,239	\$ 528,239	\$ 562,782	\$ 34,543	\$ 472,116	\$ 472,116	\$ 547,718	\$ 75,602

See Independent Auditor's Report

**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, 2020**

				Exhibit 30
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>School Payroll Fringes Fund</b>				
Assets:				
Cash and cash equivalents	\$ 633,329	\$ 16,910,633	\$ 16,990,522	\$ 553,440
Total assets	<u>\$ 633,329</u>	<u>\$ 16,910,633</u>	<u>\$ 16,990,522</u>	<u>\$ 553,440</u>
Liabilities:				
Payroll taxes and fringes payable	633,329	16,910,633	16,990,522	553,440
Total liabilities	<u>\$ 633,329</u>	<u>\$ 16,910,633</u>	<u>\$ 16,990,522</u>	<u>\$ 553,440</u>
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Valley Academy</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 563,810	\$ 502,717	\$ 61,093
Accounts receivable	-	26,000	-	26,000
Total assets	<u>\$ -</u>	<u>\$ 589,810</u>	<u>\$ 502,717</u>	<u>\$ 87,093</u>
Liabilities:				
Payroll Payable	-	21,508	-	21,508
Held for Valley Academy	-	568,302	502,717	65,585
Total liabilities	<u>\$ -</u>	<u>\$ 21,508</u>	<u>\$ 502,717</u>	<u>\$ 87,093</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, 2020**

Exhibit 31

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
<b><u>PRIMARY GOVERNMENT:</u></b>							
General government administration	\$ 4,923,193	\$ -	\$ 1,623,599	\$ 50,600	\$ 2,959,997	\$ -	\$ 9,557,389
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	1,259,381	4,218,698	441,208	3,174,391	-	9,093,678
Public works	341,189	2,643,508	2,206,870	415,460	312,237	54,466,705	60,385,969
Health and welfare	-	-	451,060	208,400	-	-	659,460
Parks, recreation, and cultural	4,299	1,554,456	4,150,002	2,416,320	426,412	181,343	8,732,832
Community development	<u>3,507,117</u>	<u>591,580</u>	<u>168,862</u>	<u>2,214,952</u>	<u>48,961</u>	<u>819,659</u>	<u>7,351,131</u>
Total Primary Government	<u>\$ 8,775,798</u>	<u>\$ 6,048,925</u>	<u>\$ 16,215,739</u>	<u>\$ 5,802,578</u>	<u>\$ 7,034,482</u>	<u>\$ 55,467,707</u>	<u>\$ 99,345,229</u>
<b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>							
Schools:							
Education	<u>\$ 811,907</u>	<u>\$ 18,191,071</u>	<u>\$ 53,021,957</u>	<u>\$ 4,444,502</u>	<u>\$ 4,601,312</u>	<u>\$ -</u>	<u>\$ 81,070,749</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, 2020**

				Exhibit 32
Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	June 30, 2019	Additions	Deductions	June 30, 2020
<b><u>PRIMARY GOVERNMENT:</u></b>				
General government administration	\$ 9,256,311	\$ 301,076	\$ -	\$ 9,557,387
Judicial administration	3,564,771	-	-	3,564,771
Public safety	7,713,442	1,380,235	-	9,093,677
Public works	60,885,666	2,982,743	(3,482,440)	60,385,969
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	7,783,805	976,648	-	8,760,453
Community development	<u>7,173,344</u>	<u>177,787</u>	<u>-</u>	<u>7,351,131</u>
 Total Primary Government	 <u>\$ 97,009,179</u>	 <u>\$ 5,818,489</u>	 <u>\$ (3,482,440)</u>	 <u>\$ 99,345,229</u>
<b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>				
Schools:				
Education	<u>\$ 69,441,418</u>	<u>\$ 11,629,331</u>	<u>\$ -</u>	<u>\$ 81,070,749</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.

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## ***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, 2020**

	Schedule 1			
	Original	Final		Variance with
Fund, Major and Minor Revenue Source	Budget	Budget	Actual	Final Budget -
				Positive
				(Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,848,000	\$ 16,848,000	\$ 16,775,726	\$ (72,274)
Real and personal public service corporation property taxes	960,000	960,000	1,021,740	61,740
Personal property taxes	3,998,000	3,998,000	4,772,036	774,036
Mobile home taxes	6,300	6,300	5,510	(790)
Machinery and tools taxes	1,138,500	1,138,500	1,104,296	(34,204)
Rolling stock	44,000	44,000	95,876	51,876
Penalties	234,000	234,000	346,800	112,800
Interest	92,000	92,000	121,272	29,272
Total General Property Taxes	23,320,800	23,320,800	24,243,256	922,456
Other local taxes:				
Local sales and use tax	5,500,000	5,500,000	5,604,128	104,128
Consumers' utility taxes	1,044,000	1,044,000	1,045,083	1,083
Business license taxes	2,172,500	2,172,500	2,283,334	110,834
Motor vehicle licenses	423,613	423,613	438,893	15,280
Bank stock taxes	325,000	325,000	374,962	49,962
Taxes on recordation and wills	174,000	174,000	267,679	93,679
Lodging taxes	800,000	800,000	669,968	(130,032)
Restaurant food taxes	5,106,000	5,106,000	4,859,685	(246,315)
Tobacco taxes	474,360	474,360	507,789	33,429
Short-term rental taxes	4,000	4,000	2,140	(1,860)
Payments in lieu of tax	30,000	30,000	31,159	1,159
Total Other Local Taxes	16,053,473	16,053,473	16,084,820	31,347
Permits, privilege fees and regulatory licenses:				
Animal licenses	11,000	11,000	11,753	753
Permits and other licenses	178,300	178,300	250,472	72,172
Total Permits, Privilege Fees, and Regulatory Licenses	189,300	189,300	262,225	72,925
Fines and forfeitures:				
Parking fines	6,000	6,000	3,155	(2,845)
Fines and forfeitures	135,200	135,200	114,788	(20,412)
Total Fines and Forfeitures	141,200	141,200	117,943	(23,257)
Revenue from use of money and property:				
Revenue from use of money	173,000	173,000	315,574	142,574
Revenue from use of property	47,556	47,556	49,671	2,115
Total Revenue from Use of Money and Property	220,556	220,556	365,245	144,689
Charges for services:				
Commonwealth's attorney fees	3,000	3,000	2,420	(580)
Charges for court appointed attorney	15,000	15,000	6,970	(8,030)
Charges for maintenance of buildings and grounds	1,125	1,125	19,221	18,096
Charges for passport fees	-	6,700	11,903	5,203
Charges for planning services	27,000	27,000	32,887	5,887
Charges for recreation	238,585	238,585	94,799	(143,786)
Charges for library	26,100	26,100	12,844	(13,256)
Charges for miscellaneous services	14,290	14,290	21,862	7,572
Total Charges for Services	325,100	331,800	202,906	(128,894)
Miscellaneous revenue:				
Gifts and donations	-	26,753	40,271	13,518
Other revenue	681,447	691,368	729,113	37,745
Total Miscellaneous Revenue	681,447	718,121	769,384	51,263
Recovered Costs	6,500	32,124	186,902	154,778
Total Revenue from Local Sources	40,938,376	41,007,374	42,232,681	1,225,307

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,925	\$ 1,925	\$ 795	\$ (1,130)
Grantor tax	50,000	50,000	69,633	19,633
Sales tax on rental passenger vehicles	87,000	87,000	74,379	(12,621)
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	750,760	750,760	808,900	58,140
Rolling stock tax	15,250	15,250	15,233	(17)
Communications tax	1,110,000	1,110,000	1,075,555	(34,445)
Recordation tax	60,000	60,000	52,860	(7,140)
Total Non-categorical Aid	<u>3,796,392</u>	<u>3,796,392</u>	<u>3,818,812</u>	<u>22,420</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 400,000	\$ 400,000	\$ 434,990	\$ 34,990
Sheriff	287,000	287,000	298,823	11,823
Commissioner of the revenue	91,000	91,000	96,033	5,033
Treasurer	85,000	85,000	89,827	4,827
Clerk of circuit court	245,000	245,000	241,559	(3,441)
Registrar/Electoral board	37,000	37,000	55,711	18,711
Total Shared Expenses	<u>1,145,000</u>	<u>1,145,000</u>	<u>1,216,943</u>	<u>71,943</u>
Other categorical aid:				
Street and highway maintenance	\$ 3,880,000	\$ 3,880,000	\$ 3,902,339	\$ 22,339
Library	154,617	154,617	154,617	-
Virginia Arts	5,000	5,000	4,500	(500)
Fire Board funds	74,526	74,526	76,507	1,981
Drug seizure	-	-	39,869	39,869
Victim/witness	25,567	25,567	24,451	(1,116)
E-911 wireless	126,000	126,000	98,347	(27,653)
EMS grants	-	44,801	-	(44,801)
Other state funds	-	196,099	676	(195,423)
Total Other Categorical Aid	<u>4,265,710</u>	<u>4,506,610</u>	<u>4,301,306</u>	<u>(205,304)</u>
Total Categorical Aid	<u>5,410,710</u>	<u>5,651,610</u>	<u>5,518,249</u>	<u>(133,361)</u>
Total Revenue from the Commonwealth	<u>9,207,102</u>	<u>9,448,002</u>	<u>9,337,061</u>	<u>(110,941)</u>
Revenue from the Federal Government:				
Categorical aid:				
FEMA	\$ -	\$ -	\$ 24,000	\$ 24,000
DMV grants	-	-	12,525	12,525
LEMP grant	-	-	4,333	4,333
Forestry grants	-	-	2,080	2,080
Victim/witness	76,701.00	76,701.00	73,354	(3,347.00)
Drug seizure	-	-	22,220	22,220
CARES funding	-	378,000	1,050,196	672,196
Total Categorical Aid	<u>76,701</u>	<u>454,701</u>	<u>1,188,708</u>	<u>734,007</u>
Total Revenue from the Federal Government	<u>76,701</u>	<u>454,701</u>	<u>1,188,708</u>	<u>734,007</u>
Total General Fund	<u>\$ 50,222,179</u>	<u>\$ 50,910,077</u>	<u>\$ 52,758,450</u>	<u>\$ 1,848,373</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	<u>945,380</u>	<u>945,380</u>	<u>866,148</u>	<u>(79,232)</u>

