

CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION

CITY OF WAYNESBORO, VIRGINIA
(As of June 30, 2015)

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
David 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

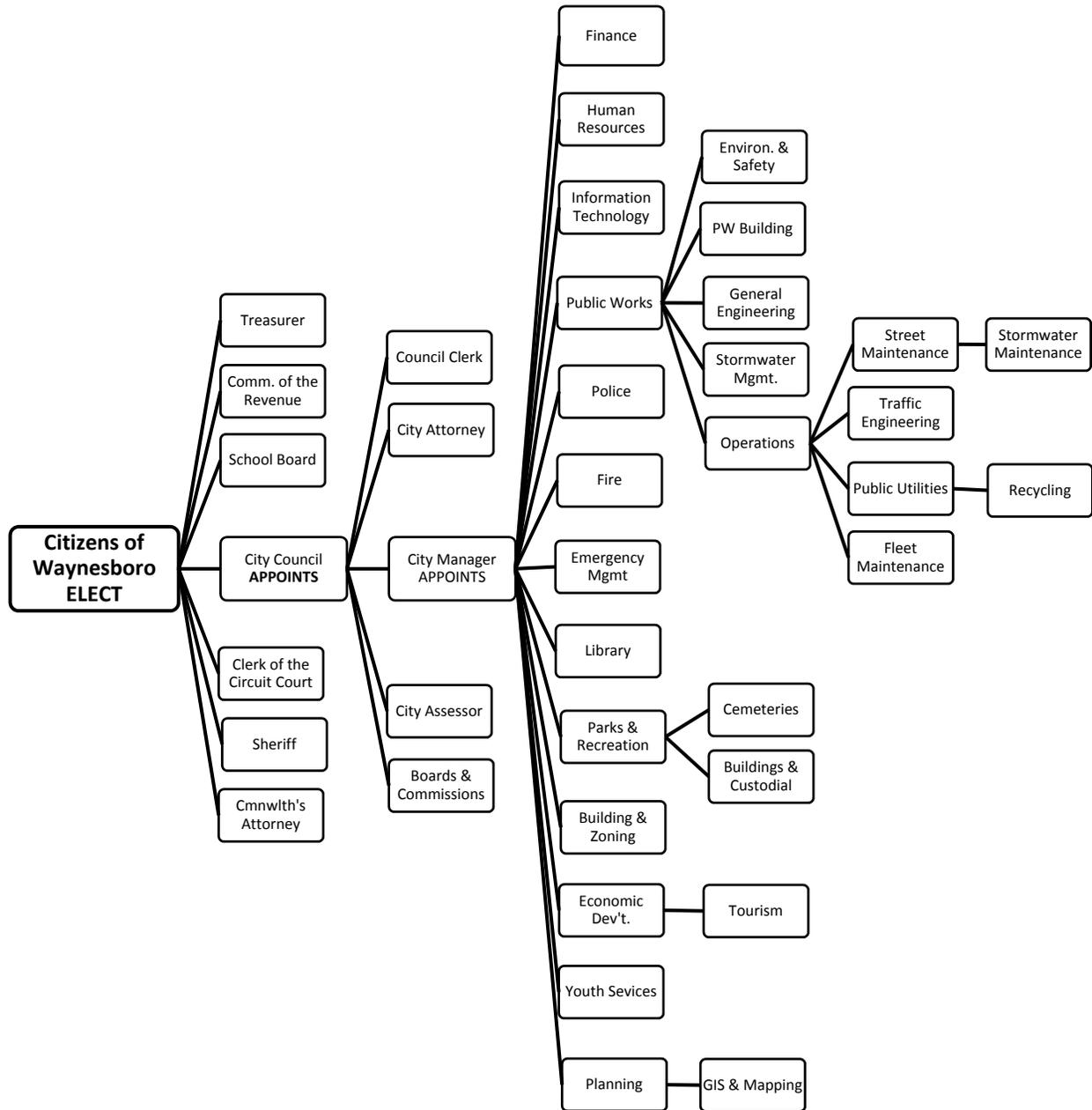
SCHOOL BOARD

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

ECONOMIC DEVELOPMENT AUTHORITY

James Hyson, Chair
Lorie Strother, Vice Chair
Gregory Hitchin, Secretary/Treasurer
Perry Fridley
Lloyd Holloway
James Perkins
Sharon Plemmons
Robert Vailes

