

CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

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**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Exhibits</u>	<u>Pages</u>
INTRODUCTORY SECTION		
Officials		i
Organizational Chart		ii
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3a-3k
<u>Basic Financial Statements:</u>		
Government-wide Financial Statements:		
Statement of Net Position	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6-7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	7	11
Statement of Net Position – Proprietary Funds	8	12-13
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	9	14
Statement of Cash Flows – Proprietary Funds	10	14-16
Statement of Fiduciary Net Position – Fiduciary Funds	11	17
Notes to Financial Statements		18-60
<u>Required Supplementary Information:</u>		
Schedule of Employer's Share of Net Pension Liability and Related Ratios	12	61
Schedule of Employer Contributions	13	62
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	14	63
Schedule of Funding Progress	15	64
<u>Other Supplementary Information:</u>		
Combining Statements and Individual Fund Schedules:		
Nonmajor Governmental Funds		65
Combining Balance Sheet – Nonmajor Governmental Funds	16	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	17	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	18	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Funds	19	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Funds	20	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Permanent Funds	21	71

FINANCIAL SECTION (Continued)**Exhibits****Pages**

Nonmajor Enterprise Funds		72
Combining Statement of Net Position – Nonmajor Enterprise Funds	22	73
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	23	74
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	24	75-76
Fiduciary Funds		77
Combining Statement of Fiduciary Net Position – Agency Funds	25	78
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	26	79
Discretely Presented Component Unit School Board		80
Balance Sheet – Governmental Funds	27	81
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	28	82
Statement of Fiduciary Net Position	29	83
Statement of Changes in Fiduciary Net Position	30	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds	31	85
Combining Balance Sheet – Nonmajor Governmental Funds	32	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	33	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	34	88
Fiduciary Funds		
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	35	89
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Function and Activity	36	90
Schedule of Changes by Function and Activity	37	91

Schedules**Pages**

Supplemental Data:		
Schedule of Revenues – Budget and Actual – Governmental Funds and Discretely Presented Component Unit	1	92-97
Schedule of Expenditures – Budget and Actual – Governmental Funds and Discretely Presented Component Unit	2	98-101

STATISTICAL SECTION**Tables****Pages**

Narrative		102
Net Position by Component	1	103
Changes in Net Position	2	104-105
Fund Balances of Governmental Funds	3	106
Changes in Fund Balances of Governmental Funds	4	107
Assessed Value and Estimated Actual Value of Taxable Property	5	108
Direct Property Tax Rates	6	109
Principal Property Taxpayers	7	110
Property Tax Levies and Collections	8	111
Ratios of Outstanding Debt by Type	9	112
Ratios of Net General Bonded Debt Outstanding	10	113
Direct and Overlapping Governmental Activities Debt	11	114
Legal Debt Margin Information	12	115
Pledged-Revenue Coverage	13	116
Demographic and Economic Statistics	14	117
Principal Employers	15	118
Full-Time Equivalent City Government Employees by Function	16	119
Operating Indicators by Function	17	120
Capital Assets Statistics by Function	18	121

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	122-123
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	124-125
Schedule of Findings and Questioned Costs	126-127
Schedule of Expenditures of Federal Awards	128-130
Notes to Schedule of Expenditures of Federal Awards	131
Summary of State and Local Compliance Matters	132

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INTRODUCTORY SECTION

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CITY OF WAYNESBORO, VIRGINIA
(As of June 30, 2016)

COUNCIL

Bruce Allen, Mayor
Timothy D. Williams, Vice Mayor
Jeffrey S. Freeman
Alvin B. Marks Jr
Frank S. Lucente
Julia E. Bortle, Clerk

OFFICIALS

Michael G. Hamp, II	City Manager/City Auditor
Stephanie M. Beverage	City Treasurer
Donald R. Coffey	Commissioner of the Revenue
John M. Kiger	City Assessor
Todd G. Patrick	City Attorney
David L. Ledbetter	Commonwealth's Attorney
Dr. Jeffrey Cassell	Superintendent of Schools
Elizabeth Middleton	Director of Social Services
Joe Harris, Jr.	Sheriff
Nicole A. Briggs	Clerk of Circuit Court

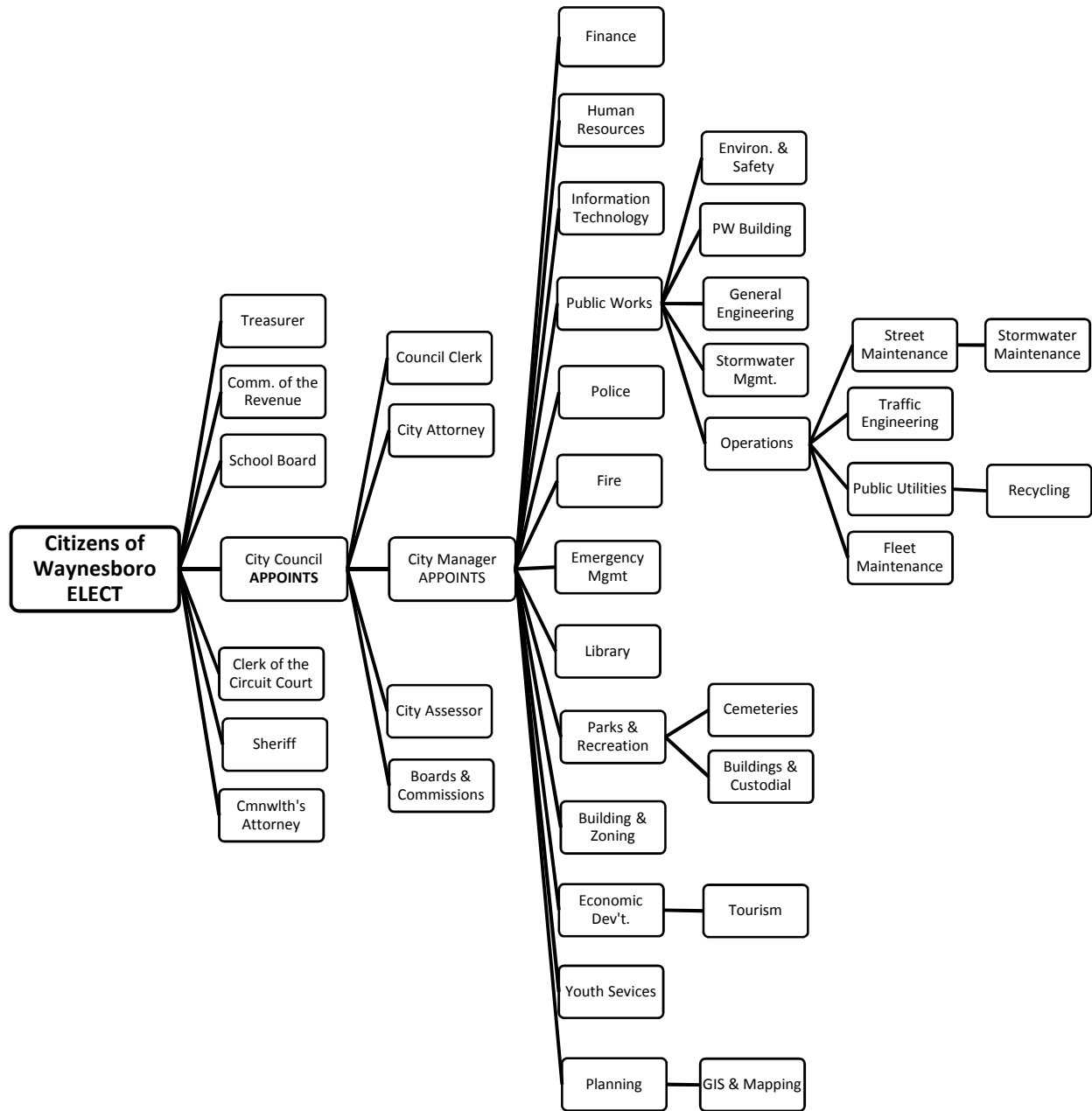
SCHOOL BOARD

Kathryn E. Maneval, Chair
Shelly Laurenzo, Vice Chair
Melinda Ferguson
William M. Foster
Douglas B. Norcross
William B. Staton, Jr., Clerk

ECONOMIC DEVELOPMENT AUTHORITY

James Hyson, Chair
Lorie Strother, Vice Chair
Gregory Hitchin, Secretary/Treasurer
Perry Fridley
Sharon Plemmons
Tom Reider
Mary Sullivan
Robert Vailes

City of Waynesboro, Virginia
Organizational Structure – June 30, 2016



BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

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

OTHER AGENCIES & BOARDS

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill, which represent 4.2%, 7.7%, and 6.1%, 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, 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, 2016, 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, Schedule of Employer's Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Employer's Share of Net Pension Liability VRS Teachers Retirement Plan, and the Schedule of Funding Progress on pages 3a through 3k and 61 through 64, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Didawick & Company, P.C.

November 22, 2016

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, 2016. This analysis is a cursory overview and is meant to be considered as a companion document to the *Letter of Transmittal*, *Financial Statements*, and *Notes* that follow.

Financial Highlights

- The total assets 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 \$68,395,118. Of this amount, \$8,340,522 (unrestricted net position) may be used to satisfy the primary government's obligations to citizens and creditors for business-type activities. *Refer to the Government-wide Financial Analysis on page 3c for further discussion of this highlight.*
- The City's total net position related to the primary government increased by \$6,739,893 compared to FY15.
- As of the end of FY16, the City's governmental funds reported a combined ending fund balance of \$20,742,833 – an increase of \$1,963,831 in comparison to the prior year. Of this amount, \$796,394 is shown as an increase to the fund balance of the General Fund, \$527,273 as an increase to the fund balance of Self-funded Health Insurance Fund, and \$640,164 as an increase to the fund balance of Other Governmental Funds.
- At the end of the FY16, **unrestricted** fund balance for the *General Fund* was \$15,381,724. This represents an increase of \$1,216,730, which is 8.6% greater than the prior fiscal year. The City did not have a fiscal policy guideline related to fund balance as of June 30, 2016; however, the Government Finance Officers Association (GFOA) recommends the minimum General Fund unrestricted fund balance to be maintained should be no less than either two (2) months of regular operating revenues or expenditures. Following the GFOA guidelines of using two months of regular operating expenditures, General Fund unrestricted fund balance should be no less than \$6,759,484. As of the close of fiscal year 2016, the unrestricted fund balance in the General Fund exceeds the GFOA suggested fiscal policy guideline by \$8,622,240.
- The unassigned fund balance in the General Fund of \$11,058,122 equals approximately 27% of the General Fund's total expenditures. This total includes \$736,410 of FY16 funding to the Schools that was returned to the General Fund.
- The City's total long-term liabilities at the close of the FY16, including governmental and business type activities, were \$80,215,557. During fiscal year 2016, the city retired a total of \$6,720,335, predominantly through principal reductions. Over the same period, the City added a total of \$829,814 in new long-term obligations, primarily through continued drawdowns of funding from Virginia Resources Authority loans for various projects. At the close of the fiscal year, the amount of debt principal payments due within one year was \$5,588,556. (See Note 9 for relevant disclosures regarding the City's long-term debt.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waynesboro's basic financial statements which are comprised of three main components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparisons, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Condensed comparative information is provided this year and will continue to be added, the goal being to achieve a ten-year comparison for all information reported. (*See pages 102-121*).

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 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. Detailed statements of the non-major funds begin on page 65 of this report.
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the government-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, stormwater, and landfill operations. Internal Service funds are used to report activities of the City's Store and Equipment funds which account for inventory supplies for City operations and maintenance of the City's equipment fleet, respectively. It is important to note that the proprietary funds are accounted for on a full accrual basis, whereas the governmental funds are accounted for using a modified accrual basis.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. These funds include accounting for agencies such as the First Aid Crew and the Central Shenandoah Criminal Justice Training Academy. Fiduciary funds are accounted for on a full accrual basis; their financial statements can be found on pages 77-79 in the *combining statements* section of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. The notes can be found following the Basic Financial Statements section of this report beginning on page 18.

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 \$68,395,118 at the close of fiscal year 2016. Capital assets (e.g., land, buildings, machinery, and equipment) in FY16 comprise approximately 73% of total assets, which is unchanged from FY15. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although their value is reported net of related debt, it should be noted that the resources needed to repay this debt must be derived from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Summary of Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	32,254,325	30,690,590	11,934,754	11,152,954	44,189,079	41,843,544
Capital assets	41,229,657	41,102,397	69,464,880	70,636,612	110,694,537	111,739,009
Total assets	73,483,982	71,792,987	81,399,634	81,789,566	154,883,616	153,582,553
Deferred charges	493,286	552,164	927,257	999,039	1,420,543	1,551,203
Deferred losses	2,326,515	1,440,441	529,367	280,355	2,855,882	1,720,796
Total deferred outflows of resources	2,819,801	1,992,605	1,456,624	1,279,394	4,276,425	3,271,999
Current and other liabilities	6,657,634	6,093,628	3,588,741	3,354,054	10,246,375	9,447,682
Long-term liabilities outstanding	36,993,772	42,432,987	37,087,612	38,350,840	74,081,384	80,783,827
Total liabilities	43,651,406	48,526,615	40,676,353	41,704,894	84,327,759	90,231,509
Unearned revenue	1,307,646	1,417,560	-	-	1,307,646	1,417,560
Deferred gains	4,186,162	3,015,218	943,356	535,040	5,129,518	3,550,258
Total deferred inflows of resources	5,493,808	4,432,778	943,356	535,040	6,437,164	4,967,818
Net position:						
Invested in capital assets, net of related debt	31,418,630	30,091,461	32,896,027	32,895,991	64,314,657	62,987,452
Restricted	1,793,293	2,124,875	-	-	1,793,293	2,124,875
Unrestricted	(6,053,354)	(11,390,137)	8,340,522	7,933,035	2,287,168	(3,457,102)
Total net position	27,158,569	20,826,199	41,236,549	40,829,026	68,395,118	61,655,225

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, 2016, is \$18,412,567. 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 \$45,571,136 and the total net position for the primary government would be \$86,807,685.

Approximately 6.6% of the governmental activities net position represents resources that are subject to external restrictions on how they may be used. Grants, donations, perpetual care funds, and cash set aside for capital projects comprise the restricted assets of the City. Grants and donations are normally designated for a specific purpose. The perpetual care funds are restricted

in accordance with the *Code of the City of Waynesboro*, §26-6, Perpetual Care Trust Fund Reserve. The funds held for debt service are in accordance with City Council and School Board resolutions.

Overall, the City's net position increased by \$6,739,893 compared to FY15. This increase is the net effect of a \$407,523 increase in the net position of the business-type activities, and a \$6,332,370 increase in the net position of the governmental activities.

The table on the following page provides comparison information from FY15 to FY16 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 FY15, total revenues from Governmental Activities increased by \$3,909,005; with "operating grants and contributions" being the largest growth area. The growth was due primarily to the recording of an entire year of activity in the Self-funded Health Insurance Fund during FY16 as opposed to 6 months of activity during FY15, which was also the primary factor for the increase of expenditures related to Governmental Activities of \$1,704,058, which can be seen in the General Government Administration line. Public Works increased by \$1,123,041 due primarily to increased street maintenance expenditures. Areas that saw substantial reduction in expense include Education, Community Development due to the reclassification of the Town Center note as City debt that occurred during FY15, and Interest on Long-term Debt, which was reduced to due debt refinancing that took place during FY15. Overall, the change in the Governmental net position was an increase of \$6,332,370 after transfers of \$865,986 are taken into consideration.

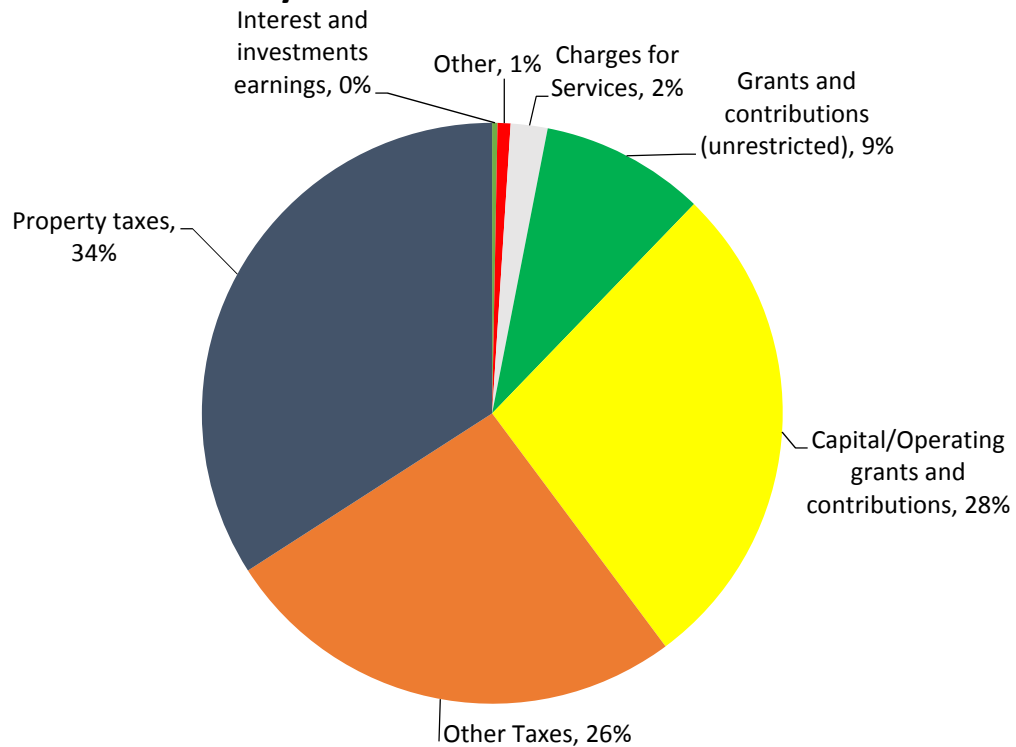
In comparison to FY15, Business-type revenues derived from charges for services increased in FY16 by \$1,124,316 due to stormwater program activity being accounted for in a business-type fund beginning on July 1, 2015. Three of the four business-type activity funds saw a slight decrease in expenses when comparing FY16 to FY15, likely due to decreased fuel costs.

The City of Waynesboro, Virginia
Required Supplemental Information

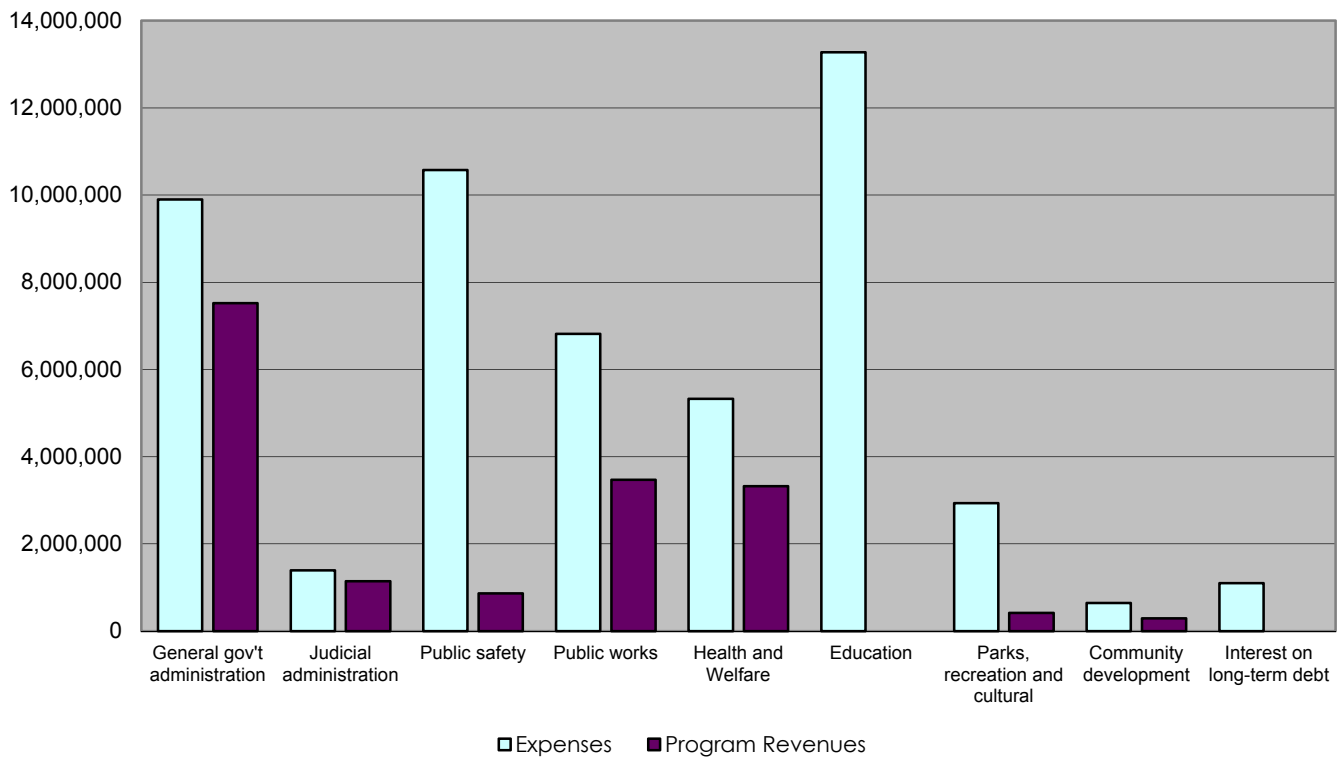
MANAGEMENT DISCUSSION & ANALYSIS
 June 30, 2016

City of Waynesboro, Virginia Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues by source:						
Program Revenues						
Charges for services	1,178,013	1,186,197	11,980,231	10,855,915	13,158,244	12,042,112
Operating grants and contributions	15,122,085	12,307,578	8,558	6,357	14,922,723	12,313,935
Capital grants and contributions	942,253	667,397	22,000	64,170	964,253	731,567
General Revenues						
Property taxes	19,577,555	19,228,131	-	-	19,577,555	19,228,131
Other taxes	14,978,904	14,696,826	-	-	14,978,904	14,696,826
Grants and contrib. (unrestricted)	5,043,586	4,796,487	-	-	5,251,506	4,796,487
Interest and Investment earnings	165,902	142,359	46,249	38,771	212,151	181,130
Other	417,172	491,490	52,830	195,481	470,002	686,971
Total Revenues	57,425,470	53,516,465	12,109,868	11,160,694	69,535,338	64,677,159
Expenses by activity:						
Governmental activity						
General government admin	9,900,958	7,015,817	-	-	9,900,958	7,015,817
Judicial administration	1,393,274	1,478,788	-	-	1,393,274	1,478,788
Public safety	10,574,111	10,962,688	-	-	10,574,111	10,962,688
Public works	6,813,144	5,690,103	-	-	6,813,144	5,690,103
Health and Welfare	5,325,427	5,375,620	-	-	5,325,427	5,375,620
Education	13,275,982	13,845,320	-	-	13,275,982	13,845,320
Parks, recreation and cultural	2,935,329	2,904,112	-	-	2,935,329	2,904,112
Community development	644,256	1,352,385	-	-	644,256	1,352,385
Interest on long-term debt	1,100,085	1,633,675	-	-	1,100,085	1,633,675
Business-type activities						
Water	-	-	2,946,249	3,101,533	2,946,249	3,101,533
Sewer	-	-	5,452,764	5,418,648	5,452,764	5,418,648
Landfill operations	-	-	610,135	626,565	610,135	626,565
Garbage	-	-	909,655	1,085,308	909,655	1,085,308
Stormwater	-	-	917,556	-	917,556	-
Total Expenses	51,962,566	50,258,508	10,836,359	10,232,054	62,798,925	60,490,562
Change in net assets before transfers	5,462,904	3,257,957	1,273,509	928,640	6,736,413	4,186,597
Contributions to permanent fund	3,480	21,500	-	-	3,480	21,500
Middle River Regional Jail Buy-in	-	6,359,697	-	-	-	6,359,697
Transfers	865,986	678,000	(865,986)	(678,000)	-	-
Increase (decrease) in net position	6,332,370	10,317,154	407,523	250,640	6,739,893	10,567,794
Net position - beginning as adjusted	20,826,199	10,509,045	40,829,026	40,578,386	61,655,225	51,087,431
Net position - ending	27,158,569	20,826,199	41,236,549	40,829,026	68,395,118	61,655,225

Revenues by Source - Governmental Activities



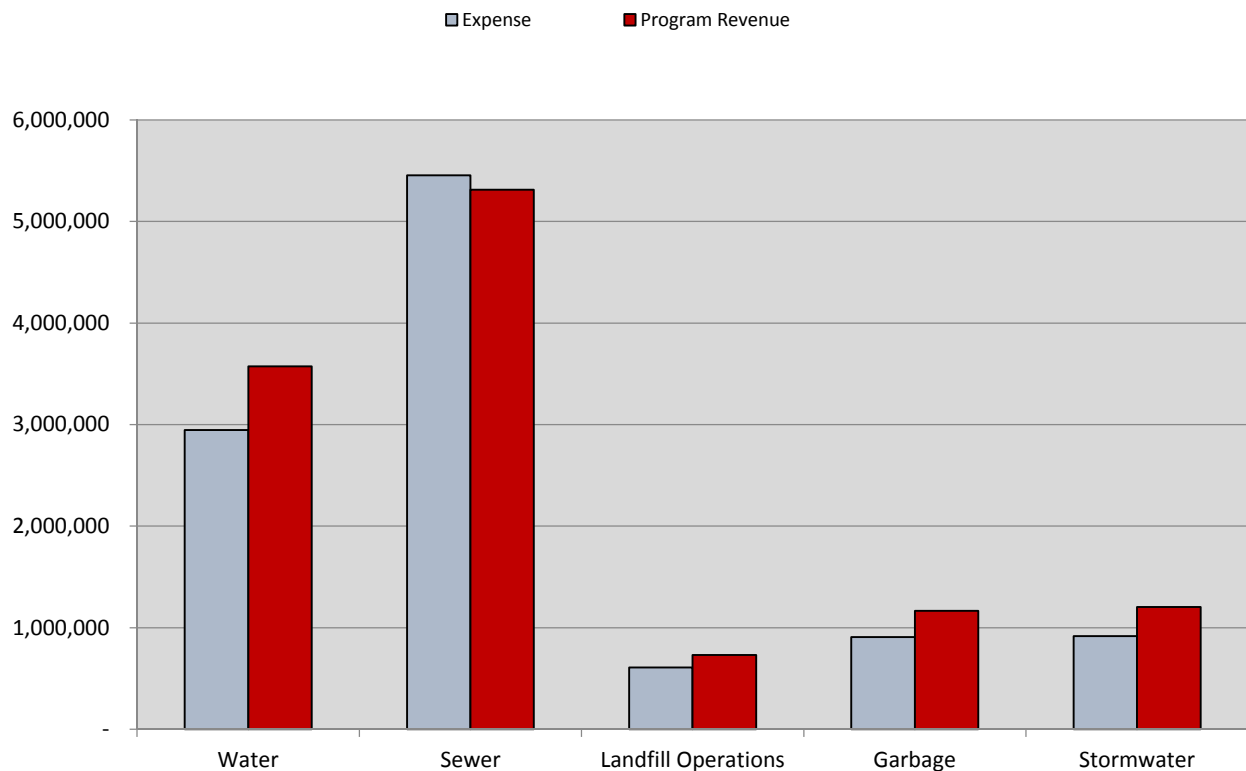
Expenses and Program Revenues-Governmental Activities



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 FY16 compared to the expenses incurred for governmental activities during FY16. 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 FY16 except for the Sewer Fund. The Sewer Fund did not generate enough revenue during FY16 to cover operating costs and debt service. A rate increase was implemented in FY17 to address the annual deficits in the Sewer Fund that began in FY13.