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Virginia Public Assistance Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	\$ 742,798	\$ 742,798	\$ 710,168	\$ (32,630)
Total Virginia Public Assistance Fund	\$ 1,688,178	\$ 1,688,178	\$ 1,576,316	\$ (111,862)
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	1,919,000	1,919,000	1,928,328	9,328
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	-	-	80,939	80,939
Total Comprehensive Services Act Fund	\$ 1,919,000	\$ 1,919,000	\$ 2,009,267	\$ 90,267
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	1,640	1,640	4,405	2,765
Miscellaneous revenue:				
Gifts and donations	1,000	2,000	4,685	2,685
Other revenue	500	500	10,958	10,458
Total Miscellaneous Revenue	1,500	2,500	15,643	13,143
Recovered Costs	310,535	310,535	281,826	(28,709)
Total Revenue from Local Sources	313,675	314,675	301,874	(12,801)
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	117,385	117,385	117,385	-
Total Revenue from the Commonwealth	117,385	117,385	117,385	-
Revenue from the Federal Government:				
Categorical aid:				
Substance abuse/mental health	40,000	40,000	31,711	(8,289)
Other federal funds	-	43,500	10,372	(33,128)
Total Revenue from the Federal Government	40,000	83,500	42,083	(41,417)
Total Youth and Family Services Fund	\$ 471,060	\$ 515,560	\$ 461,342	\$ (54,218)
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	-	-	958	958
Miscellaneous revenue:				
Other revenue	500	500	341	(159)
Recovered Costs	110,564	110,564	110,564	-
Total Revenue from Local Sources	111,064	111,064	111,863	799

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

				Schedule 1 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
TANF grant	130,000	130,000	130,000	-
CSBG grant	206,781	506,451	205,295	(301,156)
Total Revenue from the Federal Government	336,781	636,451	335,295	(301,156)
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 447,845	\$ 747,515	\$ 447,158	\$ (300,357)
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	3,021	3,797	776
Charges for services:				
Animal adoption fees	-	9,919	10,684	765
Animal control fees	-	8,317	8,407	90
Total Charges for Services	-	18,236	19,091	855
Miscellaneous revenue:				
Gifts and donations	45,000	72,111	72,696	585
Other revenue	-	-	3,406	3,406
Total Miscellaneous Revenue	45,000	72,111	76,102	3,991
Recovered Costs	310,900	333,187	329,862	(3,325)
Total Revenue from Local Sources	355,900	426,555	428,852	2,297
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	-	110	110
Total Revenue from the Commonwealth	-	-	110	110
Total Shenandoah Valley Animal Service Center Fund	\$ 355,900	\$ 426,555	\$ 428,962	\$ 2,407
Total Special Revenue Funds	\$ 4,881,983	\$ 5,296,808	\$ 4,923,045	\$ (373,763)
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Recovered Costs	-	-	12,940	12,940
Total Revenue from Local Sources	-	-	12,940	12,940
Revenue from the Commonwealth:				
Categorical Aid:				
VDOT grants	420,000	420,000	657,411	237,411
Total Revenue from the Commonwealth	420,000	420,000	657,411	237,411
Revenue from the Federal and State Government:				
Categorical aid:				
VDOT grants	3,047,928	3,047,928	1,377,651	(1,670,277)
Other grants	401,250	401,250	125,524	(275,726)
CDBG grant	175,000	175,000	132,696	(42,304)
Total Revenue from the Federal Government	3,624,178	3,624,178	1,635,871	(1,988,307)
Total Capital Improvements Fund	\$ 4,044,178	\$ 4,044,178	\$ 2,306,222	\$ (1,737,956)
Total Capital Projects Funds	\$ 4,044,178	\$ 4,044,178	\$ 2,306,222	\$ (1,737,956)

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

				Schedule 1 (continued)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 4,000	\$ 4,000	\$ 7,363	\$ 3,363
Miscellaneous revenue:				
Other revenue	-	-	5,040	5,040
Total Revenue from Local Sources	4,000	4,000	12,403	8,403
Total Perpetual Care Fund	\$ 4,000	\$ 4,000	\$ 12,403	\$ 8,403
Total Permanent Funds	\$ 4,000	\$ 4,000	\$ 12,403	\$ 8,403
Grand Total - Revenues - Primary Government	\$ 59,152,340	\$ 60,255,063	\$ 60,000,120	\$ (254,943)
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	19,700	19,700	44,458	24,758
Revenue from use of property	10,500	10,500	233,875	223,375
Total Revenue from Use of Money and Property	30,200	30,200	278,333	248,133
Charges for services:				
Charges for education	71,800	71,800	95,092	23,292
Total Charges for Services	71,800	71,800	95,092	23,292
Miscellaneous revenue:				
Gifts and donations	650	4,650	6,200	1,550
Other revenue	480,872	480,872	570,559	89,687
Total Miscellaneous Revenue	481,522	485,522	576,759	91,237
Recovered Costs	440,000	440,000	235,327	(204,673)
Total Revenue from Local Sources	1,023,522	1,027,522	1,185,511	157,989
Revenue from Local Government:				
Contribution from City of Waynesboro	15,061,575	15,291,194	15,291,194	-
Revenue from the Commonwealth:				
Categorical Aid:				
Adult education	47,251	47,251	47,251	-
At risk	743,264	743,264	731,621	(11,643)
Basic school aid	7,943,511	7,943,511	7,577,841	(365,670)
Compensation Supplement	509,550	509,550	495,019	(14,531)
Early intervention	51,519	51,519	57,959	6,440
English as a second language	92,458	92,458	103,691	11,233
Foster children	75,109	75,109	70,091	(5,018)
GED funding	16,710	16,925	16,773	(152)
Gifted and talented children	91,257	91,257	88,638	(2,619)
Group life	35,385	35,385	34,370	(1,015)
Operating costs	766,473	766,473	763,919	(2,554)
Primary class size	508,575	508,575	523,210	14,635
Race to GED expansion	98,791	98,791	98,791	-
Remedial education	495,642	495,642	474,189	(21,453)
Share of state sales tax	3,876,583	3,876,583	3,976,674	100,091
Social security	512,155	512,155	497,459	(14,696)
Special education	1,055,921	1,055,921	1,034,737	(21,184)
Standards of learning	45,618	45,618	44,204	(1,414)
Teacher retirement	1,132,327	1,132,327	1,099,837	(32,490)
Technology initiative	297,000	326,348	422,428	96,080

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

Schedule 1 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Operating Fund: (cont'd)				
Revenue from the Commonwealth: (cont'd)				
Textbook payments	\$ 187,523	\$ 187,523	\$ 182,142	\$ (5,381)
Vocational education	338,718	347,245	330,521	(16,724)
Other state funds	<u>223,507</u>	<u>228,257</u>	<u>213,499</u>	<u>(14,758)</u>
Total Revenue from the Commonwealth	<u>19,144,847</u>	<u>19,187,687</u>	<u>18,884,864</u>	<u>(302,823)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Adult literacy	619,833	646,105	635,955	(10,150)
Title I	980,000	1,234,705	1,201,016	(33,689)
Title II - Teacher Quality	150,000	150,000	160,266	10,266
Title III	18,957	18,957	8,214	(10,743)
Title IV	-	68,000	9,748	(58,252)
Title VIB	661,798	661,798	661,797	(1)
Title VIB - Preschool grant	16,142	16,142	17,286	1,144
Title IXA - Homeless	25,000	38,123	14,269	(23,854)
Inclusive Practice Partnership	2,000	2,000	1,996	(4)
Vocational education	<u>78,000</u>	<u>88,029</u>	<u>61,591</u>	<u>(26,438)</u>
Total Revenue from the Federal Government	<u>2,551,730</u>	<u>2,923,859</u>	<u>2,772,138</u>	<u>(151,721)</u>
Total School Operating Fund	<u>\$ 37,781,674</u>	<u>\$ 38,430,262</u>	<u>\$ 38,133,707</u>	<u>\$ (296,555)</u>
School Nutrition Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	<u>328,376</u>	<u>328,376</u>	<u>211,258</u>	<u>(117,118)</u>
Miscellaneous Revenue	<u>9,961</u>	<u>9,961</u>	<u>9,733</u>	<u>(228)</u>
Total Revenue from Local Sources	<u>338,337</u>	<u>338,337</u>	<u>220,991</u>	<u>(117,346)</u>
Revenue from the Commonwealth:				
School food programs	<u>56,071</u>	<u>56,071</u>	<u>43,915</u>	<u>(12,156)</u>
Revenue from the Federal Government:				
School food programs	<u>1,292,563</u>	<u>1,292,563</u>	<u>1,480,476</u>	<u>187,913</u>
Total School Nutrition Fund	<u>\$ 1,686,971</u>	<u>\$ 1,686,971</u>	<u>\$ 1,745,382</u>	<u>\$ 58,411</u>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>146</u>	<u>146</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 146</u>
Total Special Revenue Funds	<u>\$ 39,468,645</u>	<u>\$ 40,117,233</u>	<u>\$ 39,879,235</u>	<u>\$ (237,998)</u>
Grand Total - Revenues - Component Unit School Board	<u>\$ 39,468,645</u>	<u>\$ 40,117,233</u>	<u>\$ 39,879,235</u>	<u>\$ (237,998)</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