**City of Waynesboro, Virginia
Organizational Structure – June 30, 2015**



BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

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

OTHER AGENCIES & BOARDS

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in 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 64 through 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the City's basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit by us and the other auditors in the audit of the 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 23, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



November 23, 2015

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, 2015. 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 \$61,655,255. Of this amount, \$7,933,035 (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 \$10,567,794 compared to FY14.
- As of the end of FY15, the City's governmental funds reported a combined ending fund balance of \$18,779,002 – an increase of \$680,251 in comparison to the prior year. Of this amount, \$868,877 is shown as an increase to the fund balance of the General Fund, \$4,402 as an increase to the fund balance of Debt Revenue Fund, and \$193,028 is a decrease to the fund balance of Other Governmental Funds.
- At the end of the FY15, **unrestricted** fund balance for the *General Fund* was \$14,164,994. This represents an increase of \$600,066, which is 4% greater than the prior fiscal year. The City currently does not have a fiscal policy guideline related to fund balance; however, the Government Finance Officers Association (GFOA) recommends the minimum General Fund unrestricted fund balance to be maintained should be no less than either two (2) months of regular operating revenues or expenditures. Following the GFOA guidelines of using two months of regular operating expenditures, General Fund unrestricted fund balance should be no less than \$7,222,922. As of the close of fiscal year 2015, the unrestricted fund balance in the General Fund exceeds the GFOA suggested fiscal policy guideline by \$6,942,072.
- The unassigned fund balance in the General Fund of \$9,761,313 equals approximately 20% of the General Fund's total expenditures. This total includes \$107,210 of FY15 funding to the Schools that was returned to the General Fund.
- The City's total long-term liabilities at the close of the FY15, including governmental and business type activities, were \$86,106,078. During fiscal year 2015, the city retired a total of \$35,437,577, predominantly through principal reductions due to advanced refunding of several bond issues. Over the same period, the City added a total of \$46,562,240 in new long-term obligations. This increase was comprised primarily of two components: new debt issued for the advanced refunding of several bond issues as well as the implementation of net pension liability reporting as required by GASB 68, which increased long-term liabilities city-wide by \$12,221,123. At the close of the fiscal year, the amount of debt principal payments due within one year was \$5,313,107. (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 103-122).

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 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 Debt Revenue 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 68 of this report.
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the government-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, and landfill operations. Internal Service funds are used to report activities of the City's Store and Equipment funds which account for inventory supplies for City operations and maintenance of the City's equipment fleet, respectively. It is important to note that the proprietary funds are accounted for on a full accrual basis, whereas the governmental funds are accounted for using a modified accrual basis.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. These funds include accounting for agencies such as the First Aid Crew, Central Shenandoah Criminal Justice Training Academy, etc. Fiduciary funds are accounted for on a full accrual basis; and their financial statements can be found on pages 78-80 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 19.

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 \$61,655,225 at the close of fiscal year 2015. Capital assets (e.g., land, buildings, machinery, and equipment) in FY15 comprise approximately 73% of total assets, which is a 3% decrease from FY14. 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			
	2015	2014	2015	2014	2015	2014
Current and other assets	30,690,590	23,678,262	11,152,954	11,207,737	41,843,544	34,885,999
Capital assets	41,102,397	40,147,771	70,636,612	71,505,293	111,739,009	111,653,064
Total assets	71,792,987	63,826,033	81,789,566	82,713,030	153,582,553	146,539,063
Deferred charges	552,164	-	999,039	-	1,551,203	-
Deferred losses	1,440,441	842,290	280,355	142,322	1,720,796	984,612
Total deferred outflows of resources	1,992,605	842,290	1,279,394	142,322	3,271,999	984,612
Current and other liabilities	6,093,628	7,004,576	3,354,054	2,778,580	9,447,682	9,783,156
Long-term liabilities outstanding	42,432,987	44,139,484	38,350,840	38,988,907	80,783,827	83,128,391
Total liabilities	48,526,615	51,144,060	41,704,894	41,767,487	90,231,509	92,911,547
Unearned revenue	1,417,560	-	-	-	1,417,560	-
Deferred gains	3,015,218	3,015,218	535,040	509,479	3,550,258	3,524,697
Total deferred inflows of resources	4,432,778	3,015,218	535,040	509,479	4,967,818	3,524,697
Net position:						
Invested in capital assets, net of related debt	30,091,461	31,133,091	32,895,991	32,955,975	62,987,452	64,089,066
Restricted	2,124,875	1,743,672	-	-	2,124,875	1,743,672
Unrestricted	(11,390,137)	(22,367,718)	7,933,035	7,622,411	(3,457,102)	(14,745,307)
Total net position	20,826,199	10,509,045	40,829,026	40,578,386	61,655,225	51,087,431