Expenses and Program Revenues - Business-type Activities



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 FY16, the City's governmental funds reported a combined ending fund balance of \$20,742,833, an increase of \$1,963,831 in comparison to the prior year. Approximately 53% of this total amount (\$11,058,122) 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 (\$1,237,929), cemetery perpetual care (\$586,029), economic development authority (\$346,891), debt service (\$318,022) and Youth & Family Services (\$274,221). Council took action during FY16 to commit \$1,700,000 of unassigned fund balance for several different purposes, mostly to fund future non-recurring expenditures. The fund balance commitments included governmental equipment replacement, governmental facility maintenance, and ERP software replacement.

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 \$11,058,122, while total fund balance was \$16,320,113. 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 27.3% of total fund expenditures, while total fund balance represents 40.2% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$796,394 during FY16; however, if the \$736,410 of School unspent FY16 appropriation funds is subtracted from the total, the net change becomes an increase of \$59,984. Further analysis reveals that the City budgeted for a net reduction of fund balance of \$3,070,988 in FY16, though that figure was not realized, as actual revenues (including insurance recoveries and net transfers) exceeded the budgeted revenue amount by \$1,696,666, and actual expenditures were \$2,170,716 less than budgeted. By netting the difference between the excess of actual revenues over budgeted revenues (\$1,696,666) and actual expenses versus budgeted expenditures and net transfers (\$2,170,716), which totals \$3,867,382, with the budgeted decrease in fund balance (\$3,070,988), the actual increase in fund balance can be calculated (\$796,394). This is an important concept in understanding the impact of budgeted & actual figures when considering changes in fund balance. (See exhibit 7 on page 11 for further details)

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 FY16, fund balance was \$1,526,545. The net change in fund balance was \$527,273.

Other non-major funds. As of June 30, 2016, the fund balance for the other governmental funds was \$2,896,175. This fund balance amount represents 30% of the total of all other non-major fund expenditures. The net change in fund balance was an increase of \$640,164. (See Exhibit 17 on page 67 for detailed information on other non-major funds' fund balances.)

Proprietary funds. At the end of FY16, the total net position of the enterprise funds was \$42,359,716. This figure represents an increase in net position of \$338,262 compared to FY15. The total net assets of the internal services fund at the end of FY16 were \$2,464,964 which represents an increase from FY15 of \$96,484, or 4%. For a more detailed accounting of the activities of these funds, refer to the Exhibits beginning on page 12 of this report.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes revenues and annual appropriations for the proprietary funds as well as the accounts that comprise the general fund. The following points summarize the budgeting changes from the original to the final budget. Exhibit 7 on page 11 of the main body of this report delineates the changes from original budget to final and a detailed comparison of final budget versus actual revenues and expenses.

- General Fund final budgeted revenues were \$116,826 greater than originally budgeted revenues. The increase is comprised primarily of an additional appropriation during the year for increased sales tax revenue.
- General Fund final budgeted expenses were \$1,711,913 greater than originally budgeted expenses. The primary factors in the increase were the re-appropriation of unspent FY15 street maintenance funds (\$464,269) as well as the budget adjustments made at the time FY15 encumbrances were rolled to the new fiscal year (\$953,540).
- General Fund's actual revenues were \$1,420,899 greater than final budgeted revenues, representing a variance of 3%. Significant sales tax, property tax, meals tax, and business license tax receipts over the budgeted amounts helped lead to this variance.
- General Fund's actual expenditures were \$2,170,716 less than final budgeted expenditures, representing a variance of 5%. This variance is due to several factors, including: the school unspent appropriation of \$736,410 being recorded as a reduction of school funding expense, and \$328,997 of \$1,516,857 that was budgeted for paving not being spent during FY16.

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 \$110,694,537 for its governmental and business-type activities as of June 30, 2016.

Total capital assets attributed to governmental activities increased by \$127,260, due primarily to continuing work on a variety of capital projects. The total capital assets attributed to the business-type activities decreased by \$1,171,732, due to depreciation and retirements exceeding the amount of asset additions during FY16. (See note 7, which begins on page 30, for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2016 included the following:

- The Ridgeview Park and Basic Park boating access ramps were completed.
- The City began replacement of the Enterprise Software Planning System.
- New vehicles were purchased for multiple departments, including new dump trucks in Water and Sewer Fund, a backhoe for the Streets Maintenance Division, and several police vehicles.
- Work continued on the Madison/Ohio Stormwater Project, Constitution Park Improvements, and expansion of the South River Greenway.

City of Waynesboro
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	8,739,798	8,735,499	386,268	386,268	9,126,066	9,121,767
Buildings	8,787,219	9,110,626	43,689,333	44,717,787	52,476,552	53,828,413
Improvements other than buildings	2,692,921	2,829,764	23,805,904	24,111,071	26,498,825	26,940,835
Machinery and equipment	2,290,454	2,547,826	1,376,899	1,348,014	3,667,353	3,895,840
Infrastructure	15,537,290	15,179,338	-	-	15,537,290	15,179,338
Construction in Progress	3,181,975	2,699,344	206,476	73,472	3,388,451	2,772,816
Total Capital Assets	41,229,657	41,102,397	69,464,880	70,636,612	110,694,537	111,739,009

Long-term debt. As of June 30, 2016, the City of Waynesboro held an Aa3 enhanced bond rating from Moody's Investor Service. Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds, with numerical (1-3) modifiers that indicate the obligation ranking within a rating category. The City holds an AA- bond rating from Standard & Poor's Ratings Services; 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 \$179,861,426. See page 115 of this report for historic debt margin comparisons.

City of Waynesboro Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
GO bonds	27,313,134	29,552,306	13,422,539	13,835,487	40,735,673	43,387,793
Literary loans	1,000,000	1,250,000	-	-	1,000,000	1,250,000
Capital Leases	-	3,108	-	-	-	3,108
VA Revolving Loans	-	-	22,713,574	23,430,869	22,713,574	23,430,869
Total O/S Debt	28,313,134	30,805,414	36,136,113	37,266,356	64,449,247	68,071,770

The table above provides comparative information related to the City's long-term outstanding debt. The decrease from 2015 to 2016 for total debt outstanding for the City is the result of total debt retirements exceeding the amount of debt issued for FY16. As of June 30, 2016, the City had long-term debt outstanding of \$64,449,247; \$36,136,113 was for business-type activities and \$28,313,134 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,949,089, and \$2,340,040 for business-type activities. These debt payments were budgeted as expenditures in the FY 2016 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities column, \$9,900,568 is related to general government capital projects. The remaining debt outstanding is related to School Board-component unit projects. (See Note 9, beginning on page 34, for relevant disclosures regarding the City's outstanding debt.)

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2017 general fund budget was adopted at \$46,951,410, an increase of \$1,330,377 over the FY16 budget.
- Real property and personal property tax rate remained the same for FY17.
- The fiscal year 2017 budget included a 2.5% pay increase for most full-time City employees effective January 9, 2017.
- The City's water base and usage fees were increased by 2.5% effective July 1, 2016; sewer base and usage fees were increased by 4.5% effective July 1, 2016.
- The original fiscal year 2017 budget called for the use of \$946,534 of fund balance in the general fund to balance the budget. In addition, \$236,817 of encumbrances were rolled from fiscal year 2016, bringing the total budgeted use of fund balance to \$1,183,351.
- According to the Virginia Employment Commission, the unemployment rate for the City of Waynesboro as of September 2016 was 4.1%, a .4% decrease from September of 2015. This compares favorably to the national rate of 4.8% for the same period, though is slightly higher than the Commonwealth's rate of 4.0%.

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.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2016

Exhibit 1

	Primary Government			Component Unit
	Governmental	Business-type	Total	School
	Activities	Activities		Board
ASSETS				
Cash and cash equivalents	\$ 20,929,197	\$ 8,169,742	\$ 29,098,939	\$ 1,798,403
Investments	1,466	-	1,466	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	263,999	-	263,999	-
Accounts	773,566	1,972,237	2,745,803	108,411
Notes	5,194,735	-	5,194,735	-
Due from external parties	45,638	-	45,638	-
Due from other governments	2,226,509	-	2,226,509	1,230,762
Due from component unit	216,151	-	216,151	-
Internal balances	1,123,167	(1,123,167)	-	-
Inventories	893,868	-	893,868	-
Restricted assets:				
Permanently restricted:				
Cash and cash equivalents	586,029	-	586,029	-
Investment in landfill joint venture	-	2,915,942	2,915,942	-
Capital assets not being depreciated:				
Land	8,739,798	386,268	9,126,066	274,493
Construction in progress	3,181,975	206,476	3,388,451	-
Capital assets, net of accumulated depreciation:				
Buildings and systems	8,787,219	43,689,333	52,476,552	35,827,590
Improvements other than buildings	2,692,921	23,805,904	26,498,825	1,281,172
Machinery and equipment	2,290,454	1,376,899	3,667,353	971,246
Infrastructure	15,537,290	-	15,537,290	-
Total assets	<u>73,483,982</u>	<u>81,399,634</u>	<u>154,883,616</u>	<u>41,492,077</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	493,286	927,257	1,420,543	-
Deferred loss on VRS pension	2,326,515	529,367	2,855,882	2,327,413
Total deferred outflows of resources	<u>2,819,801</u>	<u>1,456,624</u>	<u>4,276,425</u>	<u>2,327,413</u>
LIABILITIES				
Accounts payable and other current liabilities	3,014,602	673,067	3,687,669	2,356,676
Accrued interest payable	361,700	436,952	798,652	19,869
Due to primary government	-	-	-	216,151
Unearned revenue	163,092	-	163,092	-
Noncurrent liabilities:				
Due within one year	3,118,240	2,478,722	5,596,962	282,188
Due in more than one year	36,993,772	37,087,612	74,081,384	33,860,425
Total liabilities	<u>43,651,406</u>	<u>40,676,353</u>	<u>84,327,759</u>	<u>36,735,309</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - taxes receivable	1,307,646	-	1,307,646	-
Deferred gain on VRS pension	4,186,162	943,356	5,129,518	3,746,759
Total deferred inflows of resources	<u>5,493,808</u>	<u>943,356</u>	<u>6,437,164</u>	<u>3,746,759</u>
NET POSITION				
Net investment in capital assets	31,418,630	32,896,027	64,314,657	36,148,835
Restricted for:				
General government administration	19,655	-	19,655	-
Judicial administration	107,563	-	107,563	-
Public safety	573,888	-	573,888	-
Public works	475,541	-	475,541	-
Parks, recreation and cultural	11,402	-	11,402	-
Community development	40	-	40	-
Capital projects	19,175	-	19,175	-
Perpetual care:				
Nonexpendable	586,029	-	586,029	-
Unrestricted	(6,053,354)	8,340,522	2,287,168	(32,811,413)
Total net position	<u>\$ 27,158,569</u>	<u>\$ 41,236,549</u>	<u>\$ 68,395,118</u>	<u>\$ 3,337,422</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, 2016

Exhibit 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government administration	\$ 9,900,958	\$ 12,239	\$ 7,510,566	\$ -	\$ (2,378,153)		\$ (2,378,153)	
Judicial administration	1,393,274	207,183	936,139	-	(249,952)		(249,952)	
Public safety	10,574,111	377,559	484,184	-	(9,712,368)		(9,712,368)	
Public works	6,813,144	14,083	2,721,137	734,333	(3,343,591)		(3,343,591)	
Health and welfare	5,325,427	87,250	3,238,299	-	(1,999,878)		(1,999,878)	
Education	13,275,982	-	-	-	(13,275,982)		(13,275,982)	
Parks, recreation and cultural	2,935,329	251,196	167,377	-	(2,516,756)		(2,516,756)	
Community development	644,256	228,503	64,383	207,920	(143,450)		(143,450)	
Interest on long-term debt	1,100,085	-	-	-	(1,100,085)		(1,100,085)	
Total governmental activities	51,962,566	1,178,013	15,122,085	942,253	(34,720,215)		(34,720,215)	
Business-type activities:								
Water	2,946,249	3,573,258	-	-	-	\$ 627,009	627,009	
Sewer	5,452,764	5,312,609	-	-	-	(140,155)	(140,155)	
Landfill operations	610,135	731,978	-	-	-	121,843	121,843	
Garbage	909,655	1,161,423	6,427	-	-	258,195	258,195	
Stormwater	917,556	1,200,963	2,131	22,000	-	307,538	307,538	
Total business-type activities	10,836,359	11,980,231	8,558	22,000	-	1,174,430	1,174,430	
Total primary government	\$ 62,798,925	\$ 13,158,244	\$ 15,130,643	\$ 964,253	(34,720,215)	1,174,430	(33,545,785)	
Component units:								\$ (13,545,018)
School board	34,877,857	870,221	20,462,618	-	-			(13,545,018)
Total component unit	\$ 34,877,857	\$ 870,221	\$ 20,462,618	\$ -	-			
General revenues:								
Taxes:								
General property					19,577,555	-	19,577,555	-
Sales					5,493,561	-	5,493,561	-
Utility					1,032,821	-	1,032,821	-
Business license					2,206,222	-	2,206,222	-
Hotel and meals					4,970,141	-	4,970,141	-
Tobacco					370,607	-	370,607	-
Other					905,552	-	905,552	-
Miscellaneous					407,358	52,611	459,969	179,592
Payment from City of Waynesboro					-	-	-	13,239,886
Grants and contributions not restricted to specific programs					5,043,586	-	5,043,586	-
Unrestricted investment earnings					165,902	46,249	212,151	37,293
Gain (loss) on disposal of capital assets					9,814	219	10,033	-
Contributions to permanent fund principal					3,480	-	3,480	-
Transfers					865,986	(865,986)	-	-
Total general revenues and transfers					41,052,585	(766,907)	40,285,678	13,456,771
Change in net position					6,332,370	407,523	6,739,893	(88,247)
Net position - beginning					20,826,199	40,829,026	61,655,225	3,425,669
Net position - ending					\$ 27,158,569	\$ 41,236,549	\$ 68,395,118	\$ 3,337,422

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, 2016

Exhibit 3

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,969,056	\$ 2,065,923	\$ 2,148,579	\$ 20,183,558
Investments	1,466	-	-	1,466
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	248,174	-	-	248,174
Accounts	583,118	12,717	172,575	768,410
Due from other funds	1,267,984	-	-	1,267,984
Due from component unit - School Board	216,151	-	-	216,151
Due from external parties	45,638	-	-	45,638
Due from other governments	1,421,039	-	805,470	2,226,509
Restricted assets:				
Cash and cash equivalents	-	-	586,029	586,029
Total assets	\$ 19,752,626	\$ 2,078,640	\$ 3,712,653	\$ 25,543,919
LIABILITIES				
Accounts payable	814,853	552,095	542,481	1,909,429
Accrued payroll	789,758	-	45,583	835,341
Retainage payable	-	-	49,064	49,064
Deposits payable	2,500	-	-	2,500
Due to other funds	-	-	177,333	177,333
Amounts held for others	124,971	-	-	124,971
Unearned revenues	163,092	-	-	163,092
Compensated absences	6,389	-	2,017	8,406
Total liabilities	\$ 1,901,563	\$ 552,095	\$ 816,478	\$ 3,270,136
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - taxes receivable	\$ 1,530,950	\$ -	\$ -	\$ 1,530,950
FUND BALANCES				
Nonspendable:				
Permanent fund principal	-	-	586,029	586,029
Restricted for:				
General government administration	19,655	-	-	19,655
Judicial administration	107,563	-	-	107,563
Public safety	324,188	-	-	324,188
Public works	475,541	-	-	475,541
Parks, recreation and cultural	11,402	-	-	11,402
Community development	40	-	-	40
Shenandoah Valley Animal Center	-	-	249,700	249,700
Capital projects	-	-	108,715	108,715
Committed to:				
General government administration	1,427,839	-	-	1,427,839
Public works	250,000	-	-	250,000
Health and welfare	47,936	-	-	47,936
Parks, recreation and cultural	2,770	-	-	2,770
Community development	991,130	-	-	991,130
Debt service	318,022	-	-	318,022
EDA revolving loans	-	-	49,899	49,899
Capital projects	-	-	853,545	853,545
SAW self-funded insurance	68,694	-	-	68,694
Self-funded insurance	163,593	-	-	163,593
Revenue stabilization	500,000	-	-	500,000
Education	385,719	-	-	385,719

cont'd

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

Exhibit 3 (cont'd)

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES (cont'd)				
Assigned to:				
General government administration	\$ 4,572	\$ -	\$ -	\$ 4,572
Judicial administration	422	-	-	422
Public safety	66,641	-	-	66,641
Public works	4,530	-	-	4,530
Parks, recreation and cultural	76,267	-	-	76,267
Community development	15,467	-	-	15,467
Youth and family services	-	-	274,221	274,221
CAPSAW	-	-	147,101	147,101
Self-funded health insurance	-	1,526,545	-	1,526,545
Economic Development Authority	-	-	346,891	346,891
Debt service	-	-	4,405	4,405
Capital projects	-	-	275,669	275,669
Unassigned:				
School Board	736,410	-	-	736,410
General	10,321,712	-	-	10,321,712
Total fund balances	<u>\$ 16,320,113</u>	<u>\$ 1,526,545</u>	<u>\$ 2,896,175</u>	<u>\$ 20,742,833</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,752,626</u>	<u>\$ 2,078,640</u>	<u>\$ 3,712,653</u>	<u>\$ 25,543,919</u>

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 20,742,833
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,012,696
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	5,210,560
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.	2,997,550
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.	3,588,131
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(40,289,007)
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>(4,104,194)</u>
Net position of governmental activities	<u>\$ 27,158,569</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

Exhibit 5

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 19,534,896	\$ -	\$ -	\$ 19,534,896
Other local taxes	14,963,079	-	-	14,963,079
Permits, privilege fees and regulatory licenses	216,732	-	-	216,732
Fines and forfeitures	186,866	-	-	186,866
Revenue from use of money and property	214,478	-	8,711	223,189
Charges for services	302,864	-	17,379	320,243
Miscellaneous	720,560	7,278,320	187,998	8,186,878
Recovered costs	76,326	-	665,085	741,411
Intergovernmental:				
Commonwealth	8,913,103	-	2,421,977	11,335,080
Federal	141,254	-	2,179,472	2,320,726
Total revenues	<u>45,270,158</u>	<u>7,278,320</u>	<u>5,480,622</u>	<u>58,029,100</u>
EXPENDITURES				
Current:				
General government administration	4,134,101	6,751,047	-	10,885,148
Judicial administration	1,493,599	-	-	1,493,599
Public safety	10,008,922	-	1,047,953	11,056,875
Public works	4,639,260	-	1,864,092	6,503,352
Health and welfare	451,779	-	4,958,287	5,410,066
Education	13,275,982	-	-	13,275,982
Parks, recreation, and cultural	3,079,450	-	-	3,079,450
Community development	881,809	-	438,172	1,319,981
Debt service:				
Principal retirement	2,029,358	-	679,005	2,708,363
Interest and fiscal charges	547,045	-	589,182	1,136,227
Bond issuance costs	15,600	-	-	15,600
Total expenditures	<u>40,556,905</u>	<u>6,751,047</u>	<u>9,576,691</u>	<u>56,884,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,713,253</u>	<u>527,273</u>	<u>(4,096,069)</u>	<u>1,144,457</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	36,644	-	-	36,644
Capital debt issued	-	-	216,083	216,083
Transfers in	893,292	-	4,524,050	5,417,342
Transfers out	(4,846,795)	-	(3,900)	(4,850,695)
Total other financing sources and uses	<u>(3,916,859)</u>	<u>-</u>	<u>4,736,233</u>	<u>819,374</u>
Net change in fund balances	796,394	527,273	640,164	1,963,831
Fund balance - beginning	<u>15,523,719</u>	<u>999,272</u>	<u>2,256,011</u>	<u>18,779,002</u>
Fund balance - ending	<u>\$ 16,320,113</u>	<u>\$ 1,526,545</u>	<u>\$ 2,896,175</u>	<u>\$ 20,742,833</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, 2016

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ 1,963,831
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (2,061,421) exceeded depreciation (1,866,080) in the current period.	195,341
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(646,608)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,492,280
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.	2,344,015
In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the <i>cost</i> of the property sold.	(43,712)
Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>27,223</u>
Change in net position of governmental activities	<u>\$ 6,332,370</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, 2016

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 19,494,587	\$ 19,494,587	\$ 19,534,896	\$ 40,309
Other local taxes	13,956,525	14,037,403	14,963,079	925,676
Permits, privilege fees and regulatory licenses	220,981	220,981	216,732	(4,249)
Fines and forfeitures	199,290	199,290	186,866	(12,424)
Revenue from use of money and property	165,662	165,662	214,478	48,816
Charges for services	280,202	288,062	302,864	14,802
Miscellaneous	710,901	727,186	720,560	(6,626)
Recovered costs	22,230	22,430	76,326	53,896
Intergovernmental:				
Commonwealth	8,682,055	8,686,158	8,913,103	226,945
Federal	-	7,500	141,254	133,754
Total revenues	<u>43,732,433</u>	<u>43,849,259</u>	<u>45,270,158</u>	<u>1,420,899</u>
EXPENDITURES				
Current:				
General government administration	3,901,552	4,063,811	4,134,101	(70,290)
Judicial administration	1,520,186	1,548,563	1,493,599	54,964
Public safety	10,118,809	10,244,766	10,008,922	235,844
Public works	4,491,845	5,719,416	4,639,260	1,080,156
Health and welfare	464,097	464,097	451,779	12,318
Education	13,905,182	13,905,182	13,275,982	629,200
Parks, recreation and cultural	3,113,951	3,250,203	3,079,450	170,753
Community development	924,420	955,917	881,809	74,108
Debt service:				
Principal retirement	2,019,688	2,019,688	2,029,358	(9,670)
Interest and fiscal charges	555,978	555,978	547,045	8,933
Bond issuance costs	-	-	15,600	(15,600)
Total expenditures	<u>41,015,708</u>	<u>42,727,621</u>	<u>40,556,905</u>	<u>2,170,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,716,725</u>	<u>1,121,638</u>	<u>4,713,253</u>	<u>3,591,615</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	23,271	36,644	13,373
Transfers in	893,429	879,429	893,292	13,863
Transfers out	<u>(3,867,524)</u>	<u>(5,095,326)</u>	<u>(4,846,795)</u>	<u>248,531</u>
Total other financing sources and uses	<u>(2,974,095)</u>	<u>(4,192,626)</u>	<u>(3,916,859)</u>	<u>275,767</u>
Net change in fund balances	(257,370)	(3,070,988)	796,394	3,867,382
Fund balance - beginning	<u>257,370</u>	<u>3,070,988</u>	<u>15,523,719</u>	<u>12,452,731</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,320,113</u>	<u>\$ 16,320,113</u>