	Schedule 2			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Budget	Budget		
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 87,051	\$ 87,051	\$ 73,571	\$ 13,480
Clerk of Council	65,478	65,478	64,404	1,074
Total Legislative	<u>152,529</u>	<u>152,529</u>	<u>137,975</u>	<u>14,554</u>
General and Financial Administration:				
Manager	482,999	1,140,914	502,251	638,663
City Attorney	120,450	120,450	137,244	(16,794)
Human Resources	376,603	404,244	306,397	97,847
Commissioner of Revenue	326,053	326,053	299,350	26,703
Assessor	273,201	273,201	264,288	8,913
Treasurer	338,234	338,234	318,331	19,903
Finance	906,945	966,180	945,324	20,856
Information Technology	1,370,385	1,292,893	1,289,623	3,270
Risk Management	340,931	340,931	342,335	(1,404)
Central Office	41,000	41,000	31,619	9,381
Total General and Financial Administration	<u>4,576,801</u>	<u>5,244,100</u>	<u>4,436,762</u>	<u>807,338</u>
Board of Elections:				
Electoral Board and Officials	175,418	175,418	176,663	(1,245)
Total General Government Administration	<u>4,904,748</u>	<u>5,572,047</u>	<u>4,751,400</u>	<u>820,647</u>
Judicial Administration:				
Courts:				
Circuit Court	94,740	95,410	76,944	18,466
General District Court	26,825	27,235	13,204	14,031
Court Services	900	900	886	14
Juvenile and Domestic Relations	9,150	9,150	6,474	2,676
Clerk of the Circuit Court	429,351	451,451	375,672	75,779
Sheriff	487,717	530,654	517,898	12,756
Victim/Witness Assistance	102,636	102,636	97,805	4,831
Total Courts	<u>1,151,319</u>	<u>1,217,436</u>	<u>1,088,883</u>	<u>128,553</u>
Commonwealth Attorney:				
Commonwealth Attorney	635,802	635,802	552,441	83,361
Total Commonwealth Attorney	<u>635,802</u>	<u>635,802</u>	<u>552,441</u>	<u>83,361</u>
Total Judicial Administration	<u>1,787,121</u>	<u>1,853,238</u>	<u>1,641,324</u>	<u>211,914</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	5,728,410	5,938,314	5,845,795	92,519
Fire and Rescue Services:				
Fire Department	2,704,539	2,812,292	2,790,675	21,617
First Aid Crew	64,000	64,000	82,143	(18,143)
Total Fire and Rescue Services	<u>2,768,539</u>	<u>2,876,292</u>	<u>2,872,818</u>	<u>3,474</u>
Correction and Detention:				
Middle River Regional Jail	1,481,919	1,481,919	1,524,120	(42,201)
Juvenile Detention Home	55,430	55,430	55,430	-
Total Correction and Detention	<u>1,537,349</u>	<u>1,537,349</u>	<u>1,579,550</u>	<u>(42,201)</u>
Inspections:				
Inspector's Office	562,183	562,183	512,177	50,006

continued



**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

	Schedule 2 (continued)			
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Other Protection:				
Emergency Operations Center	\$ 1,137,681	\$ 1,358,012	\$ 1,169,113	\$ 188,899
Total Other Protection	1,137,681	1,358,012	1,169,113	188,899
Total Public Safety	11,734,162	12,272,150	11,979,453	292,697
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	1,102,010	1,114,572	1,044,542	70,030
Public Works Operations Administration	344,831	344,831	332,263	12,568
Highways, Streets, Bridges, and Sidewalks	3,060,257	3,551,840	2,366,552	1,185,288
Traffic Engineering	999,831	1,127,256	420,030	707,226
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	5,506,929	6,138,499	4,163,387	1,975,112
Sanitation and Waste Removal:				
Landfill closure	173,671	223,696	217,090	6,606
Total Sanitation and Waste Removal	173,671	223,696	217,090	6,606
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	106,933	102,588	79,168	23,420
Total Public Works	5,787,533	6,464,783	4,459,645	2,005,138
Health and Welfare:				
Health:				
Supplement of Local Health Department	231,265	231,265	218,111	13,154
Contribution to VCSB	157,833	157,833	157,833	-
Total Health	389,098	389,098	375,944	13,154
Welfare:				
Area Agency on Aging	31,250	31,250	31,250	-
Property Tax Relief-Elderly Handicapped	113,515	113,515	109,466	4,049
Other Contributions	41,814	41,814	36,814	5,000
Total Welfare	186,579	186,579	177,530	9,049
Total Health and Welfare	575,677	575,677	553,474	22,203
Education:				
Contributions to Community College	35,346	35,346	35,346	-
Contribution to City School Board	15,061,575	15,291,194	15,291,194	-
Total Education	15,096,921	15,326,540	15,326,540	-
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	500,413	487,525	444,831	42,694
Municipal Parks	792,346	826,450	724,729	101,721
Municipal Pools	154,968	160,639	109,810	50,829
Recreation Programs	321,863	214,902	188,870	26,032
Custodial	566,550	598,496	609,413	(10,917)
Cemeteries	158,817	155,433	154,833	600
Total Parks and Recreation	2,494,957	2,443,445	2,232,486	210,959
Library:				
Library Administration	920,558	934,421	779,659	154,762

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

				Schedule 2 (continued)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Parks, Recreation and Cultural: (cont'd)				
Cultural Enrichment:				
Contributions	\$ 20,800	\$ 20,800	\$ 16,675	\$ 4,125
Total Parks, Recreation, and Cultural	<u>3,436,315</u>	<u>3,398,666</u>	<u>3,028,820</u>	<u>369,846</u>
Community Development:				
Planning and Community Development:				
City Planner	404,439	404,439	345,377	59,062
Economic Development	302,207	299,832	287,986	11,846
Tourism Department	267,892	282,892	182,722	100,170
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	<u>1,018,590</u>	<u>1,031,215</u>	<u>860,137</u>	<u>171,078</u>
Total General Fund	<u>\$ 44,341,067</u>	<u>\$ 46,494,316</u>	<u>\$ 42,600,793</u>	<u>\$ 3,893,523</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	<u>\$ 2,450,893</u>	<u>\$ 2,450,893</u>	<u>\$ 2,374,084</u>	<u>\$ 76,809</u>
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ 3,433,552</u>	<u>\$ (133,552)</u>
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	497,914	544,304	447,145	97,159
VJCCA Programs	<u>114,263</u>	<u>123,773</u>	<u>111,689</u>	<u>12,084</u>
Total Public Safety	<u>612,177</u>	<u>668,077</u>	<u>558,834</u>	<u>109,243</u>
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	<u>38,550</u>	<u>38,550</u>	<u>27,741</u>	<u>10,809</u>
Total Youth and Family Services Fund	<u>\$ 650,727</u>	<u>\$ 706,627</u>	<u>\$ 586,575</u>	<u>\$ 120,052</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	<u>512,250</u>	<u>811,920</u>	<u>489,336</u>	<u>322,584</u>
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 512,250</u>	<u>\$ 811,920</u>	<u>\$ 489,336</u>	<u>\$ 322,584</u>

Continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2020**

				Schedule 2 (continued)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	\$ 440,437	\$ 511,092	\$ 486,517	\$ 24,575
Total Shenandoah Valley Animal Service Center Fund	\$ 440,437	\$ 511,092	\$ 486,517	\$ 24,575
Total Special Revenue Funds	\$ 7,354,307	\$ 7,780,532	\$ 7,370,064	\$ 410,468
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	2,365,924	2,365,924	2,359,557	6,367
Interest and Fiscal Charges	1,519,770	1,519,770	1,495,334	24,436
Total Debt Service	3,885,694	3,885,694	3,854,891	30,803
Total Debt Revenue Fund	\$ 3,885,694	\$ 3,885,694	\$ 3,854,891	\$ 30,803
Total Debt Service Funds	\$ 3,885,694	\$ 3,885,694	\$ 3,854,891	\$ 30,803
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks	4,613,616	5,800,387	2,215,701	3,584,686
Other Public Works Improvements	175,000	175,000	86,761	88,239
Miscellaneous and future year	4,950,881	4,556,920	3,256,592	1,300,328
Total Public Works	9,739,497	10,532,307	5,559,054	4,973,253
Total Capital Improvements Fund	\$ 9,739,497	\$ 10,532,307	\$ 5,559,054	\$ 4,973,253
Total Capital Projects Funds	\$ 9,739,497	\$ 10,532,307	\$ 5,559,054	\$ 4,973,253
Grand Total - Expenditures - Primary Government	\$ 65,320,565	\$ 68,692,849	\$ 59,384,802	\$ 9,308,047
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	28,544,591	28,959,718	27,471,876	1,487,842
Administration, Attendance, and Health	2,182,830	2,338,408	2,489,908	(151,500)
Total Administration and Instruction of Schools	30,727,421	31,298,126	29,961,784	1,336,342
Operating Costs:				
Pupil Transportation	1,367,321	1,357,071	1,105,877	251,194
Operation and Maintenance of School Plant	3,600,827	3,597,963	3,190,382	407,581
Technology	1,391,062	1,495,389	1,579,325	(83,936)
Total Operating Costs	6,359,210	6,450,423	5,875,584	574,839
Total Education	37,086,631	37,748,549	35,837,368	1,911,181
Debt Service:				
Principal Retirement	266,490	266,490	266,490	-
Interest and Fiscal Charges	76,563	76,563	76,563	-
Total Debt Service	343,053	343,053	343,053	-
Total School Operating Fund	\$ 37,429,684	\$ 38,091,602	\$ 36,180,421	\$ 1,911,181

continued

CITY OF WAYNESBORO, VIRGINIA  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2020

				Schedule 2 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Component Unit - School Board: (continued)				
Special Revenue Funds: (continued)				
School Nutrition Fund:				
Education:				
Food Service	\$ 1,686,971	\$ 1,686,971	\$ 1,710,839	\$ (23,868)
School Textbook Fund:				
Education:				
Instructional Costs	\$ 292,001	\$ 292,001	\$ 208,166	\$ 83,835
Total Special Revenue Funds	\$ 39,408,656	\$ 40,070,574	\$ 38,099,426	\$ 1,971,148
Grand Total - Expenditures - Component Unit - School Board	\$ 39,408,656	\$ 40,070,574	\$ 38,099,426	\$ 1,971,148

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***STATISTICAL SECTION (UNAUDITED)***

## 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.

<b>Contents</b>	<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	136-142
<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	143-146
<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	147-151
<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	152-153
<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	154-156