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, 2015, is \$19,586,646. 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 \$40,412,845 and the total net position for the primary government would be \$81,241,871.

Approximately 10% 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 \$10,567,794 compared to FY14. This increase is the net effect of a \$250,640 increase in the net position of the business-type activities, and a \$10,317,154 increase in the net position of the governmental activities.

The table on the following page provides comparison information from FY14 to FY15 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 FY14, total revenues from Governmental Activities increased by \$4,996,838; with "operating grants and contributions" and "other taxes" being the two largest growth areas. The growth was due primarily to the city moving to self-funded insurance during FY15, and a considerable increase in other taxes due to increases in sales and meals tax collections. An increase of expenditures related to Governmental Activities of \$4,565,186 is also due primarily to the move to self-funded health insurance during FY15. Application of the funding formula used to determine school funding, as well as additional appropriations above the formula amount made by City Council, led to an increase in school funding in the amount of \$403,080. Health and Welfare increased by \$523,178, primarily due to increased DSS expenditures. A debt issued carried on the Economic Development Authorities books was refinanced during FY15, which led to a significant increase in Community Development expenses for FY15. Overall, the change in the Governmental net position was an increase of \$10,317,154 after transfers of \$678,000 are taken into consideration. A large part of the overall increase is due to recording of payments in the amount of \$6,359,697 to be received from Rockingham County and the City of Harrisonburg for the Middle River Regional Jail buy-in agreement that was entered into during FY15.

In comparison to FY14, Business-type revenues derived from charges for services increased in FY15 by \$54,752. Three of the four business-type activity funds saw a slight decrease in expenses when comparing FY15 to FY14, likely due to decreased fuel costs. The completion of digester cover repairs at the Sewage Treatment Plant during FY14 led to a decrease in Sewer Fund expenses for FY15.

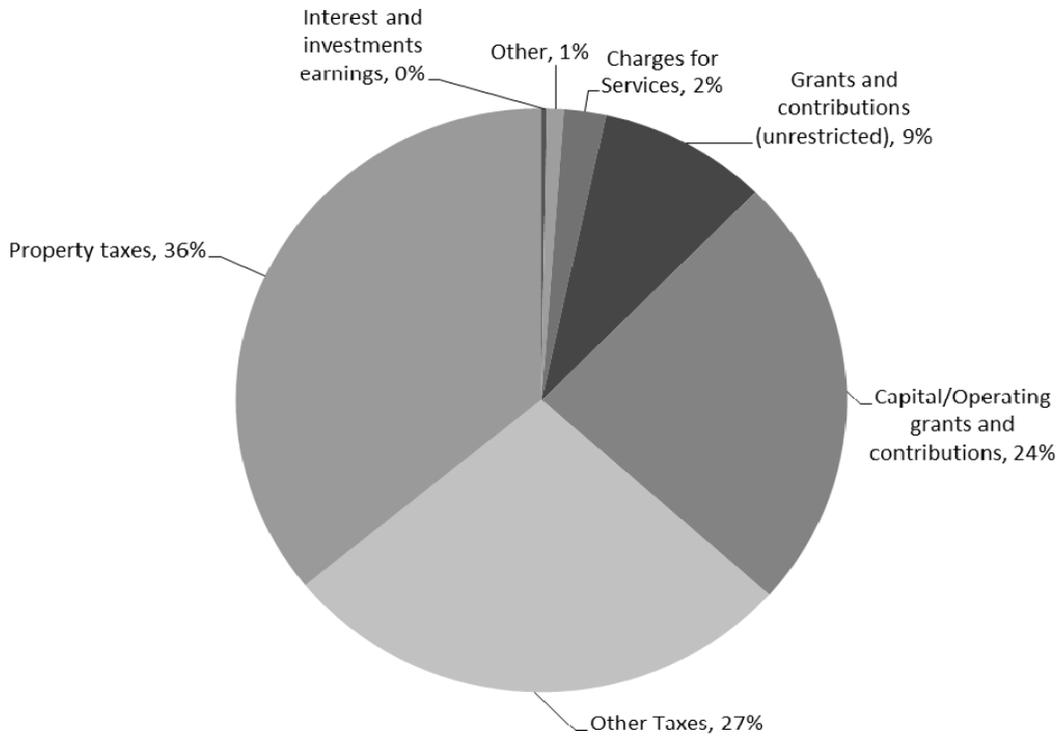
The City of Waynesboro, Virginia
Required Supplemental Information