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,465,111	\$ 4,477,864	\$ 1,226,767	\$ 8,169,742	\$ 745,639
Accounts receivable (net of allowance for uncollectibles)	510,650	781,200	680,387	1,972,237	5,156
Inventory	-	-	-	-	893,868
Total current assets	<u>2,975,761</u>	<u>5,259,064</u>	<u>1,907,154</u>	<u>10,141,979</u>	<u>1,644,663</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,915,942	2,915,942	-
Capital assets:					
Land	342,088	44,180	-	386,268	-
Buildings	9,019,357	43,318,078	113,453	52,450,888	-
Improvements other than buildings	18,798,966	34,331,869	-	53,130,835	-
Machinery and equipment	803,519	1,925,464	1,410,325	4,139,308	7,014,008
Construction in progress	66,502	139,974	-	206,476	723,623
Less accumulated depreciation	(12,733,759)	(27,190,809)	(924,327)	(40,848,895)	(5,520,670)
Total capital assets (net of accumulated depreciation)	<u>16,296,673</u>	<u>52,568,756</u>	<u>599,451</u>	<u>69,464,880</u>	<u>2,216,961</u>
Total noncurrent assets	<u>16,296,673</u>	<u>52,568,756</u>	<u>3,515,393</u>	<u>72,380,822</u>	<u>2,216,961</u>
Total assets	<u>19,272,434</u>	<u>57,827,820</u>	<u>5,422,547</u>	<u>82,522,801</u>	<u>3,861,624</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	761,768	165,489	-	927,257	-
Deferred loss on VRS pension	172,136	204,855	152,376	529,367	45,555
Total deferred outflows of resources	<u>933,904</u>	<u>370,344</u>	<u>152,376</u>	<u>1,456,624</u>	<u>45,555</u>
LIABILITIES					
Current liabilities:					
Accounts payable	39,244	92,970	117,261	249,475	78,052
Retainage payable	-	5,902	-	5,902	-
Accrued payroll	64,257	79,259	56,506	200,022	15,245
Accrued interest payable	124,365	312,587	-	436,952	-
Deposits payable	216,273	-	1,395	217,668	-
Due to other funds	-	-	-	-	1,090,651
Compensated absences	1,100	3,500	15,679	20,279	800
General obligation bonds - current	393,296	422,854	-	816,150	-
Revenue bonds payable - current	-	1,642,293	-	1,642,293	-
Total current liabilities	<u>838,535</u>	<u>2,559,365</u>	<u>190,841</u>	<u>3,588,741</u>	<u>1,184,748</u>
Noncurrent liabilities:					
Compensated absences	46,189	59,045	51,289	156,523	11,527
Net OPEB obligation	35,226	37,183	44,128	116,537	10,649
Net pension liability	579,350	689,472	508,063	1,776,885	153,323
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	11,756,026	5,967,577	-	17,723,603	-
Revenue bonds payable	-	17,314,064	-	17,314,064	-
Total noncurrent liabilities	<u>12,416,791</u>	<u>24,067,341</u>	<u>603,480</u>	<u>37,087,612</u>	<u>175,499</u>
Total liabilities	<u>13,255,326</u>	<u>26,626,706</u>	<u>794,321</u>	<u>40,676,353</u>	<u>1,360,247</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on VRS pension	309,728	368,601	265,027	943,356	81,968
Total deferred outflows of resources	<u>309,728</u>	<u>368,601</u>	<u>265,027</u>	<u>943,356</u>	<u>81,968</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities - Enterprise Funds				Exhibit 8 (cont'd) Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
NET POSITION					
Net investment in capital assets	4,909,119	27,387,457	599,451	32,896,027	2,216,961
Unrestricted	<u>1,732,165</u>	<u>3,815,400</u>	<u>3,916,124</u>	<u>9,463,689</u>	<u>248,003</u>
Total net position	<u>\$ 6,641,284</u>	<u>\$ 31,202,857</u>	<u>\$ 4,515,575</u>	42,359,716	<u>\$ 2,464,964</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(1,123,167)</u>	
Net position of business-type activities				<u>\$ 41,236,549</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, 2016

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 3,573,258	\$ 5,312,609	\$ 3,094,364	\$ 11,980,231	\$ 1,645,639
Miscellaneous	29,073	17,060	6,478	52,611	28,666
Total operating revenues	<u>3,602,331</u>	<u>5,329,669</u>	<u>3,100,842</u>	<u>12,032,842</u>	<u>1,674,305</u>
OPERATING EXPENSES					
Personal services	1,279,800	1,598,490	1,247,339	4,125,629	296,019
Contractual services	413,597	162,777	660,639	1,237,013	137,328
Other supplies and expenses	100,116	612,294	250,017	962,427	1,054,750
Depreciation	750,971	2,127,478	83,004	2,961,453	398,877
Total operating expenses	<u>2,544,484</u>	<u>4,501,039</u>	<u>2,240,999</u>	<u>9,286,522</u>	<u>1,886,974</u>
Operating income (loss)	<u>1,057,847</u>	<u>828,630</u>	<u>859,843</u>	<u>2,746,320</u>	<u>(212,669)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	6,427	6,427	-
Federal	-	-	24,131	24,131	-
Interest income	17,098	22,897	6,254	46,249	-
Gain (loss) on disposal of assets	219	-	-	219	9,814
Gain (loss) on equity interest	-	-	(146,021)	(146,021)	-
Interest and fiscal charges	(507,105)	(965,972)	-	(1,473,077)	-
Total nonoperating revenues (expenses)	<u>(489,788)</u>	<u>(943,075)</u>	<u>(109,209)</u>	<u>(1,542,072)</u>	<u>9,814</u>
Income before contributions and transfers	<u>568,059</u>	<u>(114,445)</u>	<u>750,634</u>	<u>1,204,248</u>	<u>(202,855)</u>
Transfers in	160,089	-	23,406	183,495	299,339
Transfers out	<u>(271,638)</u>	<u>(500,854)</u>	<u>(276,989)</u>	<u>(1,049,481)</u>	<u>-</u>
Change in net position	456,510	(615,299)	497,051	338,262	96,484
Total net position - beginning	<u>6,184,774</u>	<u>31,818,156</u>	<u>4,018,524</u>		<u>2,368,480</u>
Total net position - ending	<u>\$ 6,641,284</u>	<u>\$ 31,202,857</u>	<u>\$ 4,515,575</u>		<u>\$ 2,464,964</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>69,261</u>	
Change in net position of business-type activities				<u>\$ 407,523</u>	

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

Exhibit 10

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,676,854	\$ 5,390,245	\$ 2,680,192	\$ 11,747,291	\$ -
Cash received from interfund services provided	-	-	-	-	1,646,248
Cash paid to suppliers	(519,714)	(722,106)	(1,483,218)	(2,725,038)	(1,160,483)
Cash paid to employees	(1,313,389)	(1,505,729)	(480,089)	(3,299,207)	(339,391)
Other receipts (payments)	29,073	17,060	6,478	52,611	28,666
Net cash provided (used) by operating activities	1,872,824	3,179,470	723,363	5,775,657	175,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	6,427	6,427	-
Subsidy from federal grant	-	-	24,131	24,131	-
Transfer from other funds	160,089	-	23,406	183,495	71,969
Transfer to other funds	(271,638)	(500,854)	(276,989)	(1,049,481)	-
Net cash provided (used) by noncapital financing activities	(111,549)	(500,854)	(223,025)	(835,428)	71,969
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	219	-	-	219	9,814
Acquisition and construction of capital assets	(792,755)	(890,547)	(100,517)	(1,783,819)	(374,548)
Transfer from other funds	-	-	-	-	299,339
Principal paid on capital debt	(309,811)	(1,996,166)	-	(2,305,977)	-
Proceeds from capital debt	-	493,220	-	493,220	-
Interest paid on capital debt	(483,955)	(299,514)	-	(783,469)	-
Net cash provided (used) by capital and related financing activities	(1,586,302)	(2,693,007)	(100,517)	(4,379,826)	(65,395)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	17,098	22,897	6,254	46,249	-
Cash paid to joint venture	-	-	(318,652)	(318,652)	-
Net cash provided (used) by investing activities	17,098	22,897	(312,398)	(272,403)	-
Net increase (decrease) in cash and cash equivalents	192,071	8,506	87,423	288,000	181,614
Cash and cash equivalents - beginning of year	2,273,040	4,469,358	1,139,344	7,881,742	564,025
Cash and cash equivalents - end of year	\$ 2,465,111	\$ 4,477,864	\$ 1,226,767	\$ 8,169,742	\$ 745,639
Cash and cash equivalents at end of year is composed of the following:					
Cash and cash equivalents	\$ 2,465,111	\$ 4,477,864	\$ 1,226,767	\$ 8,169,742	\$ 745,639

cont'd

There are no noncash activities to disclose.

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Exhibit 11
	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$ 311,322
Accounts receivable	77,894
Due from other governments	16,255
Total assets	<u>405,471</u>
LIABILITIES	
Accounts payable	1,803
Accrued payroll	28,353
Payroll taxes and fringes payable	313,423
Due to external parties	45,637
Net OPEB obligation	16,255
Total liabilities	<u>\$ 405,471</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component 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. In fiscal year 2009, the Authority issued a \$6.25 million note payable to finance an incentive grant that will be payable solely from financial assistance made available by the City to the Authority. This note was refunded by the City in fiscal year 2015. Additionally, the Authority is authorized to issue revenue bonds upon application by qualified applicants for the purpose of acquiring, constructing, equipping, and rehabilitating certain facilities as provided in Chapter 49 of the Industrial Development and Revenue Bond Act as set forth in the Code. Upon issuance, the proceeds of the bonds are loaned to the applicant, who then agrees to repay the bonds as set forth in the Loan Agreement executed in connection with the issuance of the bonds. Section 15.2-4909 of the Code specifically provides that the bonds shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bonds. Such bonds are payable solely from the revenues and moneys pledged for such purpose by the applicant, and are secured by a deed of trust, line of credit, and/or other pledge of the applicant's assets.

Separate financial statements of this component unit are not available.

Discretely Presented Component Unit:

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

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

Separate financial statements of this component unit are not available.

Undivided Interests and Joint Ventures:

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net position, revenues and expenses of the undivided interest component are reported by the City in its ACSA Joint Landfill Fund. Likewise, the City's investment in the joint venture component of the Landfill, which is an explicit, measurable, equity interest, is reported as an asset in the ACSA Joint Landfill Fund and totaled \$2,915,942 as of June 30, 2016. Complete financial statements of the Augusta Regional Landfill can be obtained from the entity's administrative offices by contacting the Augusta County Service Authority, P.O. Box 859, Verona, VA 24482-0859.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

A. Reporting Entity (cont'd)

Undivided Interests and Joint Ventures: (cont'd)

The City, in conjunction with the City of Staunton, 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 \$1,122,888 for fiscal year 2016.

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 \$67,061 for fiscal year 2016.

Excluded Organizations:

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

- Waynesboro Redevelopment Housing Authority

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

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

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

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

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

Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Virginia Public Assistance, Comprehensive Services Act, Youth and Family Services, Community Action Partnership of Staunton, Augusta, Waynesboro, Shenandoah Valley Animal Service Center Funds, Self-Funded Health Insurance Fund, and a blended component unit, Economic Development Authority. The Self-Funded Health Insurance Fund is considered a major fund 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. The Debt Revenue Fund is considered a major fund for fiscal year 2015 financial reporting purposes.

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

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

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

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

As a general rule the effect of 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 garbage functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *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, Garbage, ACSA Joint Landfill, and internal service funds are charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenue and expenses not meeting the operating definition are reported as 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 fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

2. *Receivables and Payables*

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

3. *Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the internal service fund consist of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

4. *Property Taxes*

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

5. *Allowance for Uncollectible Accounts*

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$819,838 at June 30, 2016, and consisted of the following:

General Fund – taxes	\$ 415,526
Water Fund – utility billings	184,956
Sewer Fund – utility billings	177,734
Garbage Fund – utility billings	<u>41,622</u>
Total	<u>\$ 819,838</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 \$586,029 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 fair market value at the date of donation. Infrastructure acquired prior to the City's implementation of GASB Statement 34 are included in the City's capital asset totals.

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

8. Capital Assets (cont'd)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

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

9. 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 two items that qualify for reporting in this category. They are the deferred charge on refunding 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 is calculated using a measurement date of June 30, 2015. Employer contributions made after this date are reported as deferred outflows of resources. The City's employer share of fiscal year 2016 VRS 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 two items that qualify for reporting in this category, unearned revenue – taxes receivable and deferred gain on VRS pension. The unearned revenue – taxes receivable, is reported in the governmental funds balance sheet. The governmental funds report unearned 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, unearned 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 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. 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 earn sick leave at the rate of 8 hours per month. No benefits or pay is received for unused sick leave upon termination. City employees earn varying amounts of vacation dependent upon years of service. Accumulated vacation up to 56 days is paid upon termination. Law enforcement officers can earn up to 80 hours of compensatory time that would be paid upon termination.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

10. *Compensated Absences (cont'd)*

School Board 11-month and 12-month personnel earn varying amounts of annual leave dependent upon years of service. Accumulated annual leave up to 30 days will be paid upon termination. School Board personnel with at least 5 years of service may be paid for up to 120 days of unused sick time at a rate of \$20 per day for professional employees and \$10 per day for support personnel.

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 2016, no formal policy regarding fund balance has been adopted by the City. When both restricted and unrestricted resources are available, the City considers restricted funds used first, followed by unrestricted funds. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

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 to be 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, 2016

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

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

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, 2016, 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 \$3,588,131 difference in the primary government are as follows:

Net position of the internal service funds	\$ 2,464,964
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	1,192,428
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>(69,261)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 3,588,131</u></u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

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 \$40,289,007 and \$34,162,482 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 28,313,134	\$ -
Plus: Issuance premium	824,602	-
Capital leases payable	-	2,205,666
Landfill closure liability	1,774,552	-
Accrued interest payable	361,700	19,869
Net OPEB obligation	532,532	2,770,000
Net pension liability	7,676,932	28,447,050
Compensated absences	805,555	719,897
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 40,289,007</u>	<u>\$ 34,162,482</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 \$2,492,280 and \$248,901 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Debt issued or incurred:		
Issuance of general obligation bonds	\$ (216,083)	\$ -
Principal repayments:		
General obligation debt	2,705,255	-
Capital lease	3,108	248,901
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net net position of governmental activities	<u>\$ 2,492,280</u>	<u>\$ 248,901</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

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

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$2,344,015 and \$799,347 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (31,277)	\$ (36,219)
Accrued interest	(6,300)	2,243
Landfill post-closure care liability	29,646	-
Increase in net OPEB obligation	(7,032)	(352,000)
(Increase)/decrease in net pension liability	2,548,829	483,786
EDA revolving loans issued	33,500	-
Increase/(Decrease) in deferred outflows	866,875	(38,889)
(Increase)/Decrease in deferred inflows	(1,148,268)	740,426
Amortization of issuance premium	116,920	-
Amortization of deferred charge on refunding	(58,878)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,344,015</u>	<u>\$ 799,347</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 \$27,223 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ 96,484
Add: Loss from costs in excess of charges to business-type activities	<u>(69,261)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 27,223</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, 2016.
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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2016, the Shenandoah Valley Animal Service Center Fund, Capital Improvements Fund, School Cafeteria Fund, and School Textbook Fund had expenditures exceeding appropriations.

C. Deficit Fund Balance

At June 30, 2016, the School Construction Fund had a deficit balance of \$196,048.

4. DEPOSITS AND INVESTMENTS

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

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

The City's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Quality Ratings</u>	
		<u>AAAm</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 1,466	\$ 1,466	-
Total Fair Value	<u>\$ 1,466</u>	<u>\$ 1,466</u>	<u>-</u>

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

Interest Rate Risk – As of June 30, 2016, the City had investments with the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
<u>Primary Government</u>				
Local Government Investment Pool	\$ 1,466	\$ 1,466	-	-
Total Fair Value	<u>\$ 1,466</u>	<u>\$ 1,466</u>	<u>-</u>	<u>-</u>

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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	\$ -	\$ 625,847
State sales taxes	-	604,914
Local sales taxes	924,198	-
Communications tax	205,088	-
Public assistance grants	72,654	-
Comprehensive Services Act funds	130,300	-
Other State funds	390,704	-
Total Due from the Commonwealth	<u>1,722,944</u>	<u>1,230,761</u>
Federal Government:		
Community Services Block Grant	60,429	-
Public assistance grants	56,615	-
Department of Health & Human Services	26,263	-
Department of Transportation	240,444	-
Other federal funds	843	-
Total Due from the Federal Government	<u>384,594</u>	<u>-</u>
Total Due from Other Governments	<u>\$ 2,107,538</u>	<u>\$ 1,230,761</u>

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Inter-fund balances at June 30, 2016 consisted of the following:

Primary Government:

 Due to General Fund from:

 Non-major governmental funds

\$ 177,333

 Non-major Internal Service Fund

1,090,651

 Total due to General Fund from other funds for cash advances

\$ 1,267,984

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

Inter-fund transfers for the year ended June 30, 2016 consisted of the following:

Primary Government:

 Transfers to General Fund from:

 Non-major governmental funds

\$ 3,900

 Water Fund for operations

271,638

 Sewer Fund for operations

340,765

 Non-major enterprise funds for operations

276,989

 Total transfers to General Fund

\$ 893,292

 Transfers to Water Fund from:

 Sewer Fund for operations

\$ 160,089

 Transfers to Non-major enterprise funds from:

 General Fund for operations

\$ 23,406

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

Transfers to non-major governmental funds from:	
General Fund for welfare assistance	\$ 1,818,766
General Fund for Shenandoah Valley Animal Service Center	67,061
General Fund for Economic Development Authority	330,319
General Fund for debt service	1,268,190
General Fund for capital projects	<u>1,039,714</u>
Total transfers to non-major governmental funds	<u>\$ 4,524,050</u>
Transfers to non-major Internal Service Fund from:	
General Fund for equipment purchases	<u>\$ 299,339</u>
Component Unit School Board:	
Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 292,616</u>
Transfers to non-major governmental funds from:	
School Operating Fund	<u>\$ 1,067</u>

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

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, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 8,735,499	\$ 4,299	\$ -	\$ 8,739,798
Construction in progress	<u>2,699,344</u>	<u>1,774,585</u>	<u>(1,291,954)</u>	<u>3,181,975</u>
Total capital assets not being depreciated	<u>11,434,843</u>	<u>1,778,884</u>	<u>(1,291,954)</u>	<u>11,921,773</u>
Capital assets, being depreciated				
Buildings	15,573,908	-	-	15,573,908
Improvements other than buildings	5,707,237	72,670	-	5,779,907
Equipment	10,658,952	657,045	(95,803)	11,220,194
Infrastructure	<u>52,778,394</u>	<u>1,248,242</u>	<u>-</u>	<u>54,026,636</u>
Total capital assets being depreciated	<u>84,718,491</u>	<u>1,977,957</u>	<u>(95,803)</u>	<u>86,600,645</u>
Less accumulated depreciation for:				
Buildings	(6,463,282)	(323,407)	-	(6,786,689)
Improvements other than buildings	(2,877,473)	(209,513)	-	(3,086,986)
Equipment	(8,111,126)	(841,747)	23,133	(8,929,740)
Infrastructure	<u>(37,599,056)</u>	<u>(890,290)</u>	<u>-</u>	<u>(38,489,346)</u>
Total accumulated depreciation	<u>(55,050,937)</u>	<u>(2,264,957)</u>	<u>23,133</u>	<u>(57,292,761)</u>
Total capital assets being depreciated, net	<u>29,667,554</u>	<u>(287,000)</u>	<u>(72,670)</u>	<u>29,307,884</u>
Governmental activities capital assets, net	<u>\$ 41,102,397</u>	<u>\$ 1,491,884</u>	<u>\$ (1,364,624)</u>	<u>\$ 41,229,657</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

7. CAPITAL ASSETS (cont'd)

PRIMARY GOVERNMENT (cont'd)

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

Governmental activities:	
General government administration	\$ 131,085
Judicial administration	62,513
Public safety	371,515
Public works	949,080
Health and welfare	817
Parks, recreation, and cultural	231,751
Community development	<u>119,319</u>
Total depreciation expense – governmental activities	<u>\$ 1,866,080</u>

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ -	\$ -	\$ 386,268
Construction in progress	<u>73,472</u>	<u>133,004</u>	<u>-</u>	<u>206,476</u>
Total capital assets not being depreciated	<u>459,740</u>	<u>133,004</u>	<u>-</u>	<u>592,744</u>
Capital assets, being depreciated:				
Buildings	52,450,888	-	-	52,450,888
Improvements other than buildings	51,731,175	1,399,660	-	53,130,835
Equipment	<u>3,945,170</u>	<u>257,057</u>	<u>(62,919)</u>	<u>4,139,308</u>
Total capital assets being depreciated	<u>108,127,233</u>	<u>1,656,717</u>	<u>(62,919)</u>	<u>109,721,031</u>
Less accumulated depreciation for:				
Buildings	(7,733,101)	(1,028,454)	-	(8,761,555)
Improvements other than buildings	(27,620,104)	(1,704,827)	-	(29,324,931)
Equipment	<u>(2,597,156)</u>	<u>(228,172)</u>	<u>62,919</u>	<u>(2,762,409)</u>
Total accumulated depreciation	<u>(37,950,361)</u>	<u>(2,961,453)</u>	<u>62,919</u>	<u>(40,848,895)</u>
Total capital assets being depreciated, net	<u>70,176,872</u>	<u>(1,304,736)</u>	<u>-</u>	<u>68,872,136</u>
Business-type activities capital assets, net	<u>\$ 70,636,612</u>	<u>\$ (1,171,732)</u>	<u>\$ -</u>	<u>\$ 69,464,880</u>

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

Business-type activities:	
Water	\$ 750,971
Sewer	2,127,478
Garbage	82,718
Stormwater	<u>286</u>
Total depreciation expense – business-type activities	<u>\$ 2,961,453</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

7. CAPITAL ASSETS (cont'd)

COMPONENT UNIT - SCHOOL BOARD

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 274,493	\$ -	\$ -	\$ 274,493
Total capital assets not being depreciated	<u>274,493</u>	<u>-</u>	<u>-</u>	<u>274,493</u>
Capital assets, being depreciated:				
Buildings	51,681,098	286,981	-	51,968,079
Improvements other than buildings	4,198,467	40,041	-	4,238,508
Equipment	<u>3,826,618</u>	<u>312,009</u>	<u>(162,337)</u>	<u>3,976,290</u>
Total capital assets being depreciated	<u>59,706,183</u>	<u>639,031</u>	<u>(162,337)</u>	<u>60,182,877</u>
Less accumulated depreciation for:				
Buildings	(15,166,276)	(974,213)	-	(16,140,489)
Improvements other than buildings	(2,797,161)	(160,175)	-	(2,957,336)
Equipment	<u>(2,991,156)</u>	<u>(176,225)</u>	<u>162,337</u>	<u>(3,005,044)</u>
Total accumulated depreciation	<u>(20,954,593)</u>	<u>(1,310,613)</u>	<u>162,337</u>	<u>(22,102,869)</u>
Total capital assets being depreciated, net	<u>38,751,590</u>	<u>(671,582)</u>	<u>-</u>	<u>38,080,008</u>
School Board capital assets, net	<u>\$ 39,026,083</u>	<u>\$ (671,582)</u>	<u>\$ -</u>	<u>\$ 38,354,501</u>

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

Governmental activities:	
Education	\$ <u>1,310,613</u>

8. UNEARNED REVENUE

Governmental funds report unearned 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 2016, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Grant revenue received, but not spent by June 30, 2016 (General Fund)	\$ 163,092
Total deferred revenue for governmental funds	<u>\$ 163,092</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

9. LONG-TERM DEBT

PRIMARY GOVERNMENT

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

	Governmental Activities					
			Virginia Revolving Loans			
Year Ending	General Obligation Bonds		Taxable G.O Bonds		State Literary Loans	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,483,006	\$ 1,031,339	\$ 216,083	\$ -	\$ 250,000	\$ 30,000
2018	1,753,104	941,578	-	-	250,000	22,500
2019	1,606,585	868,861	-	-	250,000	15,000
2020	1,645,679	800,760	-	-	250,000	7,500
2021	1,699,032	732,387	-	-	-	-
2022-2026	15,270,536	2,258,493	-	-	-	-
2027-2031	2,639,109	176,557	-	-	-	-
	<u>\$ 27,097,051</u>	<u>\$ 6,809,975</u>	<u>\$ 216,083</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 75,000</u>
	Business-Type Activities					
			Virginia Revolving Loans			
Year Ending	General Obligation Bonds		Taxable G.O Bonds		Sewer Revenue Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	415,000	593,828	308,840	116,505	1,616,200	80,621
2018	432,276	569,467	318,175	107,170	1,621,545	75,535
2019	441,977	549,316	327,791	97,554	1,626,896	70,594
2020	456,910	529,867	337,699	87,646	1,632,252	66,091
2021	485,957	510,187	347,906	77,439	1,637,613	60,920
2022-2026	2,796,200	2,169,113	1,903,764	222,961	8,273,681	207,250
2027-2031	3,499,219	1,454,107	415,962	9,382	7,727,517	45,017
2032-2036	3,335,000	759,747	-	-	117,481	4,000
2037-2041	1,560,000	75,069	-	-	-	-
	<u>\$ 13,422,539</u>	<u>\$ 7,210,701</u>	<u>\$ 3,960,137</u>	<u>\$ 718,657</u>	<u>\$ 24,253,185</u>	<u>\$ 610,028</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, 2016

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2016:

Governmental Activities	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
General Obligation Bonds	\$ 29,552,306	\$ -	\$ 2,455,255	\$ 27,097,051	\$ 2,483,006
Unamortized Bond Premium	941,522	-	116,920	824,602	115,945
VRA Loan - Taxable G.O. Bond	-	216,083	-	216,083	216,083
State Literary Loans	1,250,000	-	250,000	1,000,000	250,000
Capital Leases	3,108	-	3,108	-	-
Liability for Landfill Closure	1,804,198	-	29,646	1,774,552	-
Net OPEB Obligation	536,009	7,172	-	543,181	-
Net Pension Liability	10,430,877	-	2,063,409	8,367,468	-
Compensated Absences	792,747	78,816	45,275	826,288	44,800
Total Governmental Activities	\$ 45,310,767	\$ 302,071	\$ 4,963,613	\$ 40,649,225	\$ 3,109,834
Business-type Activities					
General Obligation Bonds	\$ 13,835,487	\$ -	\$ 412,948	\$ 13,422,539	\$ 415,000
Unamortized Bond Premium	1,473,304	-	113,309	1,359,995	118,403
VRA Loan - Taxable G.O. Bond	4,259,916	-	299,779	3,960,137	308,840
VRA Loan - Sewer Revenue Bond	25,353,217	493,220	1,593,252	24,253,185	2,266,169
Unamortized Bond Discount	(6,182,264)	-	(682,516)	(5,499,748)	(649,969)
Net OPEB Obligation	111,597	4,940	-	116,537	-
Net Pension Liability	1,790,246	-	13,361	1,776,885	-
Compensated Absences	153,808	29,583	6,589	176,802	20,279
Total Business-type Activities	\$ 40,795,311	\$ 527,743	\$ 1,756,722	\$ 39,566,332	\$ 2,478,722
Primary Government Totals	\$ 86,106,078	\$ 829,814	\$ 6,720,335	\$ 80,215,557	\$ 5,588,556

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$175,499 at June 30, 2016, 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.