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

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

Table 1

	2011	2012	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091	\$ 30,091,461	\$ 31,418,630	\$ 33,791,619	\$ 33,980,786	\$ 34,787,121	\$ 39,102,605
Restricted	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,460,899	5,329,520
Unrestricted	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)	(11,390,137)	(6,053,354)	(5,112,956)	(25,378,115)	(20,982,977)	(18,915,199)
Total governmental activities net position	<u>\$ 16,247,534</u>	<u>\$ 21,355,913</u>	<u>\$ 19,721,125</u>	<u>\$ 23,112,850</u>	<u>\$ 20,826,199</u>	<u>\$ 27,158,569</u>	<u>\$ 30,646,369</u>	<u>\$ 30,671,658</u>	<u>\$ 27,265,043</u>	<u>\$ 25,516,926</u>
<b>Business-type activities</b>										
Net investment in capital assets	23,628,183	24,126,240	32,958,276	32,955,974	32,895,991	32,896,027	31,859,390	32,772,413	32,528,272	33,116,043
Restricted	-	-	-	-	-	-	-	-	977	2,421
Unrestricted	11,988,432	11,804,718	10,494,915	9,752,065	7,933,035	8,340,522	9,238,420	8,917,530	9,693,985	9,775,330
Total business-type activities net position	<u>\$ 35,616,615</u>	<u>\$ 35,930,958</u>	<u>\$ 43,453,191</u>	<u>\$ 42,708,039</u>	<u>\$ 40,829,026</u>	<u>\$ 41,236,549</u>	<u>\$ 41,097,810</u>	<u>\$ 41,689,943</u>	<u>\$ 42,223,234</u>	<u>\$ 42,893,794</u>
<b>Primary government</b>										
Net investment in capital assets	52,107,470	52,708,583	61,702,839	64,089,065	62,987,452	64,314,657	65,651,009	66,753,199	67,315,393	72,218,648
Restricted	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,461,876	5,331,941
Unrestricted	(1,952,980)	2,235,956	(151,467)	(11,848)	(3,457,102)	2,287,168	4,125,464	(16,460,585)	(11,288,992)	(9,139,869)
Total primary government net position	<u>\$ 51,864,149</u>	<u>\$ 57,286,871</u>	<u>\$ 63,174,316</u>	<u>\$ 65,820,889</u>	<u>\$ 61,655,225</u>	<u>\$ 68,395,118</u>	<u>\$ 71,744,179</u>	<u>\$ 72,361,601</u>	<u>\$ 69,488,277</u>	<u>\$ 68,410,720</u>
<b>School Board Component Unit</b>										
Net investment in capital assets	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991	\$ 36,571,516	\$ 36,148,835	\$ 35,391,084	\$ 34,360,416	\$ 41,927,453	\$ 52,489,416
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(718,197)	(824,406)	(1,329,615)	(2,172,690)	(33,145,847)	(32,811,413)	(32,273,726)	(33,486,905)	(30,491,309)	(27,898,617)
Total governmental activities net position	<u>\$ 39,023,167</u>	<u>\$ 37,967,077</u>	<u>\$ 36,790,247</u>	<u>\$ 35,052,301</u>	<u>\$ 3,425,669</u>	<u>\$ 3,337,422</u>	<u>\$ 3,117,358</u>	<u>\$ 873,511</u>	<u>\$ 11,436,144</u>	<u>\$ 24,590,799</u>

## Notes:

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

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629	\$ 7,015,817	\$ 9,900,958	\$ 10,482,872	\$ 11,283,368	\$ 12,887,236	\$ 13,670,378
Judicial administration	1,382,610	1,375,669	1,541,889	1,530,639	1,478,788	1,393,274	1,501,243	1,536,332	1,608,858	1,966,048
Public safety	10,117,442	10,543,735	11,041,793	10,965,288	10,962,688	10,574,111	11,404,402	11,847,803	12,394,461	13,374,317
Public works	6,868,683	4,888,803	7,084,792	6,832,130	5,690,103	6,813,144	7,233,241	6,299,523	4,940,088	8,518,205
Health and welfare	3,814,915	3,960,411	3,896,292	4,852,442	5,375,620	5,325,427	5,455,336	5,890,677	7,047,841	6,792,298
Education	12,613,857	12,474,733	12,952,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,861,807	23,718,238
Parks, recreation and culture	2,190,791	2,955,145	2,852,606	2,911,705	2,904,112	2,935,329	2,808,386	3,235,722	3,569,855	2,564,162
Community development	2,556,858	1,497,846	688,295	91,647	1,352,385	644,256	1,292,122	1,289,798	1,147,717	968,380
Interest on long-term debt	1,453,059	1,477,542	1,605,156	1,453,602	1,633,675	1,100,085	981,433	971,326	1,722,502	1,292,826
Total governmental activities expenses	<u>44,285,671</u>	<u>42,657,383</u>	<u>45,132,250</u>	<u>45,693,322</u>	<u>50,258,508</u>	<u>51,962,566</u>	<u>56,660,997</u>	<u>58,155,173</u>	<u>69,180,365</u>	<u>72,864,852</u>
Business-type activities:										
Water	3,084,115	3,004,078	3,078,347	3,297,434	3,101,533	2,946,249	3,792,452	3,631,173	3,866,372	3,883,766
Sewer	4,335,813	4,469,768	5,340,416	5,741,003	5,418,648	5,452,764	5,498,658	5,160,072	5,481,883	5,736,809
Landfill Operations	423,090	414,018	688,241	714,131	626,565	610,135	751,715	988,762	687,386	932,424
Refuse	957,700	1,104,390	1,011,546	1,070,287	1,085,308	909,655	1,039,989	801,878	866,285	1,132,911
Stormwater	-	-	-	-	-	917,556	637,709	678,925	826,700	1,283,252
Total business-type activities expenses	<u>8,800,718</u>	<u>8,992,254</u>	<u>10,118,550</u>	<u>10,822,855</u>	<u>10,232,054</u>	<u>10,836,359</u>	<u>11,720,523</u>	<u>11,260,810</u>	<u>11,728,626</u>	<u>12,969,162</u>
Total primary government expenses	<u>\$ 53,086,389</u>	<u>\$ 51,649,637</u>	<u>\$ 55,250,800</u>	<u>\$ 56,516,177</u>	<u>\$ 60,490,562</u>	<u>\$ 62,798,925</u>	<u>\$ 68,381,520</u>	<u>\$ 69,415,983</u>	<u>\$ 80,908,991</u>	<u>\$ 85,834,014</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	25,148	40,182	36,338	30,922	22,921	12,239	13,226	27,881	8,022,179	9,366,492
Judicial administration	170,118	197,290	212,018	226,112	281,363	207,183	160,160	135,752	204,318	175,303
Public safety	35,325	436,082	268,103	327,960	305,586	377,559	363,657	361,045	445,647	420,720
Public works	15,738	22,500	17,627	18,052	53,749	14,083	18,651	25,283	25,093	19,221
Health and welfare	69,765	69,765	143,038	87,250	87,250	87,250	110,564	110,564	127,171	123,860
Parks, recreation and culture	369,128	394,767	327,945	250,997	251,192	251,196	264,999	259,539	238,347	107,643
Community development	168,425	155,923	225,882	219,301	184,136	228,503	209,253	229,552	306,940	296,299
Operating grants and contributions	8,171,171	7,444,708	8,326,003	8,524,997	12,307,578	15,122,085	16,417,961	16,555,954	10,174,092	13,265,337
Capital grants and contributions	1,437,657	368,431	180,832	1,321,893	667,397	942,253	1,247,986	193,603	281,901	1,510,347
Total governmental activities revenues	<u>10,462,475</u>	<u>9,129,648</u>	<u>9,737,786</u>	<u>11,007,484</u>	<u>14,161,172</u>	<u>17,242,351</u>	<u>18,806,457</u>	<u>17,899,173</u>	<u>19,825,688</u>	<u>25,285,222</u>
Business-type activities:										
Charges for services:										
Water	2,659,951	2,832,835	3,457,578	3,595,736	3,602,682	3,573,258	3,802,813	4,035,430	3,875,205	4,244,688
Sewer	4,051,980	5,156,159	5,066,599	5,382,235	5,368,271	5,312,609	5,654,003	5,871,019	5,879,570	6,351,505
Landfill operations	971,976	670,726	781,904	626,250	690,095	731,978	706,647	728,729	773,356	677,513
Refuse	1,128,021	1,126,637	1,124,421	1,196,942	1,194,867	1,161,423	1,175,056	1,189,772	1,150,517	1,182,167
Stormwater	-	-	-	-	-	1,200,963	1,247,386	1,200,480	1,231,549	1,397,594
Operating grants and contributions	5,910	5,000	7,216	6,366	6,357	8,558	6,192	6,993	9,207	3,947
Capital grants and contributions	1,417,616	155,346	21,275	282,689	64,170	22,000	102,535	463,965	526,806	1,229,300
Total business-type activities revenues	<u>10,235,454</u>	<u>9,946,703</u>	<u>10,458,993</u>	<u>11,090,218</u>	<u>10,926,442</u>	<u>12,010,789</u>	<u>12,694,632</u>	<u>13,496,388</u>	<u>13,446,210</u>	<u>15,086,714</u>
Total primary government revenues	<u>\$ 20,697,929</u>	<u>\$ 19,076,351</u>	<u>\$ 20,196,779</u>	<u>\$ 22,097,702</u>	<u>\$ 25,087,614</u>	<u>\$ 29,253,140</u>	<u>\$ 31,501,089</u>	<u>\$ 31,395,561</u>	<u>\$ 33,271,898</u>	<u>\$ 40,371,936</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)	\$ (36,097,336)	\$ (34,720,215)	\$ (37,854,540)	\$ (40,256,000)	\$ (49,354,677)	\$ (47,579,630)
Business-type activities	1,434,736	954,449	340,443	267,363	694,388	1,174,430	974,109	2,235,578	1,717,584	2,117,552
Total primary government net expense	<u>\$ (32,388,460)</u>	<u>\$ (32,573,286)</u>	<u>\$ (35,054,021)</u>	<u>\$ (34,418,475)</u>	<u>\$ (35,402,948)</u>	<u>\$ (33,545,785)</u>	<u>\$ (36,880,431)</u>	<u>\$ (38,020,422)</u>	<u>\$ (47,637,093)</u>	<u>\$ (45,462,078)</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Table 2 (continued) 2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	17,778,371	19,820,066	18,527,350	18,864,334	19,228,131	19,577,555	20,084,623	20,882,667	22,384,195	24,780,249
Sales taxes	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887	5,604,128
Utility taxes	1,025,014	1,004,623	1,031,726	1,030,193	1,041,682	1,032,821	1,030,149	1,044,069	1,037,799	1,045,083
Business license taxes	1,822,607	1,935,728	2,050,853	1,997,600	2,068,303	2,206,222	2,130,404	2,232,450	2,081,665	2,283,334
Hotel and meals taxes	3,276,948	4,037,742	4,259,246	4,448,874	4,751,154	4,970,141	5,109,283	5,192,580	5,917,199	5,529,653
Communication sales taxes	-	-	-	-	-	-	-	-	-	-
Tobacco taxes	394,680	416,691	398,681	378,197	378,828	370,607	357,547	336,686	491,704	507,789
Other local taxes	834,833	776,681	842,557	853,752	908,019	905,552	966,863	949,732	1,114,924	1,114,833
Unrestricted grants and contributions	4,109,897	4,034,685	4,120,323	4,215,912	4,796,487	5,043,586	4,190,347	4,147,046	3,809,924	2,405,649
Payment from Component Unit School Board	200,000	200,000	200,000	200,000	200,000	-	-	-	-	-
Investment earnings	244,466	113,331	145,171	136,103	142,359	165,902	293,209	286,750	1,182,404	581,897
Miscellaneous	392,858	680,575	535,939	476,393	297,710	410,838	552,364	452,287	395,752	502,161
Gain(loss) on sale of capital assets	22,602	37,470	19,388	(10,564)	15,280	9,814	33,913	19,583	23,877	25,790
Special items	-	-	-	-	6,359,697	-	-	-	-	-
Transfers	644,665	722,000	648,000	855,795	678,000	865,986	1,197,197	1,377,912	1,436,507	1,450,947
Total governmental activities	<u>35,236,549</u>	<u>38,636,114</u>	<u>37,597,591</u>	<u>38,386,438</u>	<u>46,414,490</u>	<u>41,052,585</u>	<u>41,342,340</u>	<u>42,532,311</u>	<u>45,267,837</u>	<u>45,831,513</u>
Business-type activities:										
Investment earnings	33,932	37,849	37,539	39,093	38,771	46,249	49,018	73,112	130,733	121,763
Miscellaneous	95,299	44,045	41,976	26,572	185,139	52,611	21,862	47,382	16,742	18,484
Gain(loss) on sale of capital assets	-	-	-	90,530	10,342	219	13,469	2,609	12,332	(136,292)
Transfers	(644,665)	(722,000)	(648,000)	(855,795)	(678,000)	(865,986)	(1,197,197)	(1,377,912)	(1,436,507)	(1,450,947)
Total business-type activities	<u>(515,434)</u>	<u>(640,106)</u>	<u>(568,485)</u>	<u>(699,600)</u>	<u>(443,748)</u>	<u>(766,907)</u>	<u>(1,112,848)</u>	<u>(1,254,809)</u>	<u>(1,276,700)</u>	<u>(1,446,992)</u>
Total primary government	<u>\$ 34,721,115</u>	<u>\$ 37,996,008</u>	<u>\$ 37,029,106</u>	<u>\$ 37,686,838</u>	<u>\$ 45,970,742</u>	<u>\$ 40,285,678</u>	<u>\$ 40,229,492</u>	<u>\$ 41,277,502</u>	<u>\$ 43,991,137</u>	<u>\$ 44,384,521</u>
<b>Change in Net Position</b>										
Governmental activities	1,413,353	5,108,379	2,203,127	3,700,600	10,317,154	6,332,370	3,487,800	2,276,311	(4,086,840)	(1,748,117)
Business-type activities	919,302	314,343	(228,042)	(432,237)	250,640	407,523	(138,739)	980,769	440,884	670,560
Total primary government	<u>\$ 2,332,655</u>	<u>\$ 5,422,722</u>	<u>\$ 1,975,085</u>	<u>\$ 3,268,363</u>	<u>\$ 10,567,794</u>	<u>\$ 6,739,893</u>	<u>\$ 3,349,061</u>	<u>\$ 3,257,080</u>	<u>\$ (3,645,956)</u>	<u>\$ (1,077,557)</u>
<b>Expenses</b>										
School Board Component Unit:										
Education	<u>\$ 31,807,568</u>	<u>\$ 32,721,840</u>	<u>\$ 34,443,290</u>	<u>\$ 35,093,147</u>	<u>\$ 35,624,368</u>	<u>\$ 34,877,857</u>	<u>\$ 38,262,381</u>	<u>\$ 37,936,112</u>	<u>\$ 36,562,008</u>	<u>\$ 35,211,575</u>
Total School Board component unit expenses	<u>31,807,568</u>	<u>32,721,840</u>	<u>34,443,290</u>	<u>35,093,147</u>	<u>35,624,368</u>	<u>34,877,857</u>	<u>38,262,381</u>	<u>37,936,112</u>	<u>36,562,008</u>	<u>35,211,575</u>
<b>Program Revenues</b>										
School Board Component Unit:										
Charges for services:										
Education	488,202	559,761	431,285	478,999	577,445	870,221	743,310	691,627	668,260	775,552
Operating grants and contributions	18,697,345	18,493,906	19,746,721	19,255,186	20,289,940	20,462,618	21,239,894	21,317,552	21,836,971	23,276,690
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total School Board component unit revenues	<u>19,185,547</u>	<u>19,053,667</u>	<u>20,178,006</u>	<u>19,734,185</u>	<u>20,867,385</u>	<u>21,332,839</u>	<u>21,983,204</u>	<u>22,009,179</u>	<u>22,505,231</u>	<u>24,052,242</u>
<b>Net (Expense)/Revenue</b>										
School Board Component Unit	<u>(12,622,021)</u>	<u>(13,668,173)</u>	<u>(14,265,284)</u>	<u>(15,358,962)</u>	<u>(14,756,983)</u>	<u>(13,545,018)</u>	<u>(16,279,177)</u>	<u>(15,926,933)</u>	<u>(14,056,777)</u>	<u>(11,159,333)</u>
<b>General Revenues and Other Changes in Net Position</b>										
School Board Component Unit:										
Payment from City of Waynesboro	12,583,454	12,444,330	12,920,240	13,411,837	13,812,917	13,239,886	15,465,866	15,765,278	23,133,914	23,682,892
Investment earnings	19,232	27,752	33,864	33,719	35,232	37,293	32,233	18,857	35,102	44,458
Miscellaneous	116,263	140,001	134,350	175,460	183,843	179,592	561,014	758,951	738,485	586,638
Total School Board Component Unit	<u>12,718,949</u>	<u>12,612,083</u>	<u>13,088,454</u>	<u>13,621,016</u>	<u>14,031,992</u>	<u>13,456,771</u>	<u>16,059,113</u>	<u>16,543,086</u>	<u>23,907,501</u>	<u>24,313,988</u>
<b>Change in Net Position</b>										
School Board Component Unit	<u>\$ 96,928</u>	<u>\$ (1,056,090)</u>	<u>\$ (1,176,830)</u>	<u>\$ (1,737,946)</u>	<u>\$ (724,991)</u>	<u>\$ (88,247)</u>	<u>\$ (220,064)</u>	<u>\$ 616,153</u>	<u>\$ 9,850,724</u>	<u>\$ 13,154,655</u>