MANAGEMENT DISCUSSION & ANALYSIS
 June 30, 2015

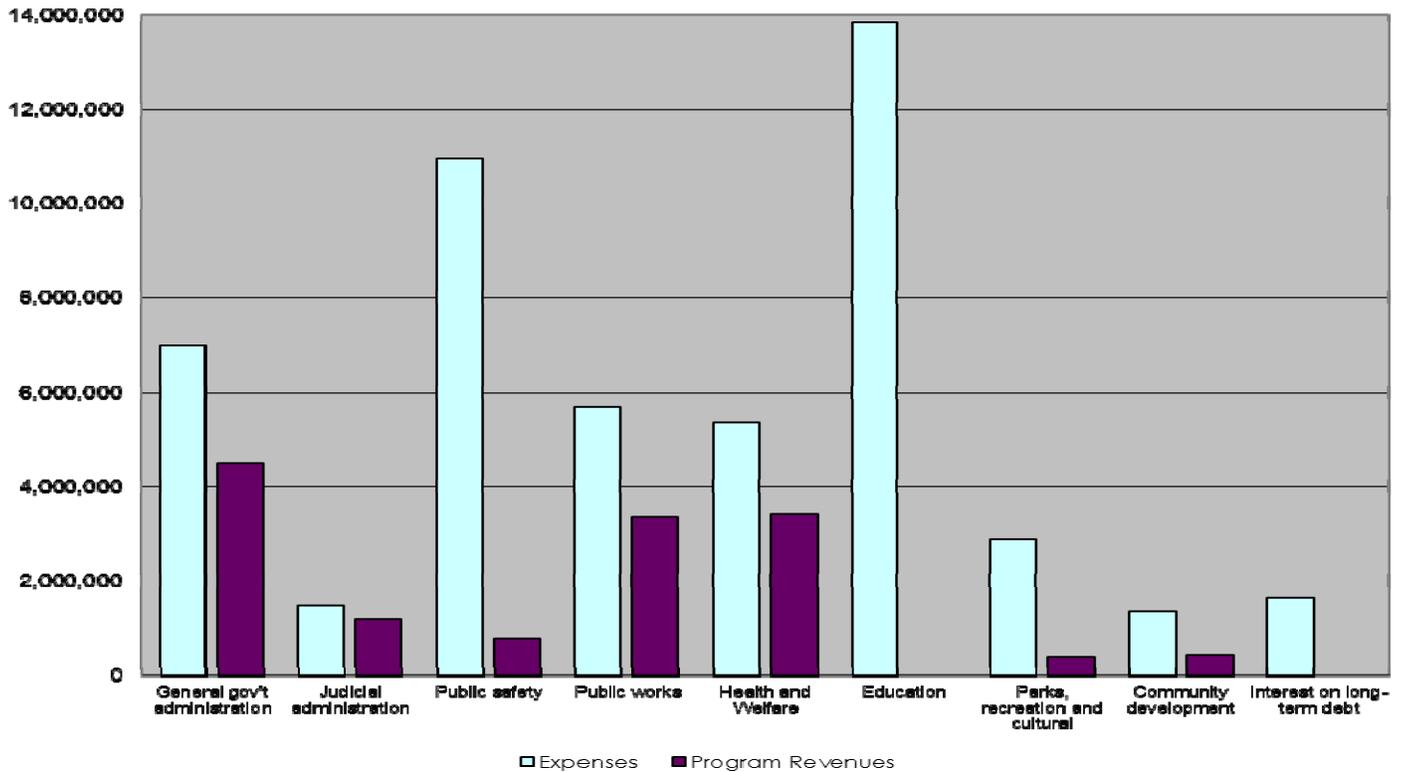
City of Waynesboro, Virginia
Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues by source:						
Program Revenues						
Charges for services	1,186,197	1,160,594	10,855,915	10,801,163	12,042,112	11,961,757
Operating grants and contributions	12,307,578	8,524,997	6,357	6,366	12,313,935	8,531,363
Capital grants and contributions	667,397	1,321,893	64,170	282,689	731,567	1,604,582
General Revenues						
Property taxes	19,228,131	18,864,334	-	-	19,228,131	18,864,334
Other taxes	14,696,826	13,648,465	-	-	14,696,826	13,648,465
Grants and contrib. (unrestricted)	4,796,487	4,215,912	-	-	4,796,487	4,215,912
Interest and Investment earnings	142,359	136,103	38,771	39,093	181,130	175,196
Other	491,490	647,329	195,481	117,102	686,971	764,431
Total Revenues	53,516,465	48,519,627	11,160,694	11,246,413	64,677,159	59,766,040
Expenses by activity:						
Governmental activity						
General government admin	7,015,817	3,613,629	-	-	7,015,817	3,613,629
Judicial administration	1,478,788	1,530,639	-	-	1,478,788	1,530,639
Public safety	10,962,688	10,965,288	-	-	10,962,688	10,965,288
Public works	5,690,103	6,832,130	-	-	5,690,103	6,832,130