<u>Details of Long-Term Indebtedness</u>	<u>Govern- mental</u>	<u>Business- type</u>
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.	\$ 1,434,211	\$ -

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

	<u>Govern- mental</u>	<u>Business- type</u>
General Obligation Bonds: (cont'd)		
\$17,080,000 General Obligation Public Improvement Bonds – Series 2007 (General, Water, Sewer) issued August 29, 2007, maturing annually through January 15, 2017, bearing interest from 4.0% to 5.0% payable semiannually. The bonds are shown net of unamortized premium of \$1,925 for governmental activities and unamortized premium of \$2,130 for business-type activities.	\$ 271,925	\$ 322,130
\$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 \$126,197.	4,173,385	-
\$5,870,000 General Obligation Public Improvement Bonds – Series 2008 (General) issued November 21, 2008, maturing annually through October 1, 2018, bearing interest from 3.125% to 5.201% payable semiannually. The bond is shown net of unamortized premium of \$24,173.	809,173	-
\$1,370,000 General Obligation Public Improvement Bonds – Taxable Build America Bonds, Series 2010A (General, Sewer) issued December 7, 2010, maturing annually through 2031.	410,000	960,000
\$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 \$8,768 for governmental activities and unamortized premium of \$20,507 for business-type activities.	408,769	955,507
\$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%.	2,638,190	-
\$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%.	11,520,000	-
\$2,225,000 General Obligation Public Improvement Bonds - Series 2014C (General) issued September 9, 2014, maturing with semiannual installments through June 30, 2017, bearing a variable interest rate.	785,000	-
\$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 \$663,539 for governmental activities and unamortized premium of \$1,134,439 for business-type activities.	<u>5,471,000</u>	<u>12,341,978</u>
Total General Obligation Bonds	<u>27,921,653</u>	<u>14,579,615</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

	<u>Govern- mental</u>	<u>Business- type</u>
State Literary Fund Loans:		
\$5,000,000 Literary Fund Loan (Schools – Westwood Hills Elementary) issued April 28, 2000, due in annual installments of \$250,000 through June 1, 2020 with interest payable annually at 3%.	<u>1,000,000</u>	<u>-</u>
Virginia Revolving Loans:		
\$6,245,039 General Obligation Public Improvement Bonds – Series 2006A (Sewer) issued March 17, 2006, maturing annually through January 1, 2027, bearing interest at a 3.0% fixed interest rate payable semiannually.	-	3,960,137
\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$3,000,052 is based on imputed interest rate of 4.41%.	-	7,946,123
\$2,125,000 Sewer Revenue Bond – Series 2008B issued November 21, 2008, maturing annually through October 1, 2018, bearing interest from 3.125% to 5.375% payable semiannually. The bond is shown net of an unamortized premium of \$3,806.	-	288,806
\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$2,370,968 is based on imputed interest rate of 3.55%.	-	8,232,054
\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$128,728 is based on imputed interest rate of 3.12%.	-	499,788
\$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 \$199,113.	-	1,489,113
\$808,932 Sewer Revenue Bond – Series 2015 issued June 18, 2015, maturing semi-annually through February 1, 2036.	-	500,472
\$749,630 General Obligation Public Improvement Bonds – Series 2015B issued June 8, 2015, maturing semi-annually through March 1, 2037	<u>216,083</u>	<u>-</u>
Total Virginia Revolving Loans	<u>216,083</u>	<u>22,916,493</u>
Liability for Municipal Solid Waste Landfill Closure	<u>1,774,552</u>	<u>-</u>
Net OPEB Obligation	<u>543,181</u>	<u>116,537</u>
Net Pension Liability	<u>8,367,468</u>	<u>1,776,885</u>
Compensated Absences	<u>826,288</u>	<u>176,802</u>
Total Primary Government Long-Term Debt	<u>\$ 40,649,225</u>	<u>\$ 39,566,332</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

COMPONENT UNIT SCHOOL BOARD

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

Year Ending June 30	Governmental Activities	
	Capital Leases	
	Principal	Interest
2017	\$ 227,188	\$ 115,865
2018	239,598	103,454
2019	252,686	90,366
2020	266,490	76,563
2021	281,047	62,005
2022-2024	938,657	90,500
	<u>\$ 2,205,666</u>	<u>\$ 538,753</u>

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

Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the Component Unit School Board for the year ended June 30, 2016:

Governmental Activities	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
Capital Leases	\$ 2,454,567	\$ -	\$ 248,901	\$ 2,205,666	\$ 227,188
Net OPEB Obligation	2,418,000	352,000	-	2,770,000	-
Net Pension Liability	28,930,836	-	483,786	28,447,050	-
Compensated Absences	683,678	90,735	54,516	719,897	55,000
Total Governmental Activities	<u>\$ 34,487,081</u>	<u>\$ 442,735</u>	<u>\$ 787,203</u>	<u>\$ 34,142,613</u>	<u>\$ 282,188</u>

COMPONENT UNIT SCHOOL BOARD

Details of Long-Term Indebtedness

Capital Lease:

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

\$ 2,205,666

Net OPEB Obligation

2,770,000

Net Pension Liability

28,447,050

Compensated Absences

719,897

Total Component Unit School Board Long-Term Debt

\$ 34,142,613

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 343,052
2018	343,052
2019	343,052
2020	343,052
2021	343,052
Thereafter	<u>1,029,159</u>
Total minimum lease payments	\$ 2,744,419
Less: amount representing interest	<u>(538,753)</u>
Present value of minimum lease payments	<u>\$ 2,205,666</u>

11. CONTINGENT LIABILITIES

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments and Other Significant Commitments

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

	<u>Governmental</u>
Estimated project costs financed	\$ 6,009,199
Costs incurred through 6-30-15	(5,868,922)
Estimated remaining costs	<u>\$ 140,277</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2016:

<u>Function</u>	<u>Restricted</u>	<u>Assigned</u>
General government administration	\$ -	\$ 3,822
Internal Services	-	750
Judicial administration	-	422
Public safety	-	66,641
Public works	66,054	7,393
Parks, recreation and cultural	-	76,267
Community development	-	15,467
Total	<u>\$ 66,054</u>	<u>\$ 170,762</u>

Encumbrances in other funds at June 30, 2016, are as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ 2,386,152
Water Fund	226,093
Sewer Fund	260,249
Nonmajor Enterprise Funds	70,307
Internal Service Fund	35,856
Total	<u>\$ 2,978,657</u>

Blended Component Unit Commitments - Economic Development Authority

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the City and public school divisions are automatically covered by 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 are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a 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 a 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:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service Defined Benefit Component: Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u></p> <ul style="list-style-type: none"> • For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. • For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u></p> <p><u>Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution</u></p> <p><u>Component:</u> Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>
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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work- related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work- related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Hybrid Retirement Plan members are ineligible for ported service. <input type="checkbox"/> The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. <input type="checkbox"/> Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on- year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Employees Covered by Benefit Terms - City

As of the June 30, 2014 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	267
Inactive members:	
Vested inactive members	73
Non-vested inactive members	130
Inactive members active elsewhere in VRS	<u>156</u>
Total inactive members	359
Active members	298
Total covered employees	924

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

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	44
Inactive members:	
Vested inactive members	3
Non-vested inactive members	24
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	32
Active members	42
Total covered employees	116

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2016 was 5.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2016 was 5.61% 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, 2014.

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. Contribution to the pension plan from the City were \$1,805,158 and \$1,747,904 for the years ended June 30, 2016 and June 30, 2015, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$42,664 and \$54,429 for the years ended June 30, 2016 and June 30, 2015, respectively.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Contributions (cont'd)

Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contribution to the pension plan from the school division were \$3,284,248 and \$3,267,648 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The City and School Board's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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, 2014, 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, 2015.

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

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Actuarial Assumptions – General Employees (cont'd)

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Actuarial Assumptions – Public Safety Employees (cont'd)

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%

Inflation

2.50%

* Expected arithmetic nominal return

8.33%

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Long-Term Expected Rate of Return (cont'd)

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the City's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 71,131,869	\$ 58,625,424	\$ 12,506,445
Changes for the year:			
Service cost	1,364,584	-	1,364,584
Interest	4,846,873	-	4,846,873
Differences between expected and actual expenses	(3,886,254)	-	(3,886,254)
Contributions - employer	-	1,747,952	(1,747,952)
Contributions - employee	-	635,125	(635,125)
Net investment income	-	2,660,724	(2,660,724)
Benefit payments, including refunds of employee contributions	(3,781,641)	(3,781,641)	-
Administrative expenses	-	(37,243)	37,243
Other changes	-	(557)	557
Net Changes	(1,456,438)	1,224,360	(2,680,798)
Balances at June 30, 2015	\$ 69,675,431	\$ 59,849,784	\$ 9,825,647

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Changes in Net Pension Liability – School Board Non-professional

	Increase (Decrease)		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2014	\$ 3,604,283	\$ 3,482,447	\$ 121,836
Changes for the year:			
Service cost	106,501	-	106,501
Interest	243,416	-	243,416
Differences between expected and actual expenses	(205,893)	-	(205,893)
Contributions - employer	-	80,835	(80,835)
Contributions - employee	-	45,591	(45,591)
Net investment income	-	155,645	(155,645)
Benefit payments, including refunds of employee contributions	(253,809)	(253,809)	-
Administrative expenses	-	(2,229)	2,229
Other changes	-	(32)	32
Net Changes	(109,785)	26,001	(135,786)
Balances at June 30, 2015	\$ 3,494,498	\$ 3,508,448	\$ (13,950)

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

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

	(6.00%)	Rate (7.00%)	(8.00%)
City's Net Pension Liability	\$18,637,000	\$9,825,647	\$2,503,000
School Board–Non-Professional Net Pension Liability	\$407,183	\$(13,950)	\$(370,198)

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

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

	(6.00%)	Rate (7.00%)	(8.00%)
School Board – Professional Net Pension Liability	\$41,651,000	\$28,462,000	\$17,604,000

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

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

For the year ended June 30, 2016, the City's recognized pension expense of \$409,342. At June 30, 2016, 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
Net difference between projected and actual earnings on plan investments	\$ -	\$ 5,252,926
Employer contributions subsequent to the measurement date	<u>2,919,383</u>	<u>-</u>
Total	\$ 2,919,383	\$ 5,252,926
Less: Training Academy Agency Fund	(75,028)	(135,000)
Plus: Undivided interest in ACSA Joint Landfill	<u>11,527</u>	<u>11,592</u>
Total reported on Exhibit 1	<u>\$ 2,855,882</u>	<u>\$ 5,129,518</u>

\$2,855,882 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. 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

2017	\$1,313,232
2018	1,313,232
2019	1,313,232
2020	1,313,232
Thereafter	-

***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, 2016, the School Board's non-professional pension plan recognized pension expense of \$(46,377). At June 30, 2016, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 220,759
Employer contributions subsequent to the measurement date	<u>42,664</u>	<u>-</u>
Total	<u>\$ 42,664</u>	<u>\$ 220,759</u>

\$42,664 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, 2017. 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

2017	\$113,731
2018	87,415
2019	36,329
2020	(16,716)
Thereafter	-

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

13. DEFINED BENEFIT PENSION PLAN (cont'd)

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

At June 30, 2016, the school division reported a liability of \$28,447,050 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.22613% as compared to 0.23839% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$1,806,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 133,000	\$ -
Net difference between projected and actual earnings on plan investments	-	3,526,000
Employer contributions subsequent to the measurement date	<u>2,151,749</u>	<u>-</u>
Total	<u>\$ 2,284,749</u>	<u>\$ 3,526,000</u>

\$2,151,749 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, 2017. 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

2016	\$1,050,000
2017	1,050,000
2018	1,050,000
2019	55,000
Thereafter	188,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-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 2016. 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

14. RISK MANAGEMENT (cont'd)

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

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 \$1,526,545 to pay out future health insurance claims.

15. SURETY BONDS

<u>Travelers Casualty and Surety Company of America – Surety</u>	<u>Amount</u>
Treasurer/Finance Director	\$ 500,000
Commissioner of the Revenue	3,000
Clerk of the Circuit Court	103,000
Sheriff/Jail Supervisor/Jail Officer	30,000
<u>Selective Insurance Company of America – Surety</u>	
Treasurer	20,000
<u>VML Insurance Program – Surety</u>	
All School Board employees – Blanket Bond	100,000

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. In fiscal year 2008, the City began post-closure care on the old City landfill site.

The \$1,774,552 reported as landfill closure and post-closure care liability at June 30, 2016, 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 2016 based upon a DEQ-approved inflation rate. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

17. OTHER POST-EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT

Plan Description

The City administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. Retirees hired on or before July 1, 1988 are eligible for cost sharing up to 60% of the purported rate (not including dependent coverage) and cost sharing for retirees hired after July 1, 1988 varies dependent on years of service at retirement. The plan was established under the authority of the Waynesboro City Council.

Funding Policy

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

PRIMARY GOVERNMENT (cont'd)

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$241,000 for fiscal year 2016. The annual employer contributions for fiscal year 2016 were \$232,000.

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

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

Annual required contribution	\$ 242,000
Interest on net OPEB obligation	26,000
Adjustment to annual required contribution	<u>(27,000)</u>
Annual OPEB cost (expense)	241,000
Estimated Contributions made	<u>(232,000)</u>
Increase (decrease) in net OPEB obligation	9,000
Net OPEB obligation, beginning of year	<u>643,000</u>
Net OPEB obligation, end of year	<u><u>\$ 652,000</u></u>

Trend Information:

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2014	\$ 235,000	84.7%	\$ 615,000
June 30, 2015	237,000	88.2%	643,000
June 30, 2016	241,000	96.3%	652,000

Funded Status and Funding Progress:

As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$2,761,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,761,000. For the fiscal year ended June 30, 2014, the covered payroll (annual payroll of active employees covered by the plan) was \$12,387,000, and the ratio of the UAAL to the covered payroll was 22.3%.

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

Actuarial Methods and Assumptions:

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

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

PRIMARY GOVERNMENT (cont'd)

Actuarial Methods and Assumptions (cont'd):

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2014 was 30 years.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse. 90% of actives currently enrolled in the City's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

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

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums were assumed to increase 8.00% to determine the 2014-2015 projected values. This rate decreases 0.5% per year until an ultimate rate of 5.0% is reached.

COMPONENT UNIT SCHOOL BOARD

Plan Description

The School Board administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. Retirees pay 50% of the active premium for retiree coverage and 100% of the active spousal premium for premium coverage. The plan was established under the authority of the Waynesboro City School Board.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$612,000 for fiscal year 2016. The annual employer contributions for fiscal year 2016 were \$260,000.

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

Annual required contribution	\$ 616,000
Interest on net OPEB obligation	97,000
Adjustment to annual required contribution	<u>(101,000)</u>
Annual OPEB cost (expense)	612,000
Estimated Contributions made	<u>(260,000)</u>
Increase (decrease) in net OPEB obligation	352,000
Net OPEB obligation, beginning of year	<u>2,418,000</u>
Net OPEB obligation, end of year	<u><u>\$ 2,770,000</u></u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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

COMPONENT UNIT SCHOOL BOARD (cont'd)

Trend Information:

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2014	\$ 746,000	42.3%	\$ 2,061,000
June 30, 2015	589,000	39.4%	2,418,000
June 30, 2016	612,000	42.5%	2,770,000

Funded Status and Funding Progress:

As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit was \$6,135,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,135,000. For the fiscal year ended June 30, 2014, the covered payroll (annual payroll of active employees covered by the plan) was \$17,785,000, and the ratio of the UAAL to the covered payroll was 34.5%.

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

Actuarial Methods and Assumptions:

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

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2014 was 30 years.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse – Actual coverage status is used; females assumed 3 years younger than male spouse. 90% of actives currently enrolled in the School Board's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

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

Economic Assumptions – Medical Per Capita costs, Average Costs and premiums are assumed to increase 8.00% for Pre-Medicare coverage in 2014. This rate decreases 0.5% per year until an ultimate rate of 5.0% is reached.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2016

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, 2016, the outstanding balance of the notes was \$49,899.

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, 2016, the outstanding balance of the note was \$5,144,836.

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, 2016, \$5,119,233 of such conduit bonds were outstanding.

20. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements which will be effective for the year ended June 30, 2017. Management has not yet evaluated the effects, if any, of adopting these standards:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trust that meet the specified criteria. This statement will also improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans not administered through trust that meet specified criteria.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, will improve the financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will improve the accounting and financial report for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues*, will improve the accounting and financial report for pensions by addressing issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

21. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 22, 2016, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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

CITY	Exhibit 12	
	2015	2014
Total pension liability		
Service cost	\$ 1,364,584	\$ 1,410,687
Interest	4,846,873	4,674,679
Differences between expected and actual experience	(3,886,254)	-
Benefit payments, including refunds of employee contributions	(3,781,641)	(3,469,259)
Net change in total pension liability	(1,456,438)	2,616,107
Total pension liability - beginning	71,131,869	68,515,762
Total pension liability ending (a)	69,675,431	71,131,869
Plan fiduciary net position		
Contributions - employer	\$ 1,747,952	\$ 1,694,304
Contributions - employee	635,125	637,148
Net investment income	2,660,724	8,097,319
Benefit payments, including refunds of employee contributions	(3,781,641)	(3,469,259)
Administrative expense	(37,243)	(44,224)
Other	(557)	427
Net change in plan fiduciary net position	1,224,360	6,915,715
Plan fiduciary net position - beginning	58,625,424	51,709,709
Plan fiduciary net position - ending (b)	59,849,784	58,625,424
City of Waynesboro's net pension liability - ending (a) - (b)	\$ 9,825,647	\$ 12,506,445
Plan fiduciary net position as a percentage of the total pension liability	85.90%	82.42%
Covered-employee payroll	12,776,149	12,048,335
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	76.91%	103.80%
SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)		
	2015	2014
Total pension liability		
Service cost	\$ 106,501	\$ 103,795
Interest	243,416	234,497
Differences between expected and actual experience	(205,893)	-
Benefit payments, including refunds of employee contributions	(253,809)	(167,926)
Net change in total pension liability	(109,785)	170,366
Total pension liability - beginning	3,604,283	3,433,917
Total pension liability ending (a)	3,494,498	3,604,283
Plan fiduciary net position		
Contributions - employer	\$ 80,835	\$ 108,104
Contributions - employee	45,591	48,472
Net investment income	155,645	476,157
Benefit payments, including refunds of employee contributions	(253,809)	(167,926)
Administrative expense	(2,229)	(2,557)
Other	(32)	25
Net change in plan fiduciary net position	26,001	462,275
Plan fiduciary net position - beginning	3,482,447	3,020,172
Plan fiduciary net position - ending (b)	3,508,448	3,482,447
City of Waynesboro's net pension liability - ending (a) - (b)	\$ (13,950)	\$ 121,836
Plan fiduciary net position as a percentage of the total pension liability	100.40%	96.62%
Covered-employee payroll	958,934	958,709
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	-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 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

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

CITY

Exhibit 13

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	1,805,158	1,805,158	-	13,085,870	13.79%
2015	1,747,904	1,747,904	-	12,629,097	13.84%
2014	1,689,566	1,689,566	-	12,405,040	13.62%
2013	1,720,190	1,720,190	-	12,629,879	13.62%
2012	1,279,264	1,279,264	-	11,812,229	10.83%
2011	1,272,361	1,272,361	-	11,748,488	10.83%
2010	1,029,138	1,029,138	-	12,266,246	8.39%
2009	1,068,435	1,068,435	-	12,734,625	8.39%
2008	1,010,547	1,010,547	-	12,073,446	8.37%
2007	917,383	917,383	-	10,960,376	8.37%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	42,664	42,664	-	1,128,679	3.78%
2015	126,426	126,426	-	1,439,930	8.78%
2014	113,413	113,413	-	1,020,815	11.11%
2013	104,921	104,921	-	944,381	11.11%
2012	79,415	79,415	-	948,806	8.37%
2011	75,813	75,813	-	905,767	8.37%
2010	66,424	66,424	-	946,217	7.02%
2009	73,746	73,746	-	1,050,510	7.02%
2008	70,246	70,246	-	994,981	7.06%
2007	67,373	67,373	-	954,297	7.06%

SCHOOL BOARD COMPONENT UNIT (TEACHERS)

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2,151,749	2,151,749	-	22,649,987	9.50%
2015	3,267,648	3,267,648	-	22,535,503	14.50%
2014	2,299,687	2,299,687	-	19,722,871	11.66%
2013	1,978,240	1,978,240	-	16,966,037	11.66%
2012	1,043,343	1,043,343	-	16,482,505	6.33%
2011	636,450	636,450	-	16,194,666	3.93%
2010	1,091,369	1,091,369	-	12,387,843	8.81%
2009	1,436,378	1,436,378	-	16,303,954	8.81%
2008	1,645,962	1,645,962	-	15,980,218	10.30%
2007	1,417,330	1,417,330	-	15,405,766	9.20%

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

	Exhibit 14	
	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.22613%	0.23839%
Employer's Proportionate Share of Net Pension Liability (Asset)	28,462,000	28,809,000
Employer's Covered-Employee Payroll	20,250,896	19,173,097
Employer's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	140.55%	150.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

(1) The Schedule of Employer's Share of Net Pension Liability is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

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

CITY						Exhibit 15
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	49,164,624	68,515,762	19,351,138	71.76%	12,598,370	153.60%
June 30, 2014	53,915,812	67,499,856	13,584,044	79.88%	12,048,335	112.75%
June 30, 2015	58,040,392	69,800,278	11,759,886	83.15%	12,776,149	92.05%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	2,871,523	3,433,917	562,394	83.62%	927,793	60.62%
June 30, 2014	3,202,688	3,411,860	209,172	93.87%	958,709	21.82%
June 30, 2015	3,402,380	3,475,267	72,887	97.90%	958,934	7.60%

CITY POST-EMPLOYMENT BENEFITS PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	-	2,656,000	2,656,000	0.00%	10,091,000	26.32%
July 1, 2012	-	2,547,000	2,547,000	0.00%	11,981,000	21.26%
July 1, 2014	-	2,739,000	2,739,000	0.00%	12,387,000	22.11%

SCHOOL BOARD COMPONENT UNIT POST-EMPLOYMENT BENEFITS PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	-	5,865,000	5,865,000	0.00%	16,817,000	34.88%
July 1, 2012	-	6,616,000	6,616,000	0.00%	17,260,000	38.33%
July 1, 2014	-	5,782,000	5,782,000	0.00%	17,785,000	32.51%

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

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NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

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

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

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

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

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, 2016

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 255,761	\$ 150,085	\$ 167,301
Accounts receivable	-	-	36,226	-	129,950
Due from other governments	129,269	233,434	26,263	69,649	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 129,269</u>	<u>\$ 233,434</u>	<u>\$ 318,250</u>	<u>\$ 219,734</u>	<u>\$ 297,251</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	185,370	10,393	72,633	33,587
Accrued payroll	-	-	31,619	-	13,964
Retainage payable	-	-	-	-	-
Due to other funds	129,269	48,064	-	-	-
Compensated absences	-	-	2,017	-	-
Total liabilities	<u>129,269</u>	<u>233,434</u>	<u>44,029</u>	<u>72,633</u>	<u>47,551</u>
Fund Balances:					
Nonspendable:					
Permanent fund principal	-	-	-	-	-
Restricted for:					
Shenandoah Valley Animal Center	-	-	-	-	249,700
Capital projects	-	-	-	-	-
Committed to:					
EDA revolving loans	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Youth and family services	-	-	274,221	-	-
CAPSAW	-	-	-	147,101	-
Economic Development Authority	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>274,221</u>	<u>147,101</u>	<u>249,700</u>
Total liabilities and fund balances	<u>\$ 129,269</u>	<u>\$ 233,434</u>	<u>\$ 318,250</u>	<u>\$ 219,734</u>	<u>\$ 297,251</u>