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

Table 3

	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	1,046,961	1,667,383	642,134	1,089,914	1,358,725	938,389	920,956	21,010,377	1,382,290	1,489,399
Committed	1,014,335	683,745	4,134,909	4,190,258	3,900,782	4,155,703	3,621,574	3,790,186	9,474,173	9,491,903
Assigned	123,126	1,277,007	526,948	319,698	502,899	167,899	302,517	460,601	2,436,027	6,404,178
Unassigned	8,204,385	11,385,888	8,923,216	9,054,972	9,761,313	11,058,122	9,323,445	10,019,656	2,463,499	1,478,341
Total general fund	<u>\$ 10,388,807</u>	<u>\$ 15,014,023</u>	<u>\$ 14,227,207</u>	<u>\$ 14,654,842</u>	<u>\$ 15,523,719</u>	<u>\$ 16,320,113</u>	<u>\$ 14,168,492</u>	<u>\$ 35,280,820</u>	<u>\$ 15,755,989</u>	<u>\$ 18,863,821</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	510,549	522,799	542,549	561,049	582,549	586,029	589,149	591,189	594,429	599,469
Restricted	5,478,065	3,617,202	2,479,482	1,599,807	391,432	358,415	530,099	540,489	11,484,108	3,240,652
Committed	926,958	487,621	1,033,646	246,579	386,498	903,444	2,711,980	1,905,932	5,321,907	4,253,383
Assigned	705,774	751,682	719,023	1,036,474	1,894,804	2,574,832	3,193,323	3,036,931	2,230,222	3,230,282
Unassigned	-	-	-	-	-	-	(909,269)	(271,640)	(36,912)	-
Total all other governmental funds	<u>\$ 7,621,346</u>	<u>\$ 5,379,304</u>	<u>\$ 4,774,700</u>	<u>\$ 3,443,909</u>	<u>\$ 3,255,283</u>	<u>\$ 4,422,720</u>	<u>\$ 6,115,282</u>	<u>\$ 5,802,901</u>	<u>\$ 19,593,754</u>	<u>\$ 11,323,786</u>

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

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

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
General property taxes	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063	\$ 19,356,344	\$ 19,534,896	\$ 20,010,239	\$ 20,604,501	\$ 21,991,399	\$ 24,243,256
Sales taxes	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887	5,604,128
Other local taxes	7,354,082	8,171,465	8,583,063	8,708,616	9,147,986	9,469,518	9,610,071	9,755,517	10,643,291	10,480,692
Permits, privilege fees and regulatory licenses	170,838	156,939	208,253	219,973	180,351	216,732	192,623	182,714	242,244	262,225
Fines and forfeitures	167,027	190,807	195,247	206,543	258,418	186,866	143,191	123,413	161,902	117,943
Revenues from use of money and property	310,851	155,142	195,246	181,754	196,296	223,189	337,182	332,303	1,100,168	581,897
Charges for services	387,367	439,765	389,346	304,491	343,875	320,243	331,122	350,079	378,648	221,997
Miscellaneous	322,391	510,028	355,209	373,154	5,157,768	8,186,878	8,431,437	8,391,745	8,945,085	10,333,482
Recovered costs	394,505	799,509	699,041	704,473	668,130	741,411	748,658	779,980	879,426	922,094
Intergovernmental	12,487,769	11,782,542	12,581,314	13,987,916	13,314,831	13,655,806	14,050,959	13,144,405	13,973,739	16,899,507
Total revenues	43,944,814	47,019,676	46,443,310	48,629,832	54,172,839	58,029,100	59,251,923	59,275,206	63,707,789	69,667,221
<b>Expenditures</b>										
General government administration	3,204,711	3,424,066	3,405,476	3,592,910	7,080,032	10,885,148	11,422,599	11,899,595	13,140,973	12,962,563
Judicial administration	1,307,187	1,295,198	1,472,117	1,455,629	1,453,153	1,493,599	1,474,245	1,553,616	1,601,912	1,641,324
Public safety	9,941,487	10,181,785	11,008,118	10,798,557	10,693,388	11,056,875	11,339,732	12,143,873	12,805,943	13,024,804
Public works	6,761,493	4,836,876	7,666,797	7,774,030	6,585,131	6,503,352	7,594,812	5,653,176	5,056,165	10,018,699
Health and welfare	3,805,952	3,953,428	3,887,883	4,843,683	5,395,565	5,410,066	5,467,008	5,917,467	7,041,555	6,878,187
Education (1)	12,113,857	12,474,733	12,950,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,408,159	23,718,238
Parks, recreation and culture	2,330,164	2,742,398	2,723,097	2,745,531	2,826,740	3,079,450	3,268,620	3,238,316	3,520,134	3,028,820
Community development	2,920,682	1,762,793	1,329,120	1,226,971	1,315,093	1,319,981	1,324,067	1,351,835	1,401,015	978,745
Capital projects	500,000	4,960,867	2,396	21,222	-	-	-	-	-	-
Debt service:										
Principal retirement	2,307,296	1,794,863	2,678,211	2,626,338	4,964,903	2,708,363	2,732,970	2,040,548	1,894,029	2,359,557
Interest and fiscal charges	1,499,775	1,522,276	1,634,500	1,540,320	2,360,894	1,136,227	1,056,435	966,779	1,462,448	1,495,334
Bond issuance costs	23,112	15,800	-	-	100,430	15,600	-	38,926	-	-
Redemption of debt	-	-	-	-	15,965,000	-	-	-	-	-
Total expenditures	46,715,716	48,965,083	48,758,358	50,067,431	72,585,649	56,884,643	61,182,450	60,604,755	71,332,333	76,106,271
Excess of revenues over (under) expenditures	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)	(18,412,810)	1,144,457	(1,930,527)	(1,329,549)	(7,624,544)	(6,439,050)