Health and Welfare	5,375,620	4,852,442	-	-	5,375,620	4,852,442
Education	13,845,320	13,442,240	-	-	13,845,320	13,442,240
Parks, recreation and cultural	2,904,112	2,911,705	-	-	2,904,112	2,911,705
Community development	1,352,385	91,647	-	-	1,352,385	91,647
Interest on long-term debt	1,633,675	1,453,602	-	-	1,633,675	1,453,602
Business-type activities						
Water	-	-	3,101,533	3,297,434	3,101,533	3,297,434
Sewer	-	-	5,418,648	5,741,003	5,418,648	5,741,003
Landfill operations	-	-	626,565	714,131	626,565	714,131
Garbage	-	-	1,085,308	1,070,287	1,085,308	1,070,287
Total Expenses	50,258,508	45,693,322	10,232,054	10,822,855	60,490,562	56,516,177
Change in net assets before transfers	3,257,957	2,826,305	928,640	423,558	4,186,597	3,249,863
Contributions to permanent fund	21,500	18,500	-	-	21,500	18,500
Middle River Regional Jail Buy-in	6,359,697	-	-	-	6,359,697	-
Transfers	678,000	855,795	(678,000)	(855,795)	-	-
Increase (decrease) in net position	10,317,154	3,700,600	250,640	(432,237)	10,567,794	3,268,363
Net position - beginning as adjusted	10,509,045	6,808,445	40,578,386	41,010,623	51,087,431	47,819,068
Net position -ending	20,826,199	10,509,045	40,829,026	40,578,386	61,655,225	51,087,431