Exhibit 16

Economic Development Authority Fund	Total	Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
\$ 390,391	\$ 963,538	\$ 4,405	\$ 1,180,636	\$ -	\$ 2,148,579
6,399	172,575	-	-	-	172,575
-	458,615	-	346,855	-	805,470
-	-	-	-	586,029	586,029
<u>\$ 396,790</u>	<u>\$ 1,594,728</u>	<u>\$ 4,405</u>	<u>\$ 1,527,491</u>	<u>\$ 586,029</u>	<u>\$ 3,712,653</u>
-	301,983	-	240,498	-	542,481
-	45,583	-	-	-	45,583
-	-	-	49,064	-	49,064
-	177,333	-	-	-	177,333
-	2,017	-	-	-	2,017
-	526,916	-	289,562	-	816,478
-	-	-	-	586,029	586,029
-	249,700	-	-	-	249,700
-	-	-	108,715	-	108,715
49,899	49,899	-	-	-	49,899
-	-	-	853,545	-	853,545
-	274,221	-	-	-	274,221
-	147,101	-	-	-	147,101
346,891	346,891	-	-	-	346,891
-	-	4,405	-	-	4,405
-	-	-	275,669	-	275,669
<u>396,790</u>	<u>1,067,812</u>	<u>4,405</u>	<u>1,237,929</u>	<u>586,029</u>	<u>2,896,175</u>
<u>\$ 396,790</u>	<u>\$ 1,594,728</u>	<u>\$ 4,405</u>	<u>\$ 1,527,491</u>	<u>\$ 586,029</u>	<u>\$ 3,712,653</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund
REVENUES					
Revenue from use of money and property	\$ -	\$ -	\$ 2,318	\$ 1,025	\$ 25
Charges for services	-	-	-	-	17,379
Miscellaneous	-	-	61,267	690	86,801
Recovered costs	-	-	287,239	87,250	290,596
Intergovernmental:					
Commonwealth	844,725	1,129,306	118,107	53,266	2,350
Federal	674,734	145,032	165,491	225,745	-
Total revenues	<u>1,519,459</u>	<u>1,274,338</u>	<u>634,422</u>	<u>367,976</u>	<u>397,151</u>
EXPENDITURES					
Current:					
Public safety	-	-	669,015	-	378,938
Public works	-	-	-	-	-
Health and welfare	2,207,217	2,270,346	101,196	379,528	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,207,217</u>	<u>2,270,346</u>	<u>770,211</u>	<u>379,528</u>	<u>378,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(687,758)</u>	<u>(996,008)</u>	<u>(135,789)</u>	<u>(11,552)</u>	<u>18,213</u>
OTHER FINANCING SOURCES (USES)					
Capital debt issued	-	-	-	-	-
Transfers in	687,758	996,008	135,000	-	67,061
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>687,758</u>	<u>996,008</u>	<u>135,000</u>	<u>-</u>	<u>67,061</u>
Net change in fund balances	-	-	(789)	(11,552)	85,274
Fund balance - beginning	-	-	275,010	158,653	164,426
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,221</u>	<u>\$ 147,101</u>	<u>\$ 249,700</u>

Exhibit 17

Economic Development Authority Fund		Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Total				
\$ 828	\$ 4,196	\$ -	\$ 615	\$ 3,900	\$ 8,711
-	17,379	-	-	-	17,379
35,760	184,518	-	-	3,480	187,998
-	665,085	-	-	-	665,085
5,400	2,153,154	-	268,823	-	2,421,977
42,600	1,253,602	-	925,870	-	2,179,472
84,588	4,277,934	-	1,195,308	7,380	5,480,622
-	1,047,953	-	-	-	1,047,953
-	-	-	1,864,092	-	1,864,092
-	4,958,287	-	-	-	4,958,287
438,172	438,172	-	-	-	438,172
-	-	679,005	-	-	679,005
-	-	589,182	-	-	589,182
438,172	6,444,412	1,268,187	1,864,092	-	9,576,691
(353,584)	(2,166,478)	(1,268,187)	(668,784)	7,380	(4,096,069)
-	-	-	216,083	-	216,083
330,319	2,216,146	1,268,190	1,039,714	-	4,524,050
-	-	-	-	(3,900)	(3,900)
330,319	2,216,146	1,268,190	1,255,797	(3,900)	4,736,233
(23,265)	49,668	3	587,013	3,480	640,164
420,055	1,018,144	4,402	650,916	582,549	2,256,011
\$ 396,790	\$ 1,067,812	\$ 4,405	\$ 1,237,929	\$ 586,029	\$ 2,896,175

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, 2016

Virginia Public Assistance Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	1,057,748	1,057,748	844,725	(213,023)
Federal	765,956	765,956	674,734	(91,222)
Total revenues	1,823,704	1,823,704	1,519,459	(304,245)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	2,547,790	2,547,790	2,207,217	340,573
Total expenditures	2,547,790	2,547,790	2,207,217	340,573
Excess (deficiency) of revenues over (under) expenditures	(724,086)	(724,086)	(687,758)	36,328
OTHER FINANCING SOURCES (USES)				
Transfers in	724,086	724,086	687,758	(36,328)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Community Action Partnership of Staunton, Augusta and Waynesboro Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 1,025	\$ 1,025
Charges for services	-	-	-	-
Miscellaneous	-	9,000	690	(8,310)
Recovered costs	87,250	87,250	87,250	-
Intergovernmental:				
Commonwealth	57,800	299,519	53,266	(246,253)
Federal	89,799	-	225,745	225,745
Total revenues	234,849	395,769	367,976	(27,793)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	311,192	395,769	379,528	16,241
Total expenditures	311,192	395,769	379,528	16,241
Excess (deficiency) of revenues over (under) expenditures	(76,343)	-	(11,552)	(11,552)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	(76,343)	-	(11,552)	(11,552)
Fund balance - beginning	76,343	116,258	158,653	42,395
Fund balance - ending	\$ -	\$ 116,258	\$ 147,101	\$ 30,843

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)
\$ -	\$ -	\$ -	\$ -	\$ 999	\$ 999	\$ 2,318	\$ 1,319
-	-	-	-	36,000	61,050	61,267	217
-	-	-	-	277,285	289,785	287,239	(2,546)
1,296,000	1,296,000	1,129,306	(166,694)	117,385	117,385	118,107	722
-	-	145,032	145,032	175,000	193,098	165,491	(27,607)
1,296,000	1,296,000	1,274,338	(21,662)	606,669	662,317	634,422	(27,895)
-	-	-	-	738,442	753,502	669,015	84,487
2,200,000	2,280,878	2,270,346	10,532	75,500	108,048	101,196	6,852
2,200,000	2,280,878	2,270,346	10,532	813,942	861,550	770,211	91,339
(904,000)	(984,878)	(996,008)	(11,130)	(207,273)	(199,233)	(135,789)	63,444
904,000	984,878	996,008	11,130	135,000	135,000	135,000	-
-	-	-	-	(72,273)	(64,233)	(789)	63,444
-	-	-	-	72,273	64,233	275,010	210,777
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,221	\$ 274,221
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ -	\$ 25	\$ 25				
-	16,250	17,379	1,129				
-	10,284	86,801	76,517				
-	214,639	290,596	75,957				
-	3,500	2,350	(1,150)				
-	-	-	-				
-	244,673	397,151	152,478				
-	291,746	378,938	(87,192)				
-	-	-	-				
-	291,746	378,938	(87,192)				
-	(47,073)	18,213	65,286				
-	47,116	67,061	19,945				
-	43	85,274	85,231				
-	(43)	164,426	164,469				
\$ -	\$ -	\$ 249,700	\$ 249,700				

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, 2016

Exhibit 19

	Debt Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	679,005	679,005	679,005	-
Interest and fiscal charges	589,185	589,185	589,182	3
Total expenditures	1,268,190	1,268,190	1,268,187	3
Excess (deficiency) of revenues over (under) expenditures	(1,268,190)	(1,268,190)	(1,268,187)	3
OTHER FINANCING SOURCES (USES)				
Transfers in	1,268,190	1,268,190	1,268,190	-
Total other financing sources and uses	1,268,190	1,268,190	1,268,190	-
Net change in fund balances	-	-	3	3
Fund balance - beginning	-	-	4,402	4,402
Fund balance - ending	\$ -	\$ -	\$ 4,405	\$ 4,405

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, 2016

Exhibit 20

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 615	\$ 615
Intergovernmental:				
Commonwealth	-	-	268,823	268,823
Federal	-	-	925,870	925,870
Total revenues	-	-	1,195,308	1,195,308
EXPENDITURES				
Current:				
Public works	-	701,781	1,864,092	(1,162,311)
Total expenditures	-	701,781	1,864,092	(1,162,311)
Excess (deficiency) of revenues over (under) expenditures	-	(701,781)	(668,784)	32,997
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	216,083	216,083
Transfers in	-	1,039,714	1,039,714	-
Total other financing sources and uses	-	1,039,714	1,255,797	216,083
Net change in fund balances	-	337,933	587,013	249,080
Fund balance - beginning	-	(337,933)	650,916	988,849
Fund balance - ending	\$ -	\$ -	\$ 1,237,929	\$ 1,237,929

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERMANENT FUNDS
For the Year Ended June 30, 2016

Exhibit 21

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ 4,037	\$ 4,037	\$ 3,900	\$ (137)
Miscellaneous	-	-	3,480	3,480
Total revenues	<u>4,037</u>	<u>4,037</u>	<u>7,380</u>	<u>3,343</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,037</u>	<u>4,037</u>	<u>7,380</u>	<u>3,343</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,037)	(4,037)	(3,900)	137
Total other financing sources and uses	<u>(4,037)</u>	<u>(4,037)</u>	<u>(3,900)</u>	<u>137</u>
Net change in fund balances	-	-	3,480	3,480
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>582,549</u>	<u>582,549</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,029</u>	<u>\$ 586,029</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

Exhibit 22

	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 726,724	\$ 453,898	\$ 46,145	\$ 1,226,767
Accounts receivable (net of allowance for uncollectibles)	171,202	75,104	434,081	680,387
Total current assets	897,926	529,002	480,226	1,907,154
Noncurrent assets:				
Equity interest in joint venture	-	2,915,942	-	2,915,942
Capital assets:				
Buildings	113,453	-	-	113,453
Machinery and equipment	1,404,599	-	5,726	1,410,325
Less accumulated depreciation	(924,041)	-	(286)	(924,327)
Total capital assets (net of accumulated depreciation)	594,011	-	5,440	599,451
Total noncurrent assets	594,011	2,915,942	5,440	3,515,393
Total assets	1,491,937	3,444,944	485,666	5,422,547
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on VRS pension	84,913	11,527	55,936	152,376
Total deferred outflows of resources	84,913	11,527	55,936	152,376
LIABILITIES				
Current liabilities:				
Accounts payable	2,199	90,282	24,780	117,261
Accrued payroll	35,056	-	21,450	56,506
Deposits payable	1,395	-	-	1,395
Compensated absences	1,600	13,579	500	15,679
Total current liabilities	40,250	103,861	46,730	190,841
Noncurrent liabilities:				
Compensated absences	25,978	9,211	16,100	51,289
Net OPEB obligation	19,984	23,972	172	44,128
Net pension liability	285,789	34,011	188,263	508,063
Total noncurrent liabilities	331,751	67,194	204,535	603,480
Total liabilities	372,001	171,055	251,265	794,321
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on VRS pension	152,787	11,592	100,648	265,027
Total deferred inflows of resources	152,787	11,592	100,648	265,027
NET POSITION				
Net investment in capital assets	594,011	-	5,440	599,451
Unrestricted	458,051	3,273,824	184,249	3,916,124
Total net position	\$ 1,052,062	\$ 3,273,824	\$ 189,689	\$ 4,515,575

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2016

Exhibit 23

	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,161,423	\$ 731,978	\$ 1,200,963	\$ 3,094,364
Miscellaneous	1,461	4,418	599	6,478
Total operating revenues	<u>1,162,884</u>	<u>736,396</u>	<u>1,201,562</u>	<u>3,100,842</u>
OPERATING EXPENSES				
Personal services	587,316	-	660,023	1,247,339
Contractual services	17,113	464,114	179,412	660,639
Other supplies and expenses	177,328	-	72,689	250,017
Depreciation	82,718	-	286	83,004
Total operating expenses	<u>864,475</u>	<u>464,114</u>	<u>912,410</u>	<u>2,240,999</u>
Operating income (loss)	<u>298,409</u>	<u>272,282</u>	<u>289,152</u>	<u>859,843</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental:				
Commonwealth	6,427	-	-	6,427
Federal	-	-	24,131	24,131
Interest income	4,359	1,452	443	6,254
Gain (loss) on equity interest	-	(146,021)	-	(146,021)
Total nonoperating revenues (expenses)	<u>10,786</u>	<u>(144,569)</u>	<u>24,574</u>	<u>(109,209)</u>
Income before contributions and transfers	<u>309,195</u>	<u>127,713</u>	<u>313,726</u>	<u>750,634</u>
Transfers in	-	-	23,406	23,406
Transfers out	<u>(129,546)</u>	<u>-</u>	<u>(147,443)</u>	<u>(276,989)</u>
Change in net position	179,649	127,713	189,689	497,051
Total net position - beginning	<u>872,413</u>	<u>3,146,111</u>	<u>-</u>	<u>4,018,524</u>
Total net position - ending	<u>\$ 1,052,062</u>	<u>\$ 3,273,824</u>	<u>\$ 189,689</u>	<u>\$ 4,515,575</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2016

Exhibit 24

	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 1,185,192	\$ 728,118	\$ 766,882	\$ 2,680,192
Cash paid to suppliers	(197,086)	(464,811)	(821,321)	(1,483,218)
Cash paid to employees	(681,110)	(4,153)	205,174	(480,089)
Other receipts (payments)	1,461	4,418	599	6,478
Net cash provided (used) by operating activities	<u>308,457</u>	<u>263,572</u>	<u>151,334</u>	<u>723,363</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subsidy from state grant	6,427	-	-	6,427
Subsidy from federal grant	-	-	24,131	24,131
Transfer from other funds	-	-	23,406	23,406
Transfer to other funds	(129,546)	-	(147,443)	(276,989)
Net cash provided (used) by noncapital financing activities	<u>(123,119)</u>	<u>-</u>	<u>(99,906)</u>	<u>(223,025)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(94,791)	-	(5,726)	(100,517)
Net cash provided (used) by capital and related financing activities	<u>(94,791)</u>	<u>-</u>	<u>(5,726)</u>	<u>(100,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,359	1,452	443	6,254
Cash paid to joint venture	-	(318,652)	-	(318,652)
Net cash provided by investing activities	<u>4,359</u>	<u>(317,200)</u>	<u>443</u>	<u>(312,398)</u>
Net increase (decrease) in cash and cash equivalents	94,906	(53,628)	46,145	87,423
Cash and cash equivalents - beginning of year	<u>631,818</u>	<u>507,526</u>	<u>-</u>	<u>1,139,344</u>
Cash and cash equivalents - end of year	<u>\$ 726,724</u>	<u>\$ 453,898</u>	<u>\$ 46,145</u>	<u>\$ 1,226,767</u>
Cash and cash equivalents at end of year is composed of the following:				
Cash and cash equivalents	\$ 726,724	\$ 453,898	\$ 46,145	\$ 1,226,767

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2016

Exhibit 24 (cont'd)

	Nonmajor Garbage Fund	ACSA Joint Landfill Fund	ACSA Joint Landfill Fund	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 298,409	\$ 272,282	\$ 289,152	\$ 859,843
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	82,718	-	286	83,004
(Increase) decrease in accounts receivable	23,619	(3,860)	(434,081)	(414,322)
(Increase) decrease in deferred loss on VRS pension	(35,950)	413	(55,936)	(91,473)
Increase (decrease) in accounts payable	(2,645)	(697)	24,780	21,438
Increase (decrease) in accrued payroll	6,457	-	21,450	27,907
Increase (decrease) in net OPEB obligation	261	3,345	172	3,778
Increase (decrease) in net pension liability	(99,334)	6,261	188,263	95,190
Increase (decrease) in deferred gain on VRS pension	41,461	(13,969)	100,648	128,140
Increase (decrease) in deposits payable	150	-	-	150
Increase (decrease) in compensated absences	(6,689)	(203)	16,600	9,708
Total Adjustments	10,048	(8,710)	(137,818)	(136,480)
Net cash provided (used) by operating activities	\$ 308,457	\$ 263,572	\$ 151,334	\$ 723,363

Noncash investing, capital, and financing activities:

There are no noncash activities to disclose.

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FIDUCIARY FUNDS**AGENCY FUNDS**

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

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

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016

Exhibit 25

	Payroll Fringes Fund	Shenandoah Valley Police Academy Fund	First Aid Crew Fund	Total
ASSETS				
Cash and cash equivalents	\$ 311,322	\$ -	\$ -	\$ 311,322
Accounts receivable	2,101	71,670	4,123	77,894
Due from other governments	-	16,255	-	16,255
Total assets	<u>\$ 313,423</u>	<u>\$ 87,925</u>	<u>\$ 4,123</u>	<u>\$ 405,471</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,803	\$ 1,803
Accrued payroll	-	28,353	-	28,353
Payroll taxes and fringes payable	313,423	-	-	313,423
Due to external parties	-	43,317	2,320	45,637
Net OPEB obligation	-	16,255	-	16,255
Total liabilities	<u>\$ 313,423</u>	<u>\$ 87,925</u>	<u>\$ 4,123</u>	<u>\$ 405,471</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2016

Exhibit 26

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 324,598	\$ 8,478,036	\$ 8,491,312	\$ 311,322
Accounts receivable	472	8,305	6,676	2,101
Total assets	<u>\$ 325,070</u>	<u>\$ 8,486,341</u>	<u>\$ 8,497,988</u>	<u>\$ 313,423</u>
Liabilities:				
Payroll taxes and fringes payable	\$ 325,070	\$ 9,838,007	\$ 9,849,654	\$ 313,423
Total liabilities	<u>\$ 325,070</u>	<u>\$ 9,838,007</u>	<u>\$ 9,849,654</u>	<u>\$ 313,423</u>
Shenandoah Valley Police Academy Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 528,865	\$ 528,865	\$ -
Accounts receivable	55,626	544,911	528,867	71,670
Due from other governments	16,020	235	-	16,255
Total assets	<u>\$ 71,646</u>	<u>\$ 1,074,011</u>	<u>\$ 1,057,732</u>	<u>\$ 87,925</u>
Liabilities:				
Accrued payroll	\$ 19,907	\$ 28,353	\$ 19,907	\$ 28,353
Due to external parties	35,719	43,317	35,719	43,317
Net OPEB obligation	16,020	235	-	16,255
Total liabilities	<u>\$ 71,646</u>	<u>\$ 71,905</u>	<u>\$ 55,626</u>	<u>\$ 87,925</u>
First Aid Crew Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 17,613	\$ 17,613	\$ -
Accounts receivable	1,749	19,986	17,612	4,123
Total assets	<u>\$ 1,749</u>	<u>\$ 37,599</u>	<u>\$ 35,225</u>	<u>\$ 4,123</u>
Liabilities:				
Accounts payable	\$ 1,749	\$ 19,987	\$ 19,933	\$ 1,803
Due to external parties	-	2,320	-	2,320
Total liabilities	<u>\$ 1,749</u>	<u>\$ 22,307</u>	<u>\$ 19,933</u>	<u>\$ 4,123</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 324,598	\$ 9,024,514	\$ 9,037,790	\$ 311,322
Accounts receivable	57,847	573,202	553,155	77,894
Due from other governments	16,020	235	-	16,255
Total assets	<u>\$ 398,465</u>	<u>\$ 9,597,951</u>	<u>\$ 9,590,945</u>	<u>\$ 405,471</u>
Liabilities:				
Accounts payable	\$ 1,749	\$ 19,987	\$ 19,933	\$ 1,803
Accrued payroll	19,907	28,353	19,907	28,353
Payroll taxes and fringes payable	325,070	9,838,007	9,849,654	313,423
Due to external parties	35,719	45,637	35,719	45,637
Net OPEB obligation	16,020	235	-	16,255
Total liabilities	<u>\$ 398,465</u>	<u>\$ 9,932,219</u>	<u>\$ 9,925,213</u>	<u>\$ 405,471</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

CAPITAL PROJECTS FUNDS

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

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

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

AGENCY FUNDS

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

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
June 30, 2016

	Exhibit 27			
	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 646,651	\$ 755,738	\$ 396,014	\$ 1,798,403
Accounts receivable	106,410	-	2,001	108,411
Due from other governments	<u>1,228,709</u>	<u>-</u>	<u>2,053</u>	<u>1,230,762</u>
Total assets	<u>\$ 1,981,770</u>	<u>\$ 755,738</u>	<u>\$ 400,068</u>	<u>\$ 3,137,576</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	262,530	428,549	13,215	704,294
Accrued payroll	1,601,204	-	51,178	1,652,382
Due to primary government	<u>-</u>	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>1,863,734</u>	<u>428,549</u>	<u>280,544</u>	<u>2,572,827</u>
Fund balances:				
Committed to:				
Education	118,036	-	-	118,036
Assigned to:				
Education	-	327,189	315,572	642,761
Unassigned:	<u>-</u>	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances	<u>118,036</u>	<u>327,189</u>	<u>119,524</u>	<u>564,749</u>
Total liabilities and fund balances	<u>\$ 1,981,770</u>	<u>\$ 755,738</u>	<u>\$ 400,068</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.	38,354,501
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.	2,327,413
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(34,162,482)
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>(3,746,759)</u>
Net position of governmental activities	<u>\$ 3,337,422</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, 2016

Exhibit 28

	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from use of money and property	\$ 47,056	\$ -	\$ -	\$ 47,056
Charges for services	89,911	-	355,751	445,662
Miscellaneous	156,219	853	12,757	169,829
Recovered costs	424,559	-	-	424,559
Intergovernmental:				
Local	13,239,886	-	-	13,239,886
Commonwealth	16,972,826	-	31,010	17,003,836
Federal	2,363,542	-	1,095,240	3,458,782
Total revenues	<u>33,293,999</u>	<u>853</u>	<u>1,494,758</u>	<u>34,789,610</u>
EXPENDITURES				
Current:				
Education	32,877,922	584,302	1,418,443	34,880,667
Debt Service:				
Principal retirement	248,901	-	-	248,901
Interest and fiscal charges	128,955	-	-	128,955
Total expenditures	<u>33,255,778</u>	<u>584,302</u>	<u>1,418,443</u>	<u>35,258,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,221</u>	<u>(583,449)</u>	<u>76,315</u>	<u>(468,913)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	4,000	-	-	4,000
Transfers in	-	292,616	1,067	293,683
Transfers out	(293,683)	-	-	(293,683)
Total other financing sources and uses	<u>(289,683)</u>	<u>292,616</u>	<u>1,067</u>	<u>4,000</u>
Net change in fund balances	(251,462)	(290,833)	77,382	(464,913)
Fund balance (deficit) - beginning	<u>369,498</u>	<u>618,022</u>	<u>42,142</u>	
Fund balance - ending	<u>\$ 118,036</u>	<u>\$ 327,189</u>	<u>\$ 119,524</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 (1,310,613) exceeded capital outlays (639,031) in the current period. (671,582)

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. 248,901

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. 799,347

Change in net position of governmental activities \$ (88,247)

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FIDUCIARY FUNDS
June 30, 2016

		Exhibit 29
	Private- Purpose Trust Kimler	Agency School Payroll Fringes
ASSETS		
Cash and cash equivalents	\$ -	\$ 835,587
Accounts receivable	-	596
Restricted assets:		
Cash and cash equivalents	13,290	-
Total assets	<u>13,290</u>	<u>\$ 836,183</u>
LIABILITIES		
Payroll taxes and fringes payable	-	836,183
Total liabilities	<u>-</u>	<u>\$ 836,183</u>
NET POSITION		
Restricted for:		
Educational purposes	<u>\$ 13,290</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, 2016

	Exhibit 30
	Private- Purpose Trust
	Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 126
Total additions	<u>126</u>
DEDUCTIONS	
Education expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	126
Net position - beginning	<u>13,164</u>
Net position - ending	<u>\$ 13,290</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, 2016

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 42,613	\$ 42,613	\$ 47,056	\$ 4,443
Charges for services	77,199	77,199	89,911	12,712
Miscellaneous	166,064	166,064	156,219	(9,845)
Recovered costs	94,000	94,000	424,559	330,559
Intergovernmental:				
Local	13,869,086	13,976,296	13,239,886	(736,410)
Commonwealth	16,877,411	17,037,450	16,972,826	(64,624)
Federal	2,358,676	2,487,245	2,363,542	(123,703)
Total revenues	<u>33,485,049</u>	<u>33,880,867</u>	<u>33,293,999</u>	<u>(586,868)</u>
EXPENDITURES				
Current:				
Education	32,820,707	33,360,778	32,877,922	482,856
Debt service:				
Principal retirement	248,901	248,901	248,901	-
Interest and fiscal charges	<u>128,958</u>	<u>128,958</u>	<u>128,955</u>	<u>3</u>
Total expenditures	<u>33,198,566</u>	<u>33,738,637</u>	<u>33,255,778</u>	<u>482,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>286,483</u>	<u>142,230</u>	<u>38,221</u>	<u>(104,009)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	6,988	6,988	4,000	(2,988)
Transfers in	-	-	-	-
Transfers out	<u>(293,471)</u>	<u>(400,681)</u>	<u>(293,683)</u>	<u>106,998</u>
Total other financing sources and uses	<u>(286,483)</u>	<u>(393,693)</u>	<u>(289,683)</u>	<u>104,010</u>
Net change in fund balances	-	(251,463)	(251,462)	1
Fund balance - beginning	<u>-</u>	<u>251,463</u>	<u>369,498</u>	<u>118,035</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,036</u>	<u>\$ 118,036</u>