See Independent Auditor's Report

Table 4 (continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Other Financing Sources (Uses)</b>										
Insurance recoveries	115,957	128,736	141,036	79,009	56,302	36,644	95,628	34,688	110,120	25,790
Refunding bonds issued	-	-	-	-	16,389,513	-	-	19,860,000	-	-
Debt issued	985,000	3,519,100	-	-	2,225,219	216,083	533,547	-	-	-
Premium on debt	14,567	-	-	-	742,144	-	-	1,182,437	-	-
Capital lease	32,718	-	278,806	-	-	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	-
Transfers in	3,734,651	3,539,351	4,818,149	4,820,987	4,211,415	5,417,342	6,607,459	5,543,753	9,944,498	9,792,340
Transfers out	(3,342,472)	(2,858,606)	(4,407,371)	(4,365,553)	(4,531,532)	(4,850,695)	(5,765,166)	(4,491,382)	(8,834,704)	(8,541,288)
Total other financing sources and uses	<u>1,540,421</u>	<u>4,328,581</u>	<u>830,620</u>	<u>534,443</u>	<u>19,093,061</u>	<u>819,374</u>	<u>1,471,468</u>	<u>22,129,496</u>	<u>1,219,914</u>	<u>1,276,842</u>
Net change in fund balances	<u>\$ (1,230,481)</u>	<u>\$ 2,383,174</u>	<u>\$ (1,484,428)</u>	<u>\$ (903,156)</u>	<u>\$ 680,251</u>	<u>\$ 1,963,831</u>	<u>\$ (459,059)</u>	<u>\$ 20,799,947</u>	<u>\$ (6,404,630)</u>	<u>\$ (5,162,208)</u>
Debt service as a percentage of noncapital expenditures	8.8%	7.8%	9.3%	9.0%	33.2%	7.0%	6.5%	5.1%	4.9%	5.5%

## 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				
2011	1,429,091,737	444,059,100	80,980,848	0.70	157,670,813	5.00	231,250	5.00	23,683,493	3.00	786,156	3.00	2,136,503,397	1.04	2,202,136,392	97.02%
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.07	1,972,346,376	96.45%
2015	1,237,499,214	440,617,500	100,000,407	0.80	107,481,558	5.00	221,268	5.00	36,083,097	3.00	884,170	3.00	1,922,787,214	1.08	1,994,917,925	96.38%
2016	1,272,771,849	424,794,500	101,047,914	0.80	109,676,225	5.00	189,109	5.00	37,017,769	3.00	757,350	3.00	1,946,254,716	1.08	2,020,597,423	96.32%
2017	1,282,429,807	429,112,500	110,025,904	0.80	114,423,092	5.00	159,022	5.00	36,363,961	3.00	1,169,610	3.00	1,973,683,896	1.08	2,052,101,439	96.18%
2018	1,314,087,898	426,535,900	100,858,392	0.87	108,163,276	5.00	124,434	5.00	35,593,125	3.00	1,233,240	3.00	1,986,596,265	1.13	2,069,122,926	96.01%
2019	1,320,572,984	428,064,200	106,200,822	0.90	108,330,215	5.00	81,934	5.00	35,023,485	3.00	1,498,237	3.00	1,999,771,877	1.16	2,081,924,545	96.05%
2020	1,455,821,205	419,642,400	113,236,192	0.90	200,994,294	3.25	62,525	3.25	34,168,240	3.25	3,322,944	3.25	2,227,247,800	1.18	2,227,247,800	100.00%

## 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 through 2019 and 100% thereafter. 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	
2011	0.64	0.37	0.03	1.04
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07
2015	0.74	0.28	0.06	1.08
2016	0.74	0.28	0.06	1.08
2017	0.74	0.29	0.06	1.09
2018	0.81	0.27	0.05	1.13
2019	0.83	0.27	0.05	1.16
2020	0.83	0.29	0.05	1.18

## Notes:

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

## Source:

City of Waynesboro, Assessor's Office

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

Table 7

<u>Taxpayer</u>	December 31, 2019			December 31, 2009		
	Taxable Assessed <u>Value</u>	Rank	Percentage of Total Taxable Assessed <u>Value</u>	Taxable Assessed <u>Value</u>	Rank	Percentage of Total Taxable Assessed <u>Value</u>
Poly-Bond/Chicopee, Inc.	\$ 33,223,774	1	1.68%	\$ 19,828,531	3	1.05%
Walmart	24,505,327	2	1.14%	19,087,220	4	1.01%
Windigrove LLC	22,660,900	3	1.13%	-	-	-
Waynesboro Town Center	22,328,800	4	1.24%	31,488,400	2	1.67%
Invista/DuPont	15,474,766	5	0.78%	47,092,074	1	2.50%
Lowe's Home Center	13,138,005	6	0.66%	14,262,882	6	0.76%
Waynesboro Station LLC	12,225,300	7	0.62%	-	-	-
Target	11,992,014	8	0.61%	13,391,830	7	0.71%
DuPont Community Credit Union	11,990,518	9	0.61%	11,013,551	9	0.58%
HD Development of Maryland	9,801,019	10	0.49%	10,088,100	10	0.54%
Ntelos/CFW Communications	-	-	-	18,148,286	5	0.96%
Waynesboro Plaza LLC	-	-	-	12,367,900	8	0.66%
Total	<u>\$ 177,340,423</u>		<u>8.95%</u>	<u>\$ 196,768,774</u>		<u>10.44%</u>

Source:

City of Waynesboro, Commissioner of the Revenue

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	19,072,989	(39,165)	19,033,824	18,584,504	97.44%	450,103	19,034,607	100.00%
2012	19,079,144	(30,810)	19,048,334	18,708,395	98.06%	336,196	19,044,591	99.98%
2013	19,811,574	(57,211)	19,754,363	19,331,996	97.58%	421,241	19,753,237	99.99%
2014	20,238,326	(43,583)	20,194,743	19,814,287	97.90%	367,551	20,181,838	99.94%
2015	20,602,887	(27,715)	20,575,172	20,291,309	98.49%	276,585	20,567,894	99.96%
2016	20,926,459	337	20,926,796	20,634,703	98.61%	249,639	20,884,342	99.80%
2017	21,305,548	1,289	21,306,837	20,990,103	98.52%	242,790	21,232,893	99.65%
2018	22,424,812	(35,437)	22,389,375	21,982,776	98.03%	284,447	22,267,223	99.45%
2019	23,263,009	(48,743)	23,214,266	22,763,818	97.85%	217,001	22,980,819	98.99%
2020	25,862,973	-	25,862,973	24,994,172	96.64%	-	24,994,172	96.64%

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			
2011	30,191,923	2,250,000	-	32,718	15,345,000	21,149,556	5,373,625	74,342,822	9.24%	3,496
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	8.71%	3,505
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	8.58%	3,481
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	7.55%	3,266
2015	29,552,306	1,250,000	-	3,108	13,835,487	19,170,953	4,259,916	68,071,770	6.57%	3,049
2016	27,313,134	1,000,000	-	-	13,422,539	18,753,439	3,960,137	64,449,249	6.22%	2,848
2017	25,363,711	750,000	-	-	13,007,540	18,020,115	3,651,297	60,792,663	5.87%	2,687
2018	43,433,163	500,000	-	-	12,575,263	16,801,232	3,170,447	76,480,105	8.07%	3,425
2019	41,789,133	250,000	-	-	12,133,286	15,947,996	3,005,331	73,125,746	7.06%	3,232
2020	37,214,972	-	-	-	13,942,419	14,845,666	2,667,632	68,670,689	6.65%	3,034

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

Notes:

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

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

Table 10

Fiscal Year	General Bonded Debt				Less: Amounts Available in Debt Service Fund	Net General Bonded Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	State Literary Loans	Notes Payable (3)	Total				
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,513
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,586
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,646
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,508
2015	29,552,306	1,250,000	-	30,802,306	4,402	30,797,904	1.54%	1,379
2016	27,313,134	1,000,000	-	28,313,134	4,405	28,308,729	1.40%	1,251
2017	25,363,711	750,000	-	26,113,711	4,405	26,109,306	1.27%	1,154
2018	43,433,163	500,000	-	43,933,163	4,405	43,928,758	2.12%	1,968
2019	41,789,133	250,000	-	42,039,133	204,405	41,834,728	2.01%	1,849
2020	37,214,972	-	-	37,214,972	35,208	37,179,764	1.67%	1,643

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

**Notes:**

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

**CITY OF WAYNESBORO, VIRGINIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)**  
**As of June 30, 2020**

Table 11

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Waynesboro</u>	<u>Amount Applicable to City of Waynesboro</u>
City of Waynesboro	\$ 37,214,972	100%	\$ 37,214,972

## 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613	\$ 177,811,712	\$ 179,861,426	\$ 182,156,821	\$ 184,148,219	\$ 185,483,801	\$ 198,869,980
Total net debt applicable to limit	<u>52,886,540</u>	<u>53,998,965</u>	<u>54,869,493</u>	<u>51,861,205</u>	<u>48,893,307</u>	<u>45,691,405</u>	<u>42,768,143</u>	<u>59,674,468</u>	<u>56,973,345</u>	<u>53,789,815</u>
Legal debt margin	<u>\$ 142,526,629</u>	<u>\$ 127,782,868</u>	<u>\$ 128,651,062</u>	<u>\$ 124,475,408</u>	<u>\$ 128,918,405</u>	<u>\$ 134,170,021</u>	<u>\$ 139,388,678</u>	<u>\$ 124,473,751</u>	<u>\$ 128,510,456</u>	<u>\$ 145,080,165</u>
Total net debt applicable to the limit as a percentage of debt limit	27.06%	29.71%	29.90%	29.41%	27.50%	25.40%	23.48%	32.41%	30.72%	27.05%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed Value of Real Property	\$ 1,988,699,797
Debt Limit - 10%	198,869,980
Debt Applicable to Limit:	
General obligation debt	53,825,023
Less: Amount set aside for repayment of general obligation debt	<u>(35,208)</u>
Total net debt applicable to limit	<u>53,789,815</u>
Legal Debt Margin	<u>\$ 145,080,165</u>