Revenues by Source - Governmental Activities

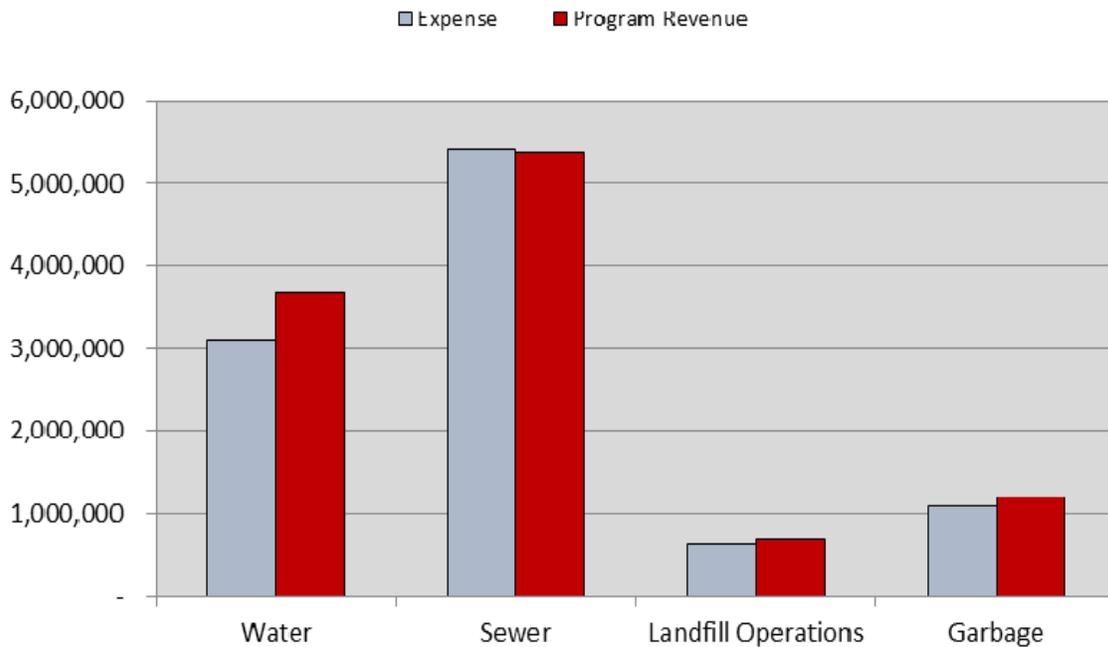


Expenses and Program Revenues - Governmental Activities



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 FY15 compared to the expenses incurred for governmental activities during FY15. 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.

Expenses and Program Revenues - Business-type Activities



As depicted in the bar graph above, revenues exceeded associated expenditures for all business-type activities in FY15 except for the Sewer Fund. The Sewer Fund did not generate enough revenue during FY15 to cover operating costs and debt service. A rate increase will need to be implemented in the near future and/or reductions in the cost of running the Fund must be implemented to ensure the Fund remains solvent.

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 FY15, the City's governmental funds reported a combined ending fund balance of \$18,779,002, an increase of \$680,251 in comparison to the prior year. Approximately 52% of this total amount (\$9,761,313) 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 (\$650,916), cemetery perpetual care (\$582,549), debt service (\$635,997) and Youth & Family Services (\$275,010). Council took action during FY15 to commit \$845,000 of unassigned fund balance for several different purposes, mostly to fund future 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 \$9,761,313, while total fund balance was \$15,523,719. 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 less redemption of debt expenditures. Unassigned fund balance represents 20% of total fund expenditures, while total fund balance represents 32% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$868,877 during FY15; however, if the \$107,210 of School unspent FY15 appropriation funds is subtracted from the total, as well as the \$268,811 increase of restricted fund balance (fund balance not usable at the discretion of council) the net change becomes an increase of \$492,856. Further analysis reveals that the City budgeted for a net reduction of fund balance of \$3,464,759 in FY15, though that figure was not realized, as actual revenues (including insurance recoveries and net transfers) exceeded the budgeted revenue amount by \$2,034,578, and actual expenditures (including debt issuance costs) were \$2,299,058 less than budgeted. By netting the difference between the excess of actual revenues over budgeted revenues (\$2,034,578) and actual expenses versus budgeted expenditures and net transfers (\$2,299,058), which totals \$4,333,636, with the budgeted decrease in fund balance (\$3,464,759), the actual increase in fund balance can be calculated (\$868,877). 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)

Debt Revenue fund. The Debt Revenue fund is the debt service fund of the City. At the end of FY15, fund balance was \$4,402. The net change in fund balance was \$4,402. This positive variance was the result of the advanced refunding of debt that took place during FY15.

Other non-major funds. As of June 30, 2015, the fund balance for the other governmental funds was \$3,250,881. This fund balance amount represents 28% of the total of all other non-major fund expenditures. The net change in fund balance was a decrease of \$193,028. (See Exhibit 17 on page 69 for detailed information on other non-major funds' fund balances.)