Exhibit 31

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	853	853
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	853	853
290,000	290,000	584,302	(294,302)
-	-	-	-
-	-	-	-
290,000	290,000	584,302	(294,302)
(290,000)	(290,000)	(583,449)	(293,449)
-	-	-	-
290,000	290,000	292,616	2,616
-	-	-	-
290,000	290,000	292,616	2,616
-	-	(290,833)	(290,833)
-	-	618,022	618,022
\$ -	\$ -	\$ 327,189	\$ 327,189

CITY OF WAYNESBORO, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

Exhibit 32

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 375,911	\$ 20,103	\$ 396,014
Accounts receivable	2,001	-	2,001
Due from other governments	<u>2,053</u>	<u>-</u>	<u>2,053</u>
Total assets	<u>\$ 379,965</u>	<u>\$ 20,103</u>	<u>\$ 400,068</u>
LIABILITIES			
Accounts payable	13,215	-	13,215
Accrued payroll	51,178	-	51,178
Due to primary government	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>64,393</u>	<u>216,151</u>	<u>280,544</u>
FUND BALANCES (deficits):			
Assigned to:			
Education	315,572	-	315,572
Unassigned:	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances (deficits)	<u>315,572</u>	<u>(196,048)</u>	<u>119,524</u>
Total liabilities and fund balances	<u>\$ 379,965</u>	<u>\$ 20,103</u>	<u>\$ 400,068</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

Exhibit 33

	Special Revenue <u>School Cafeteria Fund</u>	Capital Projects <u>School Construction Fund</u>	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 355,751	\$ -	\$ 355,751
Miscellaneous	12,757	-	12,757
Intergovernmental:			
Commonwealth	31,010	-	31,010
Federal	<u>1,095,240</u>	<u>-</u>	<u>1,095,240</u>
Total revenues	<u>1,494,758</u>	<u>-</u>	<u>1,494,758</u>
EXPENDITURES			
Current:			
Education	<u>1,418,443</u>	<u>-</u>	<u>1,418,443</u>
Total expenditures	<u>1,418,443</u>	<u>-</u>	<u>1,418,443</u>
Excess (deficiency) of revenues over (under) expenditures	76,315	-	76,315
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,067</u>	<u>-</u>	<u>1,067</u>
Total other financing sources and uses	<u>1,067</u>	<u>-</u>	<u>1,067</u>
Net change in fund balances	77,382	-	77,382
Fund balance - beginning	<u>238,190</u>	<u>(196,048)</u>	<u>42,142</u>
Fund balance - ending	<u>\$ 315,572</u>	<u>\$ (196,048)</u>	<u>\$ 119,524</u>

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2016

Exhibit 34

	School Cafeteria Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 333,285	\$ 335,285	\$ 355,751	\$ 20,466
Miscellaneous	9,112	9,112	12,757	3,645
Intergovernmental:				
Commonwealth	27,071	27,071	31,010	3,939
Federal	1,019,204	1,019,204	1,095,240	76,036
Total revenues	<u>1,388,672</u>	<u>1,390,672</u>	<u>1,494,758</u>	<u>104,086</u>
EXPENDITURES				
Current:				
Education	<u>1,388,672</u>	<u>1,390,672</u>	<u>1,418,443</u>	<u>(27,771)</u>
Total expenditures	<u>1,388,672</u>	<u>1,390,672</u>	<u>1,418,443</u>	<u>(27,771)</u>
Excess (deficiency) of revenues over (under)				
Expenditures	-	-	76,315	76,315
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,067	1,067
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,067</u>	<u>1,067</u>
Net change in fund balances	-	-	77,382	77,382
Fund balance - beginning	-	-	238,190	238,190
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,572</u>	<u>\$ 315,572</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
For the Year Ended June 30, 2016

				Exhibit 35
	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 841,694	\$ 15,793,257	\$ 15,799,364	\$ 835,587
Accounts receivable	-	2,532	1,936	596
Total assets	<u>\$ 841,694</u>	<u>\$ 15,795,789</u>	<u>\$ 15,801,300</u>	<u>\$ 836,183</u>
Liabilities:				
Payroll taxes and fringes payable	841,694	15,795,789	15,801,300	836,183
Total liabilities	<u>\$ 841,694</u>	<u>\$ 15,795,789</u>	<u>\$ 15,801,300</u>	<u>\$ 836,183</u>

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***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, 2016

Exhibit 36

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
PRIMARY GOVERNMENT:							
General government administration	\$ 4,923,193	\$ 427,342	\$ 1,614,639	\$ 50,600	\$ 924,095	\$ -	\$ 7,939,869
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	-	4,064,352	441,207	2,505,942	-	7,011,501
Public works	305,189	819,091	2,206,870	395,490	204,360	54,001,086	57,932,086
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	4,299	353,971	3,867,959	2,413,620	419,268	25,550	7,084,667
Community development	<u>3,507,117</u>	<u>857,947</u>	<u>-</u>	<u>2,214,952</u>	<u>40,036</u>	<u>-</u>	<u>6,620,052</u>
Total Primary Government	<u>\$ 8,739,798</u>	<u>\$ 2,458,351</u>	<u>\$ 15,573,908</u>	<u>\$ 5,779,907</u>	<u>\$ 4,206,186</u>	<u>\$ 54,026,636</u>	<u>\$ 90,784,786</u>
COMPONENT UNIT SCHOOL BOARD:							
Schools:							
Education	<u>\$ 274,493</u>	<u>\$ -</u>	<u>\$ 51,968,080</u>	<u>\$ 4,238,508</u>	<u>\$ 3,976,290</u>	<u>\$ -</u>	<u>\$ 60,457,371</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, 2016

				Exhibit 37
Function and Activity	Governmental Funds Capital Assets	Additions	Deductions	Governmental Funds Capital Assets
	June 30, 2015			June 30, 2016
<u>PRIMARY GOVERNMENT:</u>				
General government administration	\$ 7,193,667	\$ 746,202	\$ -	\$ 7,939,869
Judicial administration	3,564,771	-	-	3,564,771
Public safety	7,011,501	-	-	7,011,501
Public works	57,501,537	474,262	(43,713)	57,932,086
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	6,943,812	140,855	-	7,084,667
Community development	<u>5,919,950</u>	<u>700,102</u>	<u>-</u>	<u>6,620,052</u>
Total Primary Government	<u>\$ 88,767,078</u>	<u>\$ 2,061,421</u>	<u>\$ (43,713)</u>	<u>\$ 90,784,786</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>				
Schools:				
Education	\$ 59,980,677	\$ 639,031	\$ (162,337)	\$ 60,457,371

* 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

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

Schedule 1

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,597,009	\$ 13,597,009	\$ 13,523,760	\$ (73,249)
Real and personal public service corporation property taxes	845,581	845,581	852,176	6,595
Personal property taxes	3,632,523	3,632,523	3,712,994	80,471
Mobile home taxes	6,335	6,335	5,346	(989)
Machinery and tools taxes	1,078,638	1,078,638	1,110,947	32,309
Rolling stock	26,913	26,913	22,720	(4,193)
Penalties	206,063	206,063	212,454	6,391
Interest	101,525	101,525	94,499	(7,026)
Total General Property Taxes	<u>19,494,587</u>	<u>19,494,587</u>	<u>19,534,896</u>	<u>40,309</u>
Other local taxes:				
Local sales and use tax	5,205,549	5,286,427	5,493,561	207,134
Consumers' utility taxes	1,031,566	1,031,566	1,032,821	1,255
Business license taxes	1,974,328	1,974,328	2,206,222	231,894
Motor vehicle licenses	409,829	409,829	422,570	12,741
Bank stock taxes	240,164	240,164	283,006	42,842
Taxes on recordation and wills	157,333	157,333	163,683	6,350
Lodging taxes	685,000	685,000	731,131	46,131
Restaurant food taxes	3,825,000	3,825,000	4,223,185	398,185
Tobacco taxes	397,856	397,856	370,607	(27,249)
Short-term rental taxes	4,900	4,900	4,737	(163)
Payments in lieu of tax	25,000	25,000	31,556	6,556
Total Other Local Taxes	<u>13,956,525</u>	<u>14,037,403</u>	<u>14,963,079</u>	<u>925,676</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	15,075	15,075	13,846	(1,229)
Permits and other licenses	205,906	205,906	202,886	(3,020)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>220,981</u>	<u>220,981</u>	<u>216,732</u>	<u>(4,249)</u>
Fines and forfeitures:				
Parking fines	11,000	11,000	4,430	(6,570)
Fines and forfeitures	188,290	188,290	182,436	(5,854)
Total Fines and Forfeitures	<u>199,290</u>	<u>199,290</u>	<u>186,866</u>	<u>(12,424)</u>
Revenue from use of money and property:				
Revenue from use of money	115,658	115,658	157,191	41,533
Revenue from use of property	50,004	50,004	57,287	7,283
Total Revenue from Use of Money and Property	<u>165,662</u>	<u>165,662</u>	<u>214,478</u>	<u>48,816</u>
Charges for services:				
Commonwealth's attorney fees	2,439	2,439	3,489	1,050
Charges for court appointed attorney	12,000	12,000	16,728	4,728
Charges for maintenance of buildings and grounds	-	-	11,073	11,073
Charges for planning services	17,952	17,952	22,377	4,425
Charges for recreation	225,000	229,500	221,453	(8,047)
Charges for library	22,811	26,171	27,744	1,573
Total Charges for Services	<u>280,202</u>	<u>288,062</u>	<u>302,864</u>	<u>14,802</u>
Miscellaneous revenue:				
Gifts and donations	5,000	21,233	20,621	(612)
Other revenue	705,901	705,953	699,939	(6,014)
Total Miscellaneous Revenue	<u>710,901</u>	<u>727,186</u>	<u>720,560</u>	<u>(6,626)</u>
Recovered Costs	<u>22,230</u>	<u>22,430</u>	<u>76,326</u>	<u>53,896</u>
Total Revenue from Local Sources	<u>35,050,378</u>	<u>35,155,601</u>	<u>36,215,801</u>	<u>1,060,200</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 1 (cont'd)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,925	\$ 1,925	\$ 1,896	\$ (29)
Grantor tax	31,758	31,758	39,143	7,385
Sales tax on rental passenger vehicles	77,115	77,115	86,832	9,717
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	727,340	727,340	727,340	-
Rolling stock tax	17,100	17,100	17,041	(59)
Communications tax	1,300,000	1,300,000	1,255,574	(44,426)
Recordation tax	60,000	60,000	55,732	(4,268)
Total Non-categorical Aid	<u>3,936,695</u>	<u>3,936,695</u>	<u>3,905,015</u>	<u>(31,680)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	395,022	395,022	381,545	(13,477)
Sheriff	277,226	277,226	277,037	(189)
Commissioner of the revenue	90,667	90,667	90,437	(230)
Treasurer	85,287	85,287	84,975	(312)
Clerk of circuit court	232,052	232,052	234,163	2,111
State compensation board reimbursement	-	-	12,671	12,671
Registrar/Electoral board	36,591	36,591	44,163	7,572
Total Shared Expenses	<u>1,116,845</u>	<u>1,116,845</u>	<u>1,124,991</u>	<u>8,146</u>
Other categorical aid:				
Street and highway maintenance	3,300,558	3,300,558	3,432,488	131,930
Library	139,366	142,377	142,377	-
Four for Life	-	-	19,656	19,656
Virginia Arts	5,000	5,000	5,000	-
Fire Board funds	-	-	66,576	66,576
Drug seizure	-	-	34,291	34,291
Victim/witness	63,897	63,897	39,535	(24,362)
E-911 wireless	119,694	119,694	118,333	(1,361)
Other state funds	-	1,092	24,841	23,749
Total Other Categorical Aid	<u>3,628,515</u>	<u>3,632,618</u>	<u>3,883,097</u>	<u>250,479</u>
Total Categorical Aid	<u>4,745,360</u>	<u>4,749,463</u>	<u>5,008,088</u>	<u>258,625</u>
Total Revenue from the Commonwealth	<u>8,682,055</u>	<u>8,686,158</u>	<u>8,913,103</u>	<u>226,945</u>
Revenue from the Federal Government:				
Categorical aid:				
CDBG grant	-	-	16,383	16,383
DMV grants	-	-	13,373	13,373
Federal equitable sharing	-	-	34,405	34,405
FEMA disaster assistance	-	7,500	7,500	-
Drug seizure	-	-	69,593	69,593
Total Categorical Aid	<u>-</u>	<u>7,500</u>	<u>141,254</u>	<u>133,754</u>
Total Revenue from the Federal Government	<u>-</u>	<u>7,500</u>	<u>141,254</u>	<u>133,754</u>
Total General Fund	<u>\$ 43,732,433</u>	<u>\$ 43,849,259</u>	<u>\$ 45,270,158</u>	<u>\$ 1,420,899</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	<u>1,057,748</u>	<u>1,057,748</u>	<u>844,725</u>	<u>(213,023)</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare	<u>765,956</u>	<u>765,956</u>	<u>674,734</u>	<u>(91,222)</u>
Total Virginia Public Assistance Fund	<u>\$ 1,823,704</u>	<u>\$ 1,823,704</u>	<u>\$ 1,519,459</u>	<u>\$ (304,245)</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 1 (cont'd)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	\$ 1,296,000	\$ 1,296,000	\$ 1,129,306	\$ (166,694)
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	-	-	145,032	145,032
Total Comprehensive Services Act Fund	\$ 1,296,000	\$ 1,296,000	\$ 1,274,338	\$ (21,662)
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	999	999	2,318	1,319
Miscellaneous revenue:				
Gifts and donations	36,000	60,950	60,918	(32)
Other revenue	-	100	349	249
Total Miscellaneous Revenue	36,000	61,050	61,267	217
Recovered Costs	277,285	289,785	287,239	(2,546)
Total Revenue from Local Sources	314,284	351,834	350,824	(1,010)
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	117,385	117,385	118,107	722
Revenue from the Federal Government:				
Categorical aid:				
Adolescent pregnancy prevention grant	50,000	68,098	68,098	-
Substance abuse/mental health	125,000	125,000	97,393	(27,607)
Total Revenue from the Federal Government	175,000	193,098	165,491	(27,607)
Total Youth and Family Services Fund	\$ 606,669	\$ 662,317	\$ 634,422	\$ (27,895)
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,025	1,025
Miscellaneous revenue:				
Other revenue	-	9,000	690	(8,310)
Recovered Costs	87,250	87,250	87,250	-
Total Revenue from Local Sources	87,250	96,250	88,965	(7,285)
Revenue from the Commonwealth:				
Categorical aid:				
EITC grant funding	27,000	14,250	11,667	(2,583)
CSBG grant	10,000	243,669	-	(243,669)
TANF grant	20,800	41,600	41,599	(1)
Total Revenue from the Commonwealth	57,800	299,519	53,266	(246,253)
Revenue from the Federal Government:				
Categorical aid:				
VITA grant	-	-	14,250	14,250
CSBG grant	89,799	-	211,495	211,495
Total Revenue from the Federal Government	89,799	-	225,745	225,745
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 234,849	\$ 395,769	\$ 367,976	\$ (27,793)
				cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 1 (cont'd)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 25	\$ 25
Charges for services:				
Animal adoption fees	-	11,000	9,055	(1,945)
Animal control fees	-	5,250	8,324	3,074
Total Charges for Services	-	16,250	17,379	1,129
Miscellaneous revenue:				
Gifts and donations	-	10,284	82,164	71,880
Other revenue	-	-	4,637	4,637
Total Miscellaneous Revenue	-	10,284	86,801	76,517
Recovered Costs	-	214,639	290,596	75,957
Total Revenue from Local Sources	-	241,173	394,801	153,628
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	3,500	2,350	(1,150)
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 244,673	\$ 397,151	\$ 152,478
Total Special Revenue Funds	\$ 3,961,222	\$ 4,422,463	\$ 4,193,346	\$ (229,117)
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	615	615
Revenue from the Commonwealth:				
Categorical Aid:				
VA DEQ grants	-	-	268,823	268,823
Revenue from the Federal Government:				
Categorical aid:				
VDOT grants	-	-	683,318	683,318
EPA grants	-	-	51,015	51,015
CDBG grant	-	-	191,537	191,537
Total Revenue from the Federal Government	-	-	925,870	925,870
Total Capital Improvements Fund	\$ -	\$ -	\$ 1,195,308	\$ 1,195,308
Total Capital Projects Funds	\$ -	\$ -	\$ 1,195,308	\$ 1,195,308
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	4,037	4,037	3,900	(137)
Miscellaneous revenue:				
Other revenue	-	-	3,480	3,480
Total Revenue from Local Sources	4,037	4,037	7,380	3,343
Total Perpetual Care Fund	\$ 4,037	\$ 4,037	\$ 7,380	\$ 3,343
Total Permanent Funds	\$ 4,037	\$ 4,037	\$ 7,380	\$ 3,343
Grand Total - Revenues - Primary Government	\$ 47,697,692	\$ 48,275,759	\$ 50,666,192	\$ 2,390,433

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 1 (cont'd)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 33,113	\$ 33,113	\$ 37,293	\$ 4,180
Revenue from use of property	9,500	9,500	9,763	263
Total Revenue from Use of Money and Property	42,613	42,613	47,056	4,443
Charges for services:				
Charges for education	77,199	77,199	88,219	11,020
Charges for transportation	-	-	1,692	1,692
Total Charges for Services	77,199	77,199	89,911	12,712
Miscellaneous revenue:				
Other revenue	166,064	166,064	156,219	(9,845)
Recovered Costs	94,000	94,000	424,559	330,559
Total Revenue from Local Sources	379,876	379,876	717,745	337,869
Revenue from Local Government:				
Contribution from City of Waynesboro	13,869,086	13,976,296	13,239,886	(736,410)
Revenue from the Commonwealth:				
Categorical Aid:				
Share of state sales tax	3,351,712	3,351,712	3,372,534	20,822
Basic school aid	8,142,677	8,142,677	8,079,988	(62,689)
Gifted and talented children	93,584	93,584	93,006	(578)
GED funding	15,717	15,717	15,717	-
Special education	545,998	545,998	542,397	(3,601)
Vocational education	175,011	175,011	173,965	(1,046)
Remedial education	473,876	473,876	497,018	23,142
Foster children	37,041	37,041	53,221	16,180
Social security	503,759	503,759	500,651	(3,108)
Teacher retirement	995,571	995,571	989,428	(6,143)
Group life	31,858	31,858	31,662	(196)
Textbook payments	189,588	189,588	190,406	818
At risk	830,862	830,862	787,462	(43,400)
English as a second language	83,623	83,623	94,126	10,503
Primary class size	633,066	633,066	610,927	(22,139)
Adult education	50,520	50,520	52,354	1,834
Technology initiative	252,000	252,000	256,498	4,498
Standards of learning	46,530	46,530	48,593	2,063
Early intervention	37,137	37,137	35,074	(2,063)
Race to GED expansion	100,987	100,987	99,845	(1,142)
School security	-	-	67,559	67,559
Operating costs	265,761	265,761	264,044	(1,717)
Other state funds	20,533	180,572	116,351	(64,221)
Total Revenue from the Commonwealth	16,877,411	17,037,450	16,972,826	(64,624)
Revenue from the Federal Government:				
Categorical Aid:				
Vocational education	60,248	67,919	67,899	(20)
Title II - Teacher Quality	142,326	163,046	149,884	(13,162)
Title VIB	629,194	642,257	616,854	(25,403)
Title VI - Rural education	-	238	217	(21)
Title I	942,025	1,003,825	925,716	(78,109)
Title III	14,859	20,666	18,739	(1,927)
Adult literacy	570,024	589,294	584,233	(5,061)
Total Revenue from the Federal Government	2,358,676	2,487,245	2,363,542	(123,703)
Total School Operating Fund	\$ 33,485,049	\$ 33,880,867	\$ 33,293,999	\$ (586,868)

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 1 (cont'd)
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 Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 333,285	\$ 335,285	\$ 355,751	\$ 20,466
Miscellaneous Revenue	9,112	9,112	12,757	3,645
Total Revenue from Local Sources	342,397	344,397	368,508	24,111
Revenue from the Commonwealth:				
School food programs	27,071	27,071	31,010	3,939
Revenue from the Federal Government:				
School food programs	1,019,204	1,019,204	1,095,240	76,036
Total School Cafeteria Fund	\$ 1,388,672	\$ 1,390,672	\$ 1,494,758	\$ 104,086
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	-	-	853	853
Total School Textbook Fund	\$ -	\$ -	\$ 853	\$ 853
Total Special Revenue Funds	\$ 34,873,721	\$ 35,271,539	\$ 34,789,610	\$ (481,929)
Grand Total - Revenues - Component Unit School Board	\$ 34,873,721	\$ 35,271,539	\$ 34,789,610	\$ (481,929)

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, 2016

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 100,694	\$ 100,694	\$ 96,234	\$ 4,460
Clerk of Council	61,571	62,076	66,117	(4,041)
Total Legislative	162,265	162,770	162,351	419
General and Financial Administration:				
Manager	414,255	412,346	408,789	3,557
City Attorney	150,458	150,458	150,929	(471)
Human Resources	268,697	272,566	289,096	(16,530)
Commissioner of Revenue	321,893	321,893	313,104	8,789
Assessor	243,038	254,923	240,442	14,481
Treasurer	293,962	295,036	305,817	(10,781)
Finance	651,824	651,922	687,355	(35,433)
Information Technology	902,674	972,394	972,329	65
Employee Health and Safety	10,000	10,000	71,440	(61,440)
Risk Management	316,909	316,909	287,847	29,062
Central Office	36,807	37,023	37,307	(284)
Total General and Financial Administration	3,610,517	3,695,470	3,764,455	(68,985)
Board of Elections:				
Electoral Board and Officials	128,770	205,571	207,295	(1,724)
Total General Government Administration	3,901,552	4,063,811	4,134,101	(70,290)
Judicial Administration:				
Courts:				
Circuit Court	60,340	63,818	61,889	1,929
General District Court	36,544	36,673	34,307	2,366
Juvenile and Domestic Relations	7,842	24,323	9,348	14,975
Clerk of the Circuit Court	397,043	404,095	376,357	27,738
Sheriff	452,081	453,061	445,605	7,456
Victim/Witness Assistance	66,078	66,078	62,031	4,047
Total Courts	1,019,928	1,048,048	989,537	58,511
Commonwealth Attorney:				
Commonwealth Attorney	500,258	500,515	504,062	(3,547)
Total Commonwealth Attorney	500,258	500,515	504,062	(3,547)
Total Judicial Administration	1,520,186	1,548,563	1,493,599	54,964
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	4,602,335	4,670,087	4,648,316	21,771
Fire and Rescue Services:				
Fire Department	2,689,095	2,723,797	2,645,728	78,069
First Aid Crew	50,000	50,000	50,000	-
EMS Council	9,620	9,620	9,620	-
Total Fire and Rescue Services	2,748,715	2,783,417	2,705,348	78,069
Correction and Detention:				
Middle River Regional Jail	1,206,646	1,206,646	1,122,888	83,758
Juvenile Detention Home	126,967	126,967	128,440	(1,473)
Total Correction and Detention	1,333,613	1,333,613	1,251,328	82,285
Inspections:				
Inspector's Office	414,783	414,940	391,190	23,750
Other Protection:				
Emergency Operations Center	1,019,363	1,042,709	1,012,740	29,969
Total Public Safety	10,118,809	10,244,766	10,008,922	235,844

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	\$ 798,480	\$ 866,122	\$ 809,347	\$ 56,775
Public Works Operations Administration	116,877	128,943	116,004	12,939
Highways, Streets, Bridges, and Sidewalks	2,810,290	3,790,341	3,026,727	763,614
Traffic Engineering	388,905	454,251	298,087	156,164
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	4,114,552	5,239,657	4,250,165	989,492
Sanitation and Waste Removal:				
Landfill closure	171,788	231,767	206,199	25,568
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	205,505	247,992	182,896	65,096
Total Public Works	4,491,845	5,719,416	4,639,260	1,080,156
Health and Welfare:				
Health:				
Supplement of Local Health Department	192,498	192,498	194,498	(2,000)
Contribution to VCSB	122,416	122,416	122,416	-
Total Health	314,914	314,914	316,914	(2,000)
Welfare:				
Area Agency on Aging	25,250	25,250	25,250	-
Property Tax Relief-Elderly Handicapped	97,833	97,833	83,515	14,318
Other Contributions	26,100	26,100	26,100	-
Total Welfare	149,183	149,183	134,865	14,318
Total Health and Welfare	464,097	464,097	451,779	12,318
Education:				
Contributions to Community Organizations	750	750	750	-
Contribution to Community College	35,346	35,346	35,346	-
Contribution to City School Board	13,869,086	13,869,086	13,239,886	629,200
Total Education	13,905,182	13,905,182	13,275,982	629,200
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	431,996	432,527	434,344	(1,817)
Municipal Parks	723,297	725,782	670,833	54,949
Municipal Pools	168,366	170,966	152,656	18,310
Recreation Programs	183,259	199,045	172,797	26,248
Custodial	584,384	651,252	617,800	33,452
Cemeteries	141,586	142,174	122,828	19,346
Total Parks and Recreation	2,232,888	2,321,746	2,171,258	150,488
Library:				
Library Administration	841,563	879,497	859,233	20,264
Cultural Enrichment:				
Contributions	39,500	48,960	48,959	1
Total Parks, Recreation, and Cultural	3,113,951	3,250,203	3,079,450	170,753
Community Development:				
Planning and Community Development:				
City Planner	398,434	411,001	399,827	11,174