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

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

Table 13

Fiscal Year	Sewer Revenue Bonds					
	Sewer Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	4,091,496	2,306,988	1,784,508	435,622	98,450	3.34
2012	5,203,047	2,167,385	3,035,662	780,021	849,756	1.86
2013	5,095,721	2,575,558	2,520,163	1,018,555	613,747	1.54
2014	5,408,414	2,659,610	2,748,804	817,036	812,515	1.69
2015	5,394,218	2,264,042	3,130,176	2,170,626	787,477	1.06
2016	5,352,566	2,373,561	2,979,005	910,735	753,579	1.79
2017	5,683,109	2,403,328	3,279,781	963,476	729,373	1.94
2018	5,913,933	2,122,853	3,791,080	1,227,046	852,538	1.82
2019	5,945,807	2,480,393	3,465,414	1,276,312	496,350	1.95
2020	6,409,988	2,725,007	3,684,981	1,646,755	612,375	1.63

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

Notes:

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



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

Table 14

Fiscal Year	Population <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per capita income <sup>(2)</sup>	Median age	Educational attainment <sup>(3)</sup>		School enrollment <sup>(4)</sup>	Unemployment rate <sup>(5)</sup>
					High School Graduate or higher	Bachelor's Degree or higher		
2011	21,006	695,593	33,114	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%
2015	21,366	804,730	37,664	38.8	83.6%	19.1%	3,048	5.30%
2016	21,491	859,645	40,000	38.8	84.6%	19.0%	3,033	4.00%
2017	21,887	872,320	39,856	*	84.9%	18.4%	3,013	4.20%
2018	22,327	947,429	42,434	*	86.3%	22.6%	2,967	3.60%
2019	22,628	1,035,718	44,316	*	85.8%	22.3%	2,868	3.00%
2020	22,630	1,033,234	45,658	*	86.6%	25.0%	2,817	8.70%

\* Median age info not available

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) U.S. Census Bureau - Data presented is percentage of persons 25 years or older attaining the described educational status
- (4) City of Waynesboro School Board.
- (5) Virginia Employment Commission - data for the month of June

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

Table 15

<u>Employer</u>	<u>2020 <sup>(1)</sup></u>			<u>2011 <sup>(1)</sup></u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Waynesboro School Board	500-999	1	4.90%	500-999	1	4.98%
Walmart	250-499	2	2.45%	250-499	5	2.49%
City of Waynesboro	250-499	3	2.45%	250-499	4	2.49%
Invista/Dupont	250-499	4	2.45%	250-499	2	2.49%
Lumos	250-499	5	2.45%			
Virginia Panel Corporation	100-249	6	0.98%	100-249	9	1.00%
Chicopee Incorporated	100-249	7	0.98%	100-249	8	1.00%
Mathers Construction Co.	100-249	8	0.98%			
DuPont Community Credit Union	100-249	9	0.98%			
Lowes' Home Centers, Inc.	100-249	10	0.98%			
Ntelos				250-499	3	2.49%
Augusta Lumber				100-249	6	1.00%
Adecco				100-249	7	1.00%
Kroger				100-249	10	1.00%
Total	<u>2,000</u>		<u>19.27%</u>	<u>2,000</u>		<u>19.92%</u>

Source: Virginia Labor Market Information, [www.virginialmi.com](http://www.virginialmi.com)

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

Notes:

(1) Data is for January, February, and March of 2020 and 2011, respectively.

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

Table 16

	2011	2012	2013	2014	2015	2016	2017	2018 *	2019 *	2020*
<b><u>Function/Program</u></b>										
General government administration	31.2	33.5	30.2	31.0	31.6	32.7	33.8	44	45	46
Judicial administration	8.4	8.9	9.2	9.2	8.9	9.7	9.5	20	22	25
Public safety:										
Police	65.4	68.1	65.0	63.8	65.7	65.9	67.8	68	72	72
Fire	37.0	38.5	37.4	35.5	38.1	38.5	37.4	34	34	34
Correction and detention	15.3	16.6	15.6	13.1	12.0	12.0	12.3	28	24	24
Building inspections	5.8	5.4	5.9	5.8	5.6	5.8	5.9	8	7	8
Emergency management	17.3	22.7	22.9	24.6	23.1	24.8	26.2	21	21	24
Animal control	1.0	5.4	7.4	8.3	8.3	9.3	10.8	9	8	8
Public works:										
General engineering/administrative	44.4	45.4	41.8	40.9	40.9	21.0	24.7	43	46.87	45.37
Building and grounds	31.3	6.4	8.0	8.3	8.7	7.0	6.0	4	4	4
Equipment rental	0.0	6.8	6.7	6.8	7.2	7.2	6.4	7	7	7
Waterworks	21.9	24.2	28.2	29.6	27.8	27.9	29.5	22.5	23.5	26.5
Sewage/collection	43.1	46.4	31.9	35.3	35.5	36.0	31.9	27.5	26.5	27.5
Sanitation	32.2	31.4	28.7	29.0	31.4	28.7	29.0	15	15.5	15.5
Stormwater	N/A	N/A	N/A	N/A	N/A	8.2	7.2	8	10.63	10.13
Parks, recreation and cultural:										
Parks	1.1	8.4	7.9	7.3	7.3	23.1	24.8	51	51	51
Library	15.6	15.5	15.0	14.8	14.5	14.5	14.5	22	22	22
Community development	5.2	6.1	5.9	6.2	6.2	5.9	5.9	7	7	7
Schools	485.0	484.0	482.0	488.0	480.0	484.0	490.0	488.0	504.1	499.0
<b>Total</b>	<b>861.2</b>	<b>873.7</b>	<b>849.6</b>	<b>857.4</b>	<b>852.8</b>	<b>862.1</b>	<b>873.6</b>	<b>927.0</b>	<b>951.1</b>	<b>956.0</b>

Source: City and School Finance Departments

Notes:

\* FY18 through FY20 numbers for the City are the number of approved positions (Full-Time, Part-Time and Seasonal), not the FTE, which inflates the total. New software system not currently set up to track FTE.

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

Table 17

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Building &amp; Zoning</b>										
Building permits issued (total)	730	946	968	875	874	957	955	778	1,122	1,184
Building inspections conducted (total)	1,593	1,587	2,179	2,502	2,522	2,431	2,523	2,037	3,206	4,001
New residential construction	28	29	63	48	40	41	31	27	82	97
New commercial construction	2	4	12	4	8	5	5	6	7	3
Zoning permits issued	112	146	140	114	112	110	130	95	79	183
Zoning inspections conducted <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	117
Property Maint/Code Enforcement Cases <sup>(2)</sup>	340	307	357	340	320	334	259	261	291	449
Property Maint/Code Enforcement Inspections:	667	661	865	776	654	676	523	569	555	731
Site Development Projects <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	14
<b>Planning</b>										
Conditional use permits	5	4	5	2	4	2	1	4	3	5
Rezoning requests	0	0	2	2	2	2	1	2	2	1
Major subdivision reviews	1	1	1	1	0	1	4	4	2	1
Minor subdivision reviews	12	9	2	8	11	10	12	14	13	14
Vacate streets/alleys	3	2	0	1	1	1	0	1	1	2
<b>Public Safety</b>										
Arrests	2,099	2,414	2,134	2,051	1,651	2,364	1,938	2,463	2,232	2,060
Parking violations	696	592	133	263	750	296	487	520	357	265
Traffic citations	1,700	2,131	1,800	1,920	2,269	1,368	986	1,222	1,246	923
<b>Judicial - Circuit Court</b>										
Civil and criminal cases	890	958	910	1,001	1,300	1,173	1,386	1,372	1,592	1,246
Deeds recorded	2,764	2,381	2,724	3,162	2,570	2,491	2,701	3,082	2,619	3,080
Judgments	958	1,019	943	974	993	842	830	840	873	951
Passports issued <sup>(3)</sup>	631	628	777	927	1,059	1,523	1,722	822	-	-
Concealed Handgun Permits <sup>(4)</sup>	-	-	-	259	258	253	252	280	295	321
<b>Library</b>										
Total collection <sup>(5)</sup>	151,038	148,050	152,829	153,022	147,030	146,927	127,906	123,921	103,597	92,138
Total circulation <sup>(5)</sup>	294,945	267,440	309,659	317,896	307,630	309,672	311,735	310,711	287,213	151,307
Visitors/patrons <sup>(5)</sup>	215,458	166,207	167,314	183,023	172,459	162,191	158,200	151,694	135,327	97,861
<b>Public Works</b>										
Meters placed for new construction	48	35	43	51	58	46	29	46	59	102
Meters replaced	155	179	724	853	1,684	613	1,280	207	826	1,427
<b>Education</b>										
Number of teachers, Elementary (K-5)	179	172	179	169	161	160	164	162	151	151
Number of teachers, Secondary (6-12)	85	80	82	78	79	80	78	78	90	84
Number of teachers, District-Wide (K-12)	11	12	11	11	10	10	10	10	11	8
Number of students, District-Wide (K-12)	3,102	3,079	3,010	3,024	3,048	3,033	3,013	2,967	2,868	2,817

Source: Various Departments in the City

Notes:

- (1) The Building & Zoning Office began utilizing new software during FY2020 and have added two additional statistical categories.
- (2) Beginning in FY2020, the department began tracking Code Enforcement Cases/Inspections. In previous years it was only Property Maintenance Cases/Inspections. The latter category encompasses both property maintenance and zoning enforcement cases, which were previously not recorded here.
- (3) The Circuit Court stopped processing passports during FY2018.
- (4) Circuit Court added Concealed Handgun Permits (CHP) applications in place of passport data - CHP's are a service provided to only City residents
- (5) The new Library Director calculated figures for FY2020 based on the state's counting process. Previous years' counting method is unknown.