Proprietary funds. At the end of FY15, the total net position of the enterprise funds was \$42,021,454. This figure represents a decrease in net position of \$401,316 compared to FY14. The total net assets of the internal services fund at the end of FY15 were \$2,368,480 which represents an increase from FY14 of \$648,573, or 38%. For a more detailed accounting of the activities of these funds, refer to the Exhibits beginning on page 13 of this report.

Budgetary Highlights

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

- General Fund final budgeted revenues were \$1,225,785 greater than originally budgeted revenues. The increase is comprised primarily of additional appropriations during the year for increased sales tax revenue, federal grant receipts, and a down payment received from Rockingham County and the City of Harrisonburg to "buy-in" to the Middle River Regional Jail.
- General Fund final budgeted expenses were \$10,512,093 greater than originally budgeted expenses. The primary factor in the increase was appropriation for the advanced refunding of debt that took place during FY15. The expenditures associated with budget adjustments made at the time FY14 encumbrances were rolled to the new fiscal year (\$509,385) comprise a portion of the increase.
- General Fund's actual revenues were \$1,868,933 greater than final budgeted revenues, representing a variance of 4%. Significant sales tax, property tax, and lodging tax receipts over the budgeted amounts helped lead to this variance.
- General Fund's actual expenditures were \$2,306,764 less than final budgeted expenditures, representing a variance of 5%. This variance is due to several factors, including: the school unspent appropriation of \$107,210 being recorded as a reduction of school funding expense, \$671,270 of \$1,304,996 that was budgeted for paving not being spent during FY15, and several stormwater projects budgeted to begin during FY15 had little or no FY15 activity.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets includes land, buildings, improvements other than buildings, equipment, and construction work in progress. For its governmental and business-type activities as of June 30, 2015 the City had a total investment in capital assets of \$111,739,009.

Total capital assets attributed to governmental activities increased by \$954,626, due primarily to continuing work on a variety of capital projects, including completion of the Chatham Road Stormwater Project, as well as the South Oak Lane Bridge Project. The total capital assets attributed to the business-type activities decreased by \$868,681, due to depreciation and retirements exceeding the amount of asset additions during FY15. (See note 7, which begins on page 31, for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2015 included the following:

- The South Oak Lane Bridge project was completed.
- The Chatham Road Stormwater project was completed.
- A Pumper Truck was ordered for the Fire Department.
- Two Stormwater Management Grant projects were completed.
- New vehicles were purchased for multiple departments, including 2 new Refuse Fund trucks and several police vehicles.

City of Waynesboro
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	8,735,499	8,735,499	386,268	386,268	9,121,767	9,121,767
Buildings	9,110,626	9,435,738	44,717,787	45,746,240	53,828,413	55,181,978
Improvements other than buildings	2,829,764	3,044,789	24,111,071	24,029,148	26,940,835	27,073,937
Machinery and equipment	2,547,826	2,705,686	1,348,014	1,270,165	3,895,840	3,975,851
Infrastructure	15,179,338	15,557,456	-	-	15,179,338	15,557,456
Construction in Progress	2,699,344	668,603	73,472	73,472	2,772,816	742,075
Total Capital Assets	41,102,397	40,147,771	70,636,612	71,505,293	111,739,009	111,653,064

Long-term debt. As of June 30, 2015, the City of Waynesboro held an A1 enhanced bond rating from Moody's Investor Service. Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds, with numerical (1-3) modifiers that indicate the obligation ranking within a rating category. The City 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 \$177,811,712. See page 116 of this report for historic debt margin comparisons.