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Community Development: (cont'd)				
Planning and Community Development: (cont'd)				
Tourism Department	\$ 213,582	\$ 228,743	\$ 211,793	\$ 16,950
Economic Development	268,352	272,121	225,630	46,491
Downtown Development	-	-	507	(507)
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	924,420	955,917	881,809	74,108
Total Community Development	924,420	955,917	881,809	74,108
Debt Service:				
Principal Retirement	2,019,688	2,019,688	2,029,358	(9,670)
Interest and Fiscal Charges	555,978	555,978	547,045	8,933
Bond Issuance Costs	-	-	15,600	(15,600)
Total Debt Service	2,575,666	2,575,666	2,592,003	(16,337)
Total General Fund	\$ 41,015,708	\$ 42,727,621	\$ 40,556,905	\$ 2,170,716
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	\$ 2,547,790	\$ 2,547,790	\$ 2,207,217	\$ 340,573
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	\$ 2,200,000	\$ 2,280,878	\$ 2,270,346	\$ 10,532
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	591,454	606,514	538,140	68,374
VJCCA Programs	146,988	146,988	130,875	16,113
Total Public Safety	738,442	753,502	669,015	84,487
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	75,500	108,048	101,196	6,852
Total Youth and Family Services Fund	\$ 813,942	\$ 861,550	\$ 770,211	\$ 91,339
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	311,192	395,769	379,528	16,241
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 311,192	\$ 395,769	\$ 379,528	\$ 16,241
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	-	291,746	378,938	(87,192)
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 291,746	\$ 378,938	\$ (87,192)
Total Special Revenue Funds	\$ 5,872,924	\$ 6,377,733	\$ 6,006,240	\$ 371,493

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

				Schedule 2 (cont'd)
				Variance with
				Final Budget -
				Positive
				(Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	\$ 679,005	\$ 679,005	\$ 679,005	\$ -
Interest and Fiscal Charges	589,185	589,185	589,182	3
Total Debt Service	<u>1,268,190</u>	<u>1,268,190</u>	<u>1,268,187</u>	<u>3</u>
Total Debt Revenue Fund	<u>\$ 1,268,190</u>	<u>\$ 1,268,190</u>	<u>\$ 1,268,187</u>	<u>\$ 3</u>
Total Debt Service Funds	<u>\$ 1,268,190</u>	<u>\$ 1,268,190</u>	<u>\$ 1,268,187</u>	<u>\$ 3</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks	-	166,530	555,226	(388,696)
Other Public Works Improvements	-	535,251	1,308,866	(773,615)
Total Public Works	<u>-</u>	<u>701,781</u>	<u>1,864,092</u>	<u>(1,162,311)</u>
Total Capital Improvements Fund	<u>\$ -</u>	<u>\$ 701,781</u>	<u>\$ 1,864,092</u>	<u>\$ (1,162,311)</u>
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ 701,781</u>	<u>\$ 1,864,092</u>	<u>\$ (1,162,311)</u>
Grand Total - Expenditures - Primary Government	<u>\$ 48,156,822</u>	<u>\$ 51,075,325</u>	<u>\$ 49,695,424</u>	<u>\$ 1,379,901</u>
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	25,709,274	25,803,495	25,051,035	752,460
Administration, Attendance, and Health	1,923,299	1,938,469	1,996,971	(58,502)
Cafeteria Administration	-	502	634	(132)
Total Administration and Instruction of Schools	<u>27,632,573</u>	<u>27,742,466</u>	<u>27,048,640</u>	<u>693,826</u>
Operating Costs:				
Pupil Transportation	1,092,707	1,255,008	1,328,741	(73,733)
Operation and Maintenance of School Plant	3,249,660	3,442,246	3,362,894	79,352
Technology	845,767	921,058	1,137,647	(216,589)
Total Operating Costs	<u>5,188,134</u>	<u>5,618,312</u>	<u>5,829,282</u>	<u>(210,970)</u>
Total Education	<u>32,820,707</u>	<u>33,360,778</u>	<u>32,877,922</u>	<u>482,856</u>
Debt Service:				
Principal Retirement	248,901	248,901	248,901	-
Interest and Fiscal Charges	128,958	128,958	128,955	3
Total Debt Service	<u>377,859</u>	<u>377,859</u>	<u>377,856</u>	<u>3</u>
Total School Operating Fund	<u>\$ 33,198,566</u>	<u>\$ 33,738,637</u>	<u>\$ 33,255,778</u>	<u>\$ 482,859</u>
School Cafeteria Fund:				
Education:				
Food Service	<u>\$ 1,388,672</u>	<u>\$ 1,390,672</u>	<u>\$ 1,418,443</u>	<u>\$ (27,771)</u>
School Textbook Fund:				
Education:				
Instructional Costs	<u>\$ 290,000</u>	<u>\$ 290,000</u>	<u>\$ 584,302</u>	<u>\$ (294,302)</u>
Total Special Revenue Funds	<u>\$ 34,877,238</u>	<u>\$ 35,419,309</u>	<u>\$ 35,258,523</u>	<u>\$ 160,786</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 34,877,238</u>	<u>\$ 35,419,309</u>	<u>\$ 35,258,523</u>	<u>\$ 160,786</u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents	<u>Tables</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 - 4	103-107
<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	108-111
<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	112-116
<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	117-118
<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	119-121

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)	2016
Governmental activities										
Net investment in capital assets	\$ 32,011,866	\$ 31,627,418	\$ 30,038,195	\$ 28,815,976	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091	\$ 30,091,461	\$ 31,418,630
Restricted	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,743,672	1,743,672	2,124,875	1,793,293
Unrestricted	(21,776,627)	(19,723,629)	(17,413,909)	(14,891,347)	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)	(11,390,137)	(6,053,354)
Total governmental activities net position	\$ 12,735,468	\$ 14,356,111	\$ 14,452,022	\$ 14,820,213	\$ 16,247,534	\$ 21,355,913	\$ 19,721,125	\$ 23,112,850	\$ 20,826,199	\$ 27,158,569
Business-type activities										
Net investment in capital assets	21,497,669	22,891,760	25,288,754	28,231,948	23,628,183	24,126,240	32,958,276	32,955,974	32,895,991	32,896,027
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,212,456	5,806,391	6,285,557	6,465,365	11,988,432	11,804,718	10,494,915	9,752,065	7,933,035	8,340,522
Total business-type activities net position	\$ 27,710,125	\$ 28,698,151	\$ 31,574,311	\$ 34,697,313	\$ 35,616,615	\$ 35,930,958	\$ 43,453,191	\$ 42,708,039	\$ 40,829,026	\$ 41,236,549
Primary government										
Net investment in capital assets	53,509,535	54,519,178	55,326,949	57,047,924	52,107,470	52,708,583	61,702,839	64,089,065	62,987,452	64,314,657
Restricted	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293
Unrestricted	(15,564,171)	(13,917,238)	(11,128,352)	(8,425,982)	(1,952,980)	2,235,956	(151,467)	(11,848)	(3,457,102)	2,287,168
Total primary government net position	\$ 40,445,593	\$ 43,054,262	\$ 46,026,333	\$ 49,517,526	\$ 51,864,149	\$ 57,286,871	\$ 63,174,316	\$ 65,820,889	\$ 61,655,225	\$ 68,395,118
School Board Component Unit										
Net investment in capital assets	\$ 39,204,452	\$ 41,067,451	\$ 40,107,227	\$ 39,518,141	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991	\$ 36,571,516	\$ 36,148,835
Restricted	251,234	177,285	177,222	56,579	-	-	-	-	-	-
Unrestricted	2,326,403	(36,603)	(224,865)	(648,481)	(718,197)	(824,406)	(1,329,615)	(2,172,690)	(33,145,847)	(32,811,413)
Total governmental activities net position	\$ 41,782,089	\$ 41,208,133	\$ 40,059,584	\$ 38,926,239	\$ 39,023,167	\$ 37,967,077	\$ 36,790,247	\$ 35,052,301	\$ 3,425,669	\$ 3,337,422

Notes:

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

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

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 3,320,789	\$ 3,941,896	\$ 3,588,200	\$ 3,513,547	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629	\$ 7,015,817	\$ 9,900,958
Judicial administration	1,269,518	1,379,141	1,467,058	1,343,998	1,382,610	1,375,069	1,541,889	1,530,639	1,478,788	1,393,274
Public safety	9,052,280	9,810,982	9,881,777	9,828,150	10,117,442	10,543,735	11,041,793	10,965,288	10,962,688	10,574,111
Public works	6,635,621	7,110,417	7,537,332	6,577,485	6,868,683	4,888,803	7,084,792	6,832,130	5,690,103	6,813,144
Health and welfare	3,624,327	3,986,651	4,331,885	3,654,529	3,814,915	3,960,411	3,896,292	4,852,442	5,375,620	5,325,427
Education	17,847,241	11,220,709	11,160,168	12,095,786	12,613,867	12,474,733	12,952,647	13,442,240	13,845,320	13,275,982
Parks, recreation and culture	2,372,588	2,571,051	2,735,276	2,624,705	2,190,791	2,955,145	2,852,606	2,911,705	2,904,112	2,935,329
Community development	1,298,951	1,217,097	1,960,369	2,045,703	2,556,868	1,497,846	688,295	91,647	1,352,385	644,256
Interest on long-term debt	1,239,572	1,415,580	1,528,816	1,530,649	1,453,059	1,477,542	1,605,156	1,453,602	1,633,675	1,100,085
Total governmental activities expenses	46,660,887	42,653,524	44,190,881	43,214,552	44,285,671	42,657,383	45,132,250	45,693,322	50,258,508	51,962,566
Business-type activities:										
Water	1,870,141	2,537,545	3,193,050	3,079,569	3,084,115	3,004,078	3,078,347	3,297,434	3,101,533	2,946,249
Sewer	3,040,972	3,380,232	3,809,431	3,996,227	4,335,813	4,469,768	5,340,416	5,741,003	5,418,648	5,452,764
Landfill Operations	591,641	772,907	2,194,854	1,039,018	423,090	414,018	688,241	714,131	626,565	610,135
Garbage	930,127	1,131,628	1,018,808	910,371	957,700	1,104,390	1,070,546	1,070,287	1,085,308	909,655
Stormwater	-	-	-	-	-	-	-	-	-	917,556
Total business-type activities expenses	6,432,881	7,822,312	10,216,143	9,025,185	8,800,718	8,992,254	10,118,550	10,822,855	10,232,054	10,836,359
Total primary government expenses	\$ 53,093,768	\$ 50,475,836	\$ 54,407,024	\$ 52,239,737	\$ 53,086,389	\$ 51,649,637	\$ 55,250,800	\$ 56,516,177	\$ 60,490,562	\$ 62,798,925
Program Revenues										
Governmental activities:										
Charges for services:										
General government	35,285	22,826	26,269	24,446	25,148	40,182	36,338	30,922	22,921	12,239
Judicial administration	195,104	172,295	167,312	147,024	170,118	197,290	212,018	226,112	281,363	207,183
Public safety	12,043	12,300	17,923	21,189	35,325	436,082	268,103	327,960	305,586	377,559
Public works	23,616	23,153	45,487	15,874	15,738	22,500	17,627	18,052	53,749	14,083
Health and welfare	-	-	-	-	69,765	69,765	143,038	87,250	87,250	87,250
Parks, recreation and culture	276,411	319,154	308,305	353,479	369,128	394,767	327,945	250,997	251,192	251,196
Community development	344,194	262,748	193,518	200,676	168,425	155,923	225,882	219,301	184,136	228,503
Operating grants and contributions	7,152,598	7,046,973	7,681,113	7,389,284	8,171,171	7,444,708	8,326,003	8,524,997	12,307,578	15,122,085
Capital grants and contributions	7,104,865	21,274	380,641	585,973	1,437,657	368,431	180,832	1,321,893	667,397	942,253
Total governmental activities revenues	15,144,116	7,880,723	8,820,568	8,737,945	10,462,475	9,129,648	9,737,786	11,007,484	14,161,172	17,242,351
Business-type activities:										
Charges for services:										
Water	1,797,368	2,148,094	2,287,371	2,653,141	2,659,951	2,832,835	3,457,578	3,595,736	3,602,682	3,573,258
Sewer	3,553,837	3,654,850	3,377,798	3,747,884	4,051,980	5,156,159	5,066,599	5,382,235	5,368,271	5,312,609
Landfill operations	888,552	950,049	763,988	681,827	971,976	670,726	781,904	626,250	690,095	731,978
Garbage	972,114	970,030	1,054,859	1,122,743	1,128,021	1,126,637	1,124,421	1,196,942	1,194,867	1,161,423
Stormwater	-	-	-	-	-	-	-	-	-	1,200,963
Operating grants and contributions	2,940	-	-	5,125	5,910	5,000	7,216	6,366	6,357	8,558
Capital grants and contributions	10,617,960	777,586	6,712,151	3,279,541	1,417,616	155,946	21,275	282,689	64,170	22,000
Total business-type activities revenues	17,832,771	8,500,809	14,196,167	11,490,261	10,235,454	9,946,703	10,458,993	11,090,218	10,926,442	12,010,789
Total primary government revenues	\$ 32,976,887	\$ 16,381,332	\$ 23,016,735	\$ 20,228,206	\$ 20,697,929	\$ 19,076,351	\$ 20,196,779	\$ 22,097,702	\$ 25,087,614	\$ 29,253,140

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (31,516,771)	\$ (34,772,801)	\$ (35,370,313)	\$ (34,476,607)	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)	\$ (36,097,336)	\$ (34,720,215)
Business-type activities	11,399,890	678,297	3,980,024	2,465,076	1,434,736	954,449	340,443	267,363	694,388	1,174,430
Total primary government net expense	\$ (20,116,881)	\$ (34,094,504)	\$ (31,390,289)	\$ (32,011,531)	\$ (32,388,460)	\$ (32,573,286)	\$ (35,054,021)	\$ (34,418,475)	\$ (35,402,948)	\$ (33,545,785)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	14,480,811	17,012,250	17,072,546	17,424,487	17,778,371	19,820,066	18,527,350	18,864,334	19,228,131	19,577,555
Sales taxes	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561
Utility taxes	1,613,339	1,069,158	1,039,426	1,022,522	1,025,014	1,004,623	1,031,726	1,030,193	1,041,682	1,032,821
Business license taxes	1,865,555	2,095,063	1,971,825	1,795,885	1,822,607	1,935,728	2,050,853	1,997,600	2,068,303	2,206,222
Hotel and meals taxes	2,482,776	2,726,913	2,844,749	2,878,449	3,276,948	4,037,742	4,259,246	4,448,874	4,751,154	4,970,141
Communication sales taxes	638,517	1,489,033	1,352,919	1,358,560	-	-	-	-	-	-
Tobacco taxes	427,431	432,587	414,921	392,881	394,680	416,691	398,681	378,197	378,828	370,607
E-911 taxes	-	-	-	-	-	-	-	-	-	-
Other local taxes	1,059,761	770,915	793,431	828,617	834,833	776,681	842,557	853,752	908,019	905,552
Unrestricted grants and contributions	2,861,725	3,895,364	2,920,104	2,900,125	4,109,897	4,034,685	4,120,323	4,215,912	4,796,487	5,043,586
Payment from Component Unit School Board	1,474,454	569,901	540,069	315,789	200,000	200,000	200,000	200,000	200,000	-
Investment earnings	588,662	706,362	252,686	314,491	244,466	113,331	145,171	136,103	142,359	165,902
Miscellaneous	575,240	626,028	403,882	458,724	392,858	680,575	535,939	476,393	297,710	410,838
Gain(loss) on sale of capital assets	10,658	71,525	-	3,655	22,602	37,470	19,388	(10,564)	15,280	9,814
Special items	-	-	-	-	-	-	-	-	6,359,697	-
Transfers	315,741	254,744	1,248,572	711,774	644,665	722,000	648,000	855,795	678,000	865,986
Total governmental activities	32,507,268	36,393,444	35,466,224	34,682,926	35,236,549	38,636,114	37,597,591	38,386,438	46,414,490	41,052,585
Business-type activities:										
Investment earnings	260,480	540,849	140,797	12,731	33,932	37,849	37,539	39,093	38,771	46,249
Miscellaneous	4,938	17,164	15,005	22,549	95,299	44,045	41,976	26,572	185,139	52,611
Gain(loss) on sale of capital assets	-	6,460	(11,094)	-	-	-	-	90,530	10,342	219
Transfers	(315,741)	(254,744)	(1,248,572)	(711,774)	(644,665)	(722,000)	(648,000)	(855,795)	(678,000)	(865,986)
Total business-type activities	(50,323)	309,729	(1,103,864)	(676,494)	(515,434)	(640,106)	(568,485)	(699,600)	(443,748)	(766,907)
Total primary government	\$ 32,456,945	\$ 36,703,173	\$ 34,362,360	\$ 34,006,432	\$ 34,721,115	\$ 37,996,008	\$ 37,029,106	\$ 37,686,838	\$ 45,970,742	\$ 40,285,678
Change in Net Position										
Governmental activities	990,497	1,620,643	95,911	206,319	1,413,353	5,108,379	2,203,127	3,700,600	10,317,154	6,332,370
Business-type activities	11,349,567	988,026	2,876,160	1,788,582	919,302	314,343	(228,042)	(432,237)	250,640	407,523
Total primary government	\$ 12,340,064	\$ 2,608,669	\$ 2,972,071	\$ 1,994,901	\$ 2,332,655	\$ 5,422,722	\$ 1,975,085	\$ 3,268,363	\$ 10,567,794	\$ 6,739,893

cont'd

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

Table 2 (Cont'd)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
School Board Component Unit:										
Education	\$ 31,211,201	\$ 32,243,465	\$ 33,197,562	\$ 33,673,788	\$ 31,807,568	\$ 32,721,840	\$ 34,443,290	\$ 35,093,147	\$ 35,624,368	\$ 34,877,857
Total School Board component unit expenses	<u>31,211,201</u>	<u>32,243,465</u>	<u>33,197,562</u>	<u>33,673,788</u>	<u>31,807,568</u>	<u>32,721,840</u>	<u>34,443,290</u>	<u>35,093,147</u>	<u>35,624,368</u>	<u>34,877,857</u>
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	531,282	567,854	504,427	553,422	488,202	559,761	431,285	478,999	577,445	870,221
Operating grants and contributions	18,843,656	19,254,634	19,913,135	19,640,208	18,697,345	18,493,906	19,746,721	19,255,186	20,289,940	20,462,618
Capital grants and contributions	8,253,141	760,012	574,981	115,789	-	-	-	-	-	-
Total School Board component unit revenues	<u>27,628,079</u>	<u>20,582,500</u>	<u>20,992,543</u>	<u>20,309,419</u>	<u>19,185,547</u>	<u>19,053,667</u>	<u>20,178,006</u>	<u>19,734,185</u>	<u>20,867,385</u>	<u>21,332,839</u>
Net (Expense)/Revenue										
School Board Component Unit	<u>(3,583,122)</u>	<u>(11,660,965)</u>	<u>(12,205,019)</u>	<u>(13,364,369)</u>	<u>(12,622,021)</u>	<u>(13,668,173)</u>	<u>(14,285,284)</u>	<u>(15,358,962)</u>	<u>(14,756,983)</u>	<u>(13,545,018)</u>
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Waynesboro	9,946,467	10,804,096	10,896,054	12,065,383	12,583,454	12,444,330	12,920,240	13,411,837	13,812,917	13,239,886
Investment earnings	525,207	83,853	10,552	3,992	19,232	27,752	33,864	33,719	35,232	37,293
Miscellaneous	116,758	199,060	149,864	161,649	116,263	140,001	134,350	175,460	183,843	179,592
Total School Board Component Unit	<u>10,588,432</u>	<u>11,087,009</u>	<u>11,056,470</u>	<u>12,231,024</u>	<u>12,718,949</u>	<u>12,612,083</u>	<u>13,088,454</u>	<u>13,621,016</u>	<u>14,031,992</u>	<u>13,456,771</u>
Change in Net Position										
School Board Component Unit	<u>\$ 7,005,310</u>	<u>\$ (573,956)</u>	<u>\$ (1,148,549)</u>	<u>\$ (1,133,345)</u>	<u>\$ 96,928</u>	<u>\$ (1,056,090)</u>	<u>\$ (1,176,830)</u>	<u>\$ (1,737,946)</u>	<u>\$ (724,991)</u>	<u>\$ (88,247)</u>

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

Table 3

	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 2,065,121	\$ 715,167	\$ 892,304	\$ 1,807,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,599,014	8,280,974	9,402,818	8,849,322	-	-	-	-	-	-
Restricted	-	-	-	-	1,046,961	1,667,383	642,134	1,089,914	1,358,725	938,389
Committed	-	-	-	-	1,014,335	683,745	4,134,909	4,190,258	3,900,782	4,155,703
Assigned	-	-	-	-	123,126	1,277,007	526,948	319,698	502,899	167,899
Unassigned	-	-	-	-	8,204,385	11,385,888	8,923,216	9,054,972	9,761,313	11,058,122
Total general fund	\$ 8,664,135	\$ 8,996,141	\$ 10,295,122	\$ 10,656,779	\$ 10,388,807	\$ 15,014,023	\$ 14,227,207	\$ 14,654,842	\$ 15,523,719	\$ 16,320,113
All Other Governmental Funds										
Reserved	440,722	452,099	592,766	813,025	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	177,141	157,527	292,120	307,281	-	-	-	-	-	-
Capital projects funds	(13,537)	3,018,578	7,929,490	7,269,278	-	-	-	-	-	-
Debt service funds	1,935,922	1,759,592	1,040,748	180,303	-	-	-	-	-	-
Nonspendable	-	-	-	-	510,549	522,799	542,549	561,049	582,549	586,029
Restricted	-	-	-	-	5,478,065	3,617,202	2,479,482	1,599,807	391,432	358,415
Committed	-	-	-	-	926,958	487,621	1,033,646	246,579	386,498	903,444
Assigned	-	-	-	-	705,774	751,682	719,023	1,036,474	1,894,804	2,574,832
Total all other governmental funds	\$ 2,540,248	\$ 5,387,796	\$ 9,855,124	\$ 8,569,887	\$ 7,621,346	\$ 5,379,304	\$ 4,774,700	\$ 3,443,909	\$ 3,255,283	\$ 4,422,720

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

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

Table 4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
General property taxes	\$ 14,624,266	\$ 16,516,401	\$ 16,951,430	\$ 17,604,173	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063	\$ 19,356,344	\$ 19,534,896
Sales taxes	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561
Other local taxes	8,087,379	8,583,669	8,417,271	8,276,914	7,354,082	8,171,465	8,583,063	8,708,616	9,147,986	9,469,518
Permits, privilege fees and regulatory licenses	227,255	219,523	150,889	177,958	170,838	156,939	208,253	219,973	180,351	216,732
Fines and forfeitures	170,508	150,275	163,322	145,287	167,027	190,807	195,247	206,543	258,418	186,866
Revenues from use of money and property	750,952	870,168	329,146	372,488	310,851	155,142	181,754	181,754	196,296	223,189
Charges for services	418,956	403,498	361,624	396,579	387,367	439,765	389,346	304,491	343,875	320,243
Miscellaneous	412,950	462,222	327,422	450,724	322,391	510,028	355,209	373,154	5,157,768	8,186,878
Recovered costs	319,744	314,203	357,849	333,526	394,505	799,509	699,041	704,473	668,130	741,411
Intergovernmental	11,238,967	11,237,215	11,366,090	10,367,422	12,487,769	11,782,542	12,581,314	13,987,916	13,314,831	13,655,806
Total revenues	40,363,575	43,430,775	43,036,137	42,402,038	43,944,814	47,019,676	46,443,310	48,629,832	54,172,839	58,029,100
Expenditures										
General government administration	3,296,296	3,960,404	3,590,224	3,455,029	3,204,711	3,424,066	3,405,476	3,592,910	7,080,032	10,885,148
Judicial administration	1,194,039	1,308,577	1,374,825	1,244,498	1,307,187	1,295,198	1,472,117	1,455,629	1,453,153	1,493,599
Public safety	8,930,552	10,115,145	9,540,225	9,537,907	9,941,487	10,181,785	11,008,118	10,798,557	10,693,388	11,056,875
Public works	5,519,983	5,756,366	5,550,039	5,630,528	6,761,493	4,836,876	7,666,797	7,774,030	6,585,131	6,503,352
Health and welfare	3,621,412	3,979,258	4,323,371	3,647,964	3,805,952	3,953,428	3,887,883	4,843,683	5,395,565	5,410,066
Education (1)	17,847,241	11,220,709	11,160,168	12,095,786	12,113,857	12,474,733	12,950,643	13,442,240	13,845,320	13,275,982
Parks, recreation and culture	2,274,105	2,759,849	2,704,053	2,764,188	2,330,164	2,742,398	2,723,097	2,745,531	2,826,740	3,079,450
Community development	1,289,363	1,198,317	1,947,500	1,599,940	2,920,682	1,762,793	1,329,120	1,226,971	1,315,093	1,319,981
Capital projects	167,250	-	-	-	500,000	4,960,867	2,396	21,222	-	-
Debt service:										
Principal retirement	1,245,602	2,055,794	1,997,519	2,223,843	2,307,296	1,794,863	2,678,211	2,626,338	4,964,903	2,708,363
Interest and fiscal charges	1,116,990	1,274,495	1,568,976	1,588,914	1,499,775	1,522,276	1,634,500	1,540,320	2,360,894	1,136,227
Bond issuance costs	-	74,292	123,651	-	23,112	15,800	-	-	100,430	15,600
Redemption of debt	-	-	-	-	-	-	-	-	15,965,000	-
Total expenditures	46,502,833	43,703,206	43,880,551	43,788,597	46,715,716	48,965,083	48,758,358	50,067,431	72,585,649	56,884,643
Excess of revenues over (under) expenditures	(6,139,258)	(272,431)	(844,414)	(1,386,559)	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)	(18,412,810)	1,144,457