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

Table 18

<b>Function</b>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	10	13	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	117.24	117.24	117.24	117.24*	119.15#	125.69	125.69	125.69	126.36	126.36
Water lines (miles)	117.4	117.4	117.4	117.4*	149.02#	149.02	149.11@	149.89	153.57	152.61
Fire hydrants	808	808	809	809*	729#	736	745	763	768	844
Waste water treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	108.04	108.04	108.04	108.04*	130.72#	130.72	130.8@	129.01	129.65	129.65
Parks, Recreation & Cultural										
Parks	5	5	5	5	5	5	6	6	6	6
Acreage	365	365	365	365	365	365	367	367	367	367

Source: Various Departments in the City

Notes:

(\*) Updated data not available for FY14

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

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

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## ***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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2020. Our report includes a reference to other auditors who audited the financial statements of Augusta Regional Landfill, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

**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 December 11, 2020.

**City's Response to Findings**

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



**Purpose of this Report**

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

*Didawick & Company, P.C.*

December 11, 2020

**CITY OF WAYNESBORO, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020**

**I. SUMMARY OF THE AUDITORS' RESULTS**

- a. The auditors' report expresses an unmodified opinion on the financial statements of the City of Waynesboro.
- b. One deficiency disclosed during the audit of the financial statements is 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.

**II. FINDINGS – FINANCIAL STATEMENTS AUDIT**

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

*Condition:*

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

*Criteria:*

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

*Cause:*

Internal controls over financial reporting under GAAP were inadequately designed.

*Effect:*

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

*Recommendation:*

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

*City Response:*

The City's Finance Department is aware of this weakness and continues to review and modify the City's financial reporting process. For fiscal year 2020 there was only one material adjustment made.

*School Board Response:*

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



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## 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, 2020, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

### STATE COMPLIANCE MATTERS

#### Code of Virginia:

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

#### State Agency Requirements:

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

### LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances

*Didawick & Company, P.C.*

December 11, 2020



# City of Waynesboro, Virginia

*Compliance Reports and  
Reports of Independent Auditor  
June 30, 2020*

**CITY OF WAYNESBORO, VIRGINIA  
COMPLIANCE REPORTS  
YEAR ENDED JUNE 30, 2020**

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**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2020. Our report includes a reference to other auditors who audited the financial statements of Augusta Regional Landfill, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

**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 December 11, 2020.

**City's Response to Findings**

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

**Purpose of this Report**

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

*Didawick & Company, P.C.*

December 11, 2020

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Waynesboro, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Specifications for Audits of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

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



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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Waynesboro, Virginia's basic financial statements. We issued our report thereon dated December 11, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Didawick & Company, P.C.***

April 6, 2021

## 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, 2020, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

### STATE COMPLIANCE MATTERS

#### Code of Virginia:

Budget and Appropriation Laws  
 Cash and Investments Laws  
 Conflicts of Interest Act  
 Debt Provisions  
 Retirement Systems  
 Procurement Laws  
 Sheriff Internal Controls

#### State Agency Requirements:

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

### LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances

*Didawick & Company, P.C.*

December 11, 2020

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<b><u>Child Nutrition Cluster:</u></b>			
<u>United States Department of Agriculture</u>			
School Breakfast Program	10.553	Department of Education, 40591 & 40253	\$ 396,764
National School Lunch Program			
National School Lunch Program	10.555	Department of Agriculture and Consumer Services, Non-cash commodities	106,444
National School Lunch Program	10.555	Department of Education, 40623 & 40254	816,006
Total National School Lunch Program			922,450
Summer Food Service Program for Children			
Summer Food Service Program for Children	10.559	Department of Education	218,155
Total United States Department of Agriculture			1,537,369
<b>Total Child Nutrition Cluster</b>			<b>\$ 1,537,369</b>
<b><u>Special Education Cluster (IDEA):</u></b>			
<u>Department of Education</u>			
Special Education Grants to States	84.027	Department of Education, 43071	663,793
Special Education Preschool Grants	84.173	Department of Education, 62521	17,286
Total Department of Education			681,079
<b>Total Special Education Cluster (IDEA)</b>			<b>\$ 681,079</b>
<b><u>Other Programs:</u></b>			
<u>United States Department of Agriculture</u>			
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	Department of Education	49,551
Total Fresh Fruit and Vegetable Program			49,551
Total United States Department of Agriculture			\$ 49,551
<u>Department of Forestry</u>			
Cooperative Forestry Assistance	10.664	Department of Forestry	\$ 2,080
Total Department of Forestry			\$ 2,080
<u>Department of Housing and Urban Development</u>			
Community Development Block Grants - Entitlement Grants	14.218	N/A	132,696
Total Department of Housing and Urban Development			132,696
<u>Department of the Interior</u>			
Natural Resources Damage Assessment and Restoration	15.658	N/A	125,524
Total Department of the Interior			125,524
<u>United States Department of Justice</u>			
Crime Victim Assistance	16.575	Department of Criminal Justice Services, 18-V9273VW16	73,354
Total United States Department of Justice			73,354

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<u>Department of Transportation</u>			
Highway Planning and Construction	20.205	Virginia Department of Transportation	\$ 1,388,023
State and Community Highway Safety	20.600	Virginia Department of Motor Vehicles	12,525
Total Department of Transportation			<u>1,400,548</u>
<u>Department of the Treasury</u>			
Asset Forfeiture Transfer Program	21.000	N/A	22,220
COVID-19 - Coronavirus Relief Fund	21.019	Virginia Department of Accounts, SLT002	1,050,196
Total Department of the Treasury			<u>1,072,416</u>
<u>Department of Education</u>			
Adult Education - Basic Grants to States	84.002	Department of Education	635,955
Title I Grants to Local Educational Agencies	84.010	Department of Education	1,124,573
Title I Part A Improving Basic Programs Operated By Local Agencies	84.010A	Department of Education	26,035
Career and Technical Education - Basic Grants to States	84.048	Department of Education	61,591
Education for Homeless Children and Youth	84.196	Department of Education	14,269
Rural Education	84.358	Department of Education	9,748
English Language Acquisition Grants	84.365	Department of Education	8,214
Supporting Effective Instruction State Grants			
(formerly Improving Teacher Quality State Grants)	84.367	Department of Education	160,266
School Improvement Grant	84.377A	Department of Education	50,408
Total Department of Education			<u>2,091,059</u>
<u>Department of Health and Human Services</u>			
Drug-Free Communities Support Program Grants	93.276	N/A	31,711
Temporary Assistance for Needy Families (477 Cluster - Version 2)			
VIEW - VACOSR	93.558	Department of Social Services, G-1901VACOSR	130,000
Aid to Dependent Children	93.558	Department of Social Services, 80801	(830)
VIEW-Component & Supportive Services	93.558	Department of Social Services, 87201 & 87202	2,814
VIEW-Transitional	93.558	Department of Social Services, 87204 & 87211	3,708
VIEW-Transportation	93.558	Department of Social Services, 87207	8,245
Community Services Block Grant	93.569	Department of Social Services	205,295
Total Temporary Assistance for Needy Families (477 Cluster - Version 2)			<u>349,232</u>
Child Care and Development Block Grant	93.575	Department of Social Services 88801 & 88901	(422)
Foster Care - Title IV-E:			
ARRA - Residential Foster Care Payments	93.658	Department of Social Services, 81107	174,805
Child Placing Agencies	93.658	Department of Social Services, 81108	30,060
Agency Foster Homes	93.658	Department of Social Services, 81110	10,086
Licensed Child	93.658	Department of Social Services, 81112	40,224
Fostering Futures LCP	93.658	Department of Social Services, 81401, 81403, 81404 & 81113	6,173
Total Foster Care - Title IV-E			<u>261,348</u>

continued

CITY OF WAYNESBORO, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2020

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<u>Department of Health and Human Services (cont'd)</u>			
Adoption Assistance:			
Subsidized Adoption	93.659	Department of Social Services, 81201	\$ 236,015
Nonrecurring IV-E Adoption	93.659	Department of Social Services, 81202	1,290
Federal Adoption	93.659	Department of Social Services, 81203	<u>161,314</u>
Total Adoption Assistance			<u>398,619</u>
Social Services Block Grant:			
Child Protective Services	93.667	Department of Social Services, 82402	80,939
State Adoption	93.667	Department of Social Services, 81701	26,379
Adult Services - Homebound Companion	93.667	Department of Social Services, 83304	10,049
Prevention Services	93.667	Department of Social Services, 83306	27
Adult Protective Services	93.667	Department of Social Services, 89501	<u>231</u>
Total Social Services Block Grant			<u>117,625</u>
Total Department of Health and Human Services			<u>1,158,113</u>
Department of Homeland Security			
Emergency Management Performance Grants	97.042	Department of Emergency Management	4,333
State Homeland Security Program	97.073	Department of Emergency Management	<u>24,000</u>
Total Department of Homeland Security			<u>28,333</u>
<b>Total Other Programs</b>			<u>\$ 6,133,674</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,352,122</u>
LOANS OUTSTANDING: (Note 1)			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	<u>\$ 2,223,027</u>

**CITY OF WAYNESBORO, VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020**

**1. BASIS OF PRESENTATION**

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

**2. LOANS OUTSTANDING**

During prior years, the City received federal funding from the Virginia Water Facilities Revolving Fund, authorized under the Capitalization Grants for Clean Water State Revolving Funds program. The outstanding loan balance under this program of \$2,223,027 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2020.

**3. INDIRECT COST RATE**

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

**CITY OF WAYNESBORO, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020**

**I. SUMMARY OF THE AUDITORS' RESULTS**

- a. The auditors' report expresses an unmodified opinion on the financial statements of the City of Waynesboro.
- b. One deficiency disclosed during the audit of the financial statements is 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. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
- e. The auditors' report on compliance for the major federal award programs for the City of Waynesboro expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
- g. The programs tested as major programs included:
 

	<u>CFDA No.</u>
Highway Planning and Construction.....	20.205
COVID-19 – Coronavirus Relief Funds.....	21.019
<b>Special Education Cluster</b>	
Special Education State Grants.....	84.027
Special Education – Preschool Grants.....	84.173
<b>Temporary Assistance for Needy Families (477 Cluster – Version 2)</b>	
Temporary Assistance for Needy Families.....	93.558
Community Services Block Grant.....	93.569
- h. The threshold for distinguishing Type A and B programs was \$750,000.
- i. The City of Waynesboro was not determined to be a low-risk auditee.

**II. FINDINGS – FINANCIAL STATEMENTS AUDIT**

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

*Condition:*

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

*Criteria:*

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

*Cause:*

Internal controls over financial reporting under GAAP were inadequately designed.

*Effect:*

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

**CITY OF WAYNESBORO, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020**

**II. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)**

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

*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. For fiscal year 2020 there was only one material adjustment made.

*School Board Response:*

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

**III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

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

None