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Insurance recoveries	-	-	-	-	115,957	128,736	141,036	79,009	56,302	36,644
Sale of property	4,590	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	16,389,513	-
Debt issued	7,600,000	9,704,713	5,870,000	-	985,000	3,519,100	-	-	2,225,219	216,083
Premium on debt	-	394,877	139,199	-	14,567	-	-	-	742,144	-
Capital lease	-	-	-	-	32,718	-	278,806	-	-	-
Refunded bonds redeemed	-	(6,708,062)	-	-	-	-	-	-	-	-
Transfers in	2,262,292	2,485,276	2,652,677	2,402,169	3,734,651	3,539,351	4,818,149	4,820,987	4,211,415	5,417,342
Transfers out	(2,210,833)	(2,424,819)	(2,051,153)	(1,939,190)	(3,342,472)	(2,858,606)	(4,407,371)	(4,365,553)	(4,531,532)	(4,850,695)
Total other financing sources and uses	7,656,049	3,451,985	6,610,723	462,979	1,540,421	4,328,581	830,620	534,443	19,093,061	819,374
Net change in fund balances	\$ 1,516,791	\$ 3,179,554	\$ 5,766,309	\$ (923,580)	\$ (1,230,481)	\$ 2,383,174	\$ (1,484,428)	\$ (903,156)	\$ 680,251	\$ 1,963,831
Debt service as a percentage of noncapital expenditures	5.1%	8.1%	8.6%	8.9%	8.8%	7.8%	9.3%	9.0%	33.2%	7.0%

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

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

Table 5

Fiscal Year	Real Property (1)(3)				Motor Vehicles and Tangibles				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	Tax Rate per \$100	Tax Rate per \$100	Public Service	Tax Rate per \$100	Machinery & Tools	Tax Rate per \$100	Rolling Stock	Tax Rate per \$100	Assessed Value	Taxable Value			
2007	\$ 889,455,133	\$ 330,119,700	\$ 67,274,407	\$ 0.78	\$ 87,681,456	\$ 5.00	\$ 185,439	\$ 5.00	\$ 63,630,108	\$ 3.00	\$ 630,281	\$ 3.00	\$ 1,438,956,524	\$ 1.13	\$ 1,503,183,298	95.73%	
2008	1,345,440,737	328,682,000	77,021,271	0.70	89,308,919	5.00	180,604	5.00	55,169,022	3.00	697,368	3.00	1,896,497,921	0.98	1,962,012,744	96.66%	
2009	1,373,023,934	374,581,700	75,009,122	0.70	94,533,504	5.00	205,781	5.00	40,263,315	3.00	904,972	3.00	1,958,522,328	0.95	2,027,197,586	96.61%	
2010	1,379,263,067	478,952,000	71,816,305	0.70	150,126,941	5.00	250,296	5.00	36,118,308	3.00	787,070	3.00	2,117,313,987	1.04	2,178,833,278	97.18%	
2011	1,429,091,737	444,059,100	80,980,848	0.70	157,670,813	5.00	231,250	5.00	23,683,493	3.00	786,156	3.00	2,136,503,397	1.04	2,202,136,392	97.02%	
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%	
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%	
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.07	1,972,346,376	96.45%	
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%	

Notes:

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

Source:

City of Waynesboro, Assessor's Office

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

Table 6

Fiscal Year	City Direct Rates (2)			Total Direct Rate
	Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
2007	0.70	0.30	0.13	1.13
2008	0.65	0.24	0.09	0.98
2009	0.65	0.24	0.06	0.95
2010	0.64	0.35	0.05	1.04
2011	0.64	0.37	0.03	1.04
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07
2015	0.74	0.28	0.06	1.08
2016	0.74	0.28	0.06	1.08

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, 2015			December 31, 2006		
	Taxable Assessed Value	Rank (1)	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Avintiv/Poly-Bond, Inc.	\$ 37,043,795	1	3.90%	\$ 22,934,915	2	1.67%
Ntelos	21,939,439	2	2.90%	-	-	-
Invista/DuPont	23,823,413	3	1.74%	73,306,983	1	5.34%
Waynesboro TC LLC	26,242,498	4	1.04%	-	-	-
Wal-Mart	17,819,930	5	0.86%	12,410,655	3	0.90%
Lumos	3,005,209	6	0.74%	-	-	-
DuPont Community Credit Union	10,888,636	7	0.69%	7,893,660	6	0.58%
Lowe's Home Center	12,683,406	8	0.67%	-	-	-
Target Corporation	12,250,971	9	0.59%	-	-	-
Windigrove LLC	13,127,800	10	0.52%	-	-	-
Venture Properties IV, LLC	-	-	-	10,675,500	4	0.78%
WT Acquisitions	-	-	-	8,467,400	5	0.62%
Waynesboro Plaza, LLC	-	-	-	6,704,900	7	0.49%
Mohawk Industries	-	-	-	2,158,348	10	0.16%
Allied Ready Mix Co.	-	-	-	3,394,119	8	0.25%
Kroger Limited Partnership	-	-	-	2,832,227	9	0.21%
Total	<u>\$ 178,825,097</u>		<u>13.65%</u>	<u>\$ 150,778,707</u>		<u>11.00%</u>

Source:

City of Waynesboro, Commissioner of the Revenue

Notes:

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

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	\$ 16,272,801	\$ (106,587)	\$ 16,166,214	\$ 15,755,640	96.82%	\$ 409,811	\$ 16,165,451	100.00%
2008	18,270,937	(100,807)	18,170,130	17,685,561	96.80%	485,884	18,171,445	100.01%
2009	18,591,502	(84,285)	18,507,217	17,868,396	96.11%	634,013	18,502,409	99.97%
2010	18,947,394	(55,532)	18,891,862	18,344,884	96.82%	530,257	18,875,141	99.91%
2011	19,072,989	(19,567)	19,053,422	18,584,504	97.44%	437,054	19,021,558	99.83%
2012	19,079,144	(11,943)	19,067,201	18,708,395	98.06%	320,271	19,028,666	99.80%
2013	19,811,574	(18,491)	19,793,083	19,331,996	97.58%	385,638	19,717,634	99.62%
2014	20,238,326	(18,638)	20,219,688	19,814,287	97.90%	315,546	20,129,833	99.56%
2015	20,602,887	4,202	20,607,089	20,291,309	98.49%	183,256	20,474,565	99.36%
2016	20,926,459	-	20,926,459	20,634,703	98.61%	-	20,634,703	98.61%

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				
2007	\$ 27,904,481	\$ 3,250,000	\$ -	\$ 20,244	\$ 2,872,733	\$ -	\$ 5,890,174	\$ 39,937,632	6.46%	1,862	
2008	29,101,121	3,000,000	-	14,461	13,740,000	2,972,122	6,126,042	54,953,746	8.62%	2,561	
2009	33,229,771	2,750,000	-	8,292	13,515,000	19,233,595	5,882,666	74,619,324	10.91%	3,399	
2010	31,262,509	2,500,000	-	1,711	13,280,000	26,900,278	5,631,935	79,576,433	10.79%	3,578	
2011	30,191,923	2,250,000	-	32,718	15,345,000	21,149,556	5,373,625	74,342,822	10.69%	3,539	
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	10.49%	3,514	
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	10.29%	3,544	
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	9.19%	3,362	
2015	29,552,306	1,250,000	-	3,108	13,835,487	19,170,953	4,259,916	68,071,770	8.46%	3,186	
2016	27,313,134	1,000,000	-	-	13,422,539	18,753,439	3,960,137	64,449,249	7.50%	2,999	

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

Notes:

- (1) See the Schedule of Demographic and Economic Statistics on page 117 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				
2007	\$ 27,904,481	\$ 3,250,000	-	\$ 31,154,481	\$ 1,935,922	\$ 29,218,559	1.94%	1,362
2008	29,101,121	3,000,000	-	32,101,121	1,759,592	30,341,529	1.55%	1,414
2009	33,229,771	2,750,000	-	35,979,771	1,040,748	34,939,023	1.72%	1,592
2010	31,262,509	2,500,000	-	33,762,509	180,303	33,582,206	1.54%	1,510
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,531
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,590
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,676
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,552
2015	29,552,306	1,250,000	-	30,802,306	4,402	30,797,904	1.54%	1,441
2016	27,313,134	1,000,000	-	28,313,134	4,405	28,308,729	1.40%	1,317

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

Notes:

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 108 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 117.
- (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, 2016

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	\$ 28,313,134	100%	\$ 28,313,134

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 128,684,924	\$ 175,114,401	\$ 182,261,476	\$ 193,003,137	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613	\$ 177,811,712	\$ 179,861,426
Total net debt applicable to limit	37,981,466	50,207,571	54,336,689	52,494,141	52,886,540	53,998,965	54,869,493	51,861,205	48,893,307	45,691,405
Legal debt margin	\$ 90,703,458	\$ 124,906,830	\$ 127,924,787	\$ 140,508,996	\$ 142,526,629	\$ 127,782,868	\$ 128,651,062	\$ 124,475,408	\$ 128,918,405	\$ 134,170,021
Total net debt applicable to the limit as a percentage of debt limit	29.52%	28.67%	29.81%	27.20%	27.06%	29.71%	29.90%	29.41%	27.50%	25.40%
Legal Debt Margin Calculation for Fiscal Year 2016										
Assessed Value of Real Property	\$ 1,798,614,263									
Debt Limit - 10%	179,861,426									
Debt Applicable to Limit:										
General obligation debt	45,695,810									
Less: Amount set aside for repayment of general obligation debt	(4,405)									
Total net debt applicable to limit	45,691,405									
Legal Debt Margin	\$ 134,170,021									

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 Nine Fiscal Years (4)

Table 13

Fiscal Year	Sewer Revenue Bonds							Coverage
	Sewer Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		(3)		
				Principal	Interest			
2008	\$ 3,681,685	\$ 1,784,424	\$ 1,897,261	\$ -	\$ -	(3)	N/A	
2009	3,394,191	2,094,784	1,299,407	-	39,997		32.49	
2010	3,755,032	2,178,984	1,576,048	60,000	101,181		9.78	
2011	4,091,496	2,306,988	1,784,508	435,622	98,450		3.34	
2012	5,203,047	2,167,385	3,035,662	780,021	849,756		1.86	
2013	5,095,721	2,575,558	2,520,163	1,018,555	613,747		1.54	
2014	5,408,414	2,659,610	2,748,804	817,036	812,515		1.69	
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	

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

Notes:

- (1) Sewer charges and other includes investment earnings.
- (2) Operating expenses do not include interest or depreciation.
- (3) No debt service payments were scheduled in this period.
- (4) Sewer revenue bonds were issued in fiscal year 2008 and 2009. Data will be added until a 10 year comparison is achieved.

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

Table 14

Fiscal Year	Population(1)	Personal Income (amounts expressed in thousands)	Per capita income(2)	Median age(1)	Educational attainment (4)		School enrollment(5)	Unemployment rate (3)
					High School Graduate or higher	Bachelor's Degree or higher		
2007	21,454	\$ 618,004	\$ 28,806	38.9	77.9%	20.6%	2,993	3.30%
2008	21,454	637,656	29,722	38.9	77.9%	20.6%	3,007	4.50%
2009	21,953	684,077	31,161	40.6	77.9%	20.6%	2,999	9.00%
2010	22,241	737,534	33,161	40.6	77.9%	20.6%	3,024	8.60%
2011	21,006	695,593	33,114	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%
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%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) U.S. Census Bureau - Data presented is percentage of persons 25 years or older attaining the described educational status; 2010 census is latest available data.
- (5) City of Waynesboro School Board.

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

Table 15

<u>Employer</u>	<u>2016 (1)</u>			<u>2007 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Waynesboro School Board	500-999	1	5.31%	500-999	2	5.12%
Invista/Dupont	250-499	2	2.65%	500-999	1	5.12%
City of Waynesboro	250-499	3	2.65%	250-499	4	2.56%
Walmart	250-499	4	2.65%	250-499	5	2.56%
Ntelos	250-499	5	2.65%	250-499	6	2.56%
Lumos	250-499	6	2.65%			
Chicopee Incorporated	100-249	7	1.06%			
Adecco	100-249	8	1.06%			
Kroger	100-249	9	1.06%			
Virginia Panel Corporation	100-249	10	1.06%	100-249	10	1.02%
Mohawk Inc.				250-499	3	2.56%
Mundy Maintenance Service				250-499	7	2.56%
Augusta Lumber				100-249	8	1.02%
Allied Ready Mix Company				100-249	9	1.02%
Total	<u>2,150</u>		<u>22.82%</u>	<u>2,550</u>		<u>26.09%</u>

Source: Virginia Employment Commission

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

Notes:

(1) Data is for January, February, and March of 2016 and 2007, respectively.

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

Table 16

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government administration	37.5	48.5	39.8	41.5	31.2	33.5	30.2	31.0	31.6	32.7
Judicial administration	6.4	5.2	9.4	9.3	8.4	8.9	9.2	9.2	8.9	9.7
Public safety:										
Police	69.7	70.1	73.3	67.7	65.4	68.1	65.0	63.8	65.7	65.9
Fire	33.5	36.7	37.1	37.4	37.0	38.5	37.4	35.5	38.1	38.5
Correction and detention	21.7	20.9	18.5	14.7	15.3	16.6	15.6	13.1	12.0	12.0
Building inspections	6.8	6.6	6.4	5.6	5.8	5.4	5.9	5.8	5.6	5.8
Emergency management	18.1	18.7	17.4	16.8	17.3	22.7	22.9	24.6	23.1	24.8
Animal control	1.0	1.1	1.1	1.1	1.0	5.4	7.4	8.3	8.3	9.3
Public works:										
General engineering/administrative	31.6	31.3	49.9	44.3	44.4	45.4	41.8	40.9	40.9	21.0
Building and grounds	10.8	10.5	11.1	12.6	31.3	6.4	8.0	8.3	8.7	7.0
Equipment rental	0.0	9.3	9.1	8.4	0.0	6.8	6.7	6.8	7.2	7.2
Waterworks	22.6	17.7	24.3	24.3	21.9	24.2	28.2	29.6	27.8	27.9
Sewage/collection	17.1	41.4	41.5	41.5	43.1	46.4	31.9	35.3	35.5	36.0
Sanitation	30.4	36.7	60.0	33.4	32.2	31.4	28.7	29.0	31.4	28.7
Stormwater	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.2
Parks, recreation and cultural:										
Parks	32.5	32.1	1.1	1.1	1.1	8.4	7.9	7.3	7.3	23.1
Library	17.0	17.1	16.4	15.7	15.6	15.5	15.0	14.8	14.5	14.5
Community development	2.8	5.7	6.1	5.6	5.2	6.1	5.9	6.2	6.2	5.9
Schools	529.0	539.3	486.0	488.0	485.0	484.0	482.0	488.0	480.0	484.0
Total	888.5	948.9	908.5	869.0	861.2	873.7	849.6	857.4	852.8	862.2

Source: City and School Finance Departments

Stormwater information will be added until 10 years of comparable information is available.

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

Table 17

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Building & Zoning										
Building permits issued (total)	1,494	1,185	714	772	730	946	968	875	874	957
Building inspections conducted (total)	3,995	3,339	1,757	1,716	1,593	1,587	2,179	2,502	2,522	2,431
New residential construction	92	71	51	42	28	29	63	48	40	41
New commercial construction	20	22	7	7	2	4	12	4	8	5
Zoning permits issued	167	165	97	114	112	146	140	114	112	110
Property Maintenance Cases	107	128	135	160	340	307	357	340	320	334
Property Maintenance Inspections	202	240	272	248	667	661	865	776	654	676
Economic Development (1)										
Business prospects	33	35	17	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Development inquiries	52	54	25	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Planning										
Conditional use permits	8	9	5	3	5	4	5	2	4	2
Rezoning requests	2	5	3	0	0	0	2	2	2	2
Major subdivision reviews	8	11	5	1	1	1	1	1	0	1
Minor subdivision reviews	14	13	10	12	12	9	2	8	11	10
Vacate streets/alleys	3	2	2	2	3	2	-	1	1	1
Public Safety										
Arrests	3,438	2,575	2,602	2,390	2,099	2,414	2,134	2,051	1,651	2,364
Parking violations	876	848	631	702	696	592	133	263	750	296
Traffic citations	3,567	2,942	3,319	1,707	1,700	2,131	1,800	1,920	2,269	1,368
Judicial - Circuit Court										
Civil and criminal cases	779	843	844	1,137	890	958	910	1,001	1,300	1,173
Deeds recorded	4,514	4,096	3,426	3,268	2,764	2,381	2,724	3,162	2,570	2,491
Judgments	1,082	958	1,129	1,023	958	1,019	943	974	993	842
Passports issued	673	881	672	616	631	628	777	927	1,059	1,523
Library										
Total collection	178,160	177,135	169,977	155,212	151,038	148,050	152,829	153,022	147,030	146,927
Total circulation	309,057	306,339	320,129	318,703	294,945	267,440	309,659	317,896	307,630	309,672
Visitors/patrons	219,430	217,607	227,291	224,540	215,458	166,207	167,314	183,023	172,459	162,191
Public Works										
Meters placed for new construction	154	134	68	56	48	35	43	51	58	46
Meters replaced	631	1,196	1,084	173	155	179	724	853	1,684	613
Education										
Number of teachers, Elementary (K-5)	160	172	173	175	179	172	179	169	161	160
Number of teachers, Secondary (6-12)	83	90	87	82	85	80	82	78	79	80
Number of teachers, District-Wide (K-12)	10	9	9	14	11	12	11	11	10	10
Number of students, District-Wide (K-12)	2,993	3,007	2,999	3,024	3,102	3,079	3,010	3,024	3,048	3,033

Source: Various Departments in the City

Notes:

(1) The Economic Development Director stopped tracking this information beginning in FY2010

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

Table 18

<u>Function</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (1)	12	12	12	12	12	10	13	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	116.18	116.18	116.96	117.1	117.24	117.24	117.24	117.24*	119.15#	125.69
Water lines (miles)	115.34	115.69	116.92	116.92	117.4	117.4	117.4	117.4*	149.02#	149.02
Fire hydrants	767	778	800	804	808	808	809	809*	729#	736
Waste water treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	105.36	105.36	107	108.02	108.04	108.04	108.04	108.04*	130.72#	130.72
Parks, Recreation & Cultural										
Parks	5	5	5	5	5	5	5	5	5	5
Acreage	365	365	365	365	365	365	365	365	365	365

Source: Various Departments in the City

Notes:

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

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COMPLIANCE SECTION

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 22, 2016.

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 November 22, 2016.

City's Response to Findings

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

Purpose of this Report

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

Didawick & Company, P.C.

November 22, 2016

**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, 2016. 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, 2016.

Report on Internal Control over Compliance

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

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

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

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

Didawick & Company, P.C.

November 22, 2016

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

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>
i. <u>Nutrition Cluster:</u>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Fresh Fruit and Vegetable Program	10.582
ii. Highway Planning and Construction	20.205
iii. Adult Education – Basic Grants to States	84.002
- 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, and misclassifications of transactions between funds, 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, 2016**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

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

Recommendation:

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

City Response:

The City's Finance Department is aware of this weakness and continues to review and modify the City's financial reporting process, with the goal to have all data completely and accurately posted prior to the year-end audit.

School Board Response:

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

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

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

None

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Agriculture and Consumer Services:</u>			
Nutrition Cluster:			
National School Lunch Program - non-cash commodities	10.555	N/A	\$ 92,663
Rural Business Enterprise Grants	10.769	N/A	<u>42,600</u>
<u>Department of Education:</u>			
Nutrition Cluster:			
School Breakfast Program	10.553	40591 & 40253	279,287
National School Lunch Program	10.555	40623 & 40254	807,502
Fresh Fruit and Vegetable Program	10.582	40251 & 40601	<u>8,451</u>
<u>Department of Forestry:</u>			
Forest Stewardship Program	10.678	15VTCW18	<u>2,131</u>
<u>Total Department of Agriculture - Pass-Through Programs:</u>			<u>1,232,634</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Direct Programs</u>			
Community Development Block Grants - Entitlement Grants	14.218	N/A	<u>57,643</u>
<u>Total Department of Housing and Urban Development - Direct Programs:</u>			<u>57,643</u>
<u>Pass-Through Programs:</u>			
<u>Department of Housing and Community Development:</u>			
Community Development Block Grants - State's Program	14.228	50790	<u>150,277</u>
<u>Total Department of Housing and Urban Development - Pass-Through Programs:</u>			<u>150,277</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Motor Vehicles:</u>			
Highway Planning and Construction	20.205	102840, 102842, 102843, & 102844	683,318
State and Community Highway Safety	20.600	SC-2015-55240-5979	<u>13,373</u>
<u>Total Department of Transportation - Pass-Through Programs:</u>			<u>696,691</u>
<u>DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Asset Forfeiture Transfer Program	21.000	N/A	103,998
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	16VITA0013	<u>14,250</u>
<u>Total Department of Treasury - Direct Programs:</u>			<u>118,248</u>
			cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Education:</u>			
Adult Literacy Grants	84.002	42801, 61111 & 61380	\$ 584,233
Title I Grants to Local Educational Agencies	84.010	42901	925,716
Special Education - Grants to States	84.027	43071	598,934
Vocational Education - Basic Grants to States	84.048	61095	67,899
Special Education - Preschool Grants	84.173	62521	17,920
Rural Education	84.358	43481	217
English Language Acquisition Grants	84.365	60509 & 60512	18,739
Title II Improving Teacher Quality State Grants	84.367	61480	149,884
<u>Total Department of Education - Pass-Through Programs:</u>			<u>2,363,542</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Programs</u>			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	90AK000403	68,098
Drug-Free Communities Support Program Grants	93.276	14SP20534A	97,393
<u>Total Department of Health and Human Services - Direct Programs:</u>			<u>165,491</u>
<u>Pass-Through Programs:</u>			
<u>Department of Social Services:</u>			
Temporary Assistance for Needy Families:	93.558		
VIEW-Component & Supportive Services		87201 & 87202	8,166
VIEW-Transitional		87204 & 87211	2,300
VIEW-Transportation		87207	21,779
Community Services Block Grant	93.569	CVS-16-001-05	211,495
Child Care and Development Block Grant:	93.575		
Discretionary Recouping		88302	(391)
Foster Care - Title IV-E:	93.658		
ARRA - Residential Foster Care Payments		81107	129,960
Child Placing Agencies		81108	54,868
Agency Foster Homes		81110	46,302
Licensed Child		81112	66,607
Adoption Assistance:	93.659		
Subsidized Adoption		81201	191,417
Nonrecurring IV-E Adoption		81202	2,265
Federal Adoption		81203	103,932
Social Services Block Grant:	93.667		
Child Protective Services		82402	145,032
State Adoption		81701	31,513
Adult Services - Homebound Companion		83304	14,787
Adult Protective Services		89501	1,229
<u>Total Department of Health and Human Services - Pass-Through Programs:</u>			<u>1,031,261</u>
			cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	97.042	52743	\$ 7,500
<u>Total Department of Health and Human Services - Pass-Through Programs:</u>			<u>7,500</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
<u>Direct Programs</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF96317601	51,015
<u>Total Environmental Protection Agency - Direct Programs:</u>			<u>51,015</u>
<u>Pass-Through Programs:</u>			
<u>National Fish and Wildlife Foundation:</u>			
Chesapeake Bay Program	66.466	51502	22,000
<u>Total Environmental Protection Agency - Pass-Through Programs:</u>			<u>22,000</u>
Total Expenditures of Federal Awards			<u>\$ 5,896,302</u>
 LOANS OUTSTANDING: (Note 2)			
<u>Pass-Through Programs:</u>			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	\$ 3,300,114

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CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

1. BASIS OF PRESENTATION

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

2. LOANS OUTSTANDING

During prior years, the City received federal funding from the Virginia Water Facilities Revolving Fund, authorized under the Capitalization Grants for Clean Water State Revolving Funds program. The outstanding loan balance under this program of \$3,300,114 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2016.

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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, 2016, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

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

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances

Didawick & Company, P.C.

November 22, 2016

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