City of Waynesboro Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
GO bonds	29,552,306	29,076,458	13,835,487	14,310,000	43,387,793	43,386,458
Literary loans	1,250,000	1,500,000	-	-	1,250,000	1,500,000
Note Payable	-	2,423,847	-	-	-	2,423,847
Capital Leases	3,108	120,499	-	-	3,108	120,499
VA Revolving Loans	-	-	23,430,869	24,058,064	23,430,869	24,058,064
Total O/S Debt	30,805,414	33,120,804	37,266,356	38,368,064	68,071,770	71,488,868

The table above provides comparative information related to the City's long-term outstanding debt. The decrease from 2014 to 2015 for total debt outstanding for the City is the result of total debt retirements exceeding the amount of debt issued for FY15. As of June 30, 2015, the City had long-term debt outstanding of \$68,071,770; \$37,266,356 was for business-type activities and \$30,805,414 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,707,716, and \$2,313,478 for business-type activities. These debt payments were budgeted as expenditures in the FY 2015 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities column, \$11,218,768 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 2016 general fund budget was adopted at \$45,621,033, an increase of \$1,391,119 over the FY15 budget.
- Real property and personal property tax rate remained the same for FY16.
- The fiscal year 2016 budget included a 2% pay increase for most full-time City employees.
- The City's water and sewer consumption rates did not increase for fiscal year 2016.
- A stormwater utility fee based on impervious surface of every improved parcel within the City of Waynesboro was added for FY16.
- The original fiscal year 2016 budget called for the use of \$995,171 of fund balance in the general fund to balance the budget. In addition, \$962,981 of encumbrances were rolled from fiscal year 2015, bringing the total budgeted use of fund balance to \$1,958,152.
- According to the Virginia Employment Commission, the unemployment rate for the City of Waynesboro as of July 2015 was 5.0%, a .2% decrease from July of 2014. This compares favorably to the national rate of 5.6%, though is slightly higher than the Commonwealth's rate of 4.7% for the same period.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 18,728,618	\$ 7,881,742	\$ 26,610,360	\$ 3,316,318
Investments	1,461	-	1,461	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	292,601	-	292,601	-
Accounts	841,461	1,720,329	2,561,790	52,878
Notes	5,752,886	-	5,752,886	-
Due from external parties	35,719	-	35,719	-
Due from other governments	2,152,049	-	2,152,049	1,309,250
Due from component unit	216,151	-	216,151	-
Internal balances	1,192,428	(1,192,428)	-	-
Inventories	894,667	-	894,667	-
Permanently restricted:				
Cash and cash equivalents	582,549	-	582,549	-
Investment in landfill joint venture	-	2,743,311	2,743,311	-
Capital assets not being depreciated:				
Land	8,735,499	386,268	9,121,767	274,493
Construction in progress	2,699,344	73,472	2,772,816	-
Capital assets, net of accumulated depreciation:				
Buildings and systems	9,110,626	44,717,787	53,828,413	36,514,822
Improvements other than buildings	2,829,764	24,111,071	26,940,835	1,401,306
Machinery and equipment	2,547,826	1,348,014	3,895,840	835,462
Infrastructure	15,179,338	-	15,179,338	-
Total assets	<u>71,792,987</u>	<u>81,789,566</u>	<u>153,582,553</u>	<u>43,704,529</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	552,164	999,039	1,551,203	-
Deferred loss on VRS pension	1,440,441	280,355	1,720,796	2,366,302
Total deferred outflows of resources	<u>1,992,605</u>	<u>1,279,394</u>	<u>3,271,999</u>	<u>2,366,302</u>
LIABILITIES				
Accounts payable and other current liabilities	2,663,438	521,250	3,184,688	3,432,633
Accrued interest payable	355,400	388,333	743,733	22,112
Due to primary government	-	-	-	216,151
Unearned revenue	197,010	-	197,010	-
Noncurrent liabilities:				
Due within one year	2,877,780	2,444,471	5,322,251	290,420
Due in more than one year	42,432,987	38,350,840	80,783,827	34,196,661
Total liabilities	<u>48,526,615</u>	<u>41,704,894</u>	<u>90,231,509</u>	<u>38,157,977</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - taxes receivable	1,417,560	-	1,417,560	-
Deferred gain on VRS pension	3,015,218	535,040	3,550,258	4,487,185
Total deferred inflows of resources	<u>4,432,778</u>	<u>535,040</u>	<u>4,967,818</u>	<u>4,487,185</u>
NET POSITION				
Net investment in capital assets	30,091,461	32,895,991	62,987,452	36,571,516
Restricted for:				
Judicial administration	105,619	-	105,619	-
Public safety	480,142	-	480,142	-
Public works	924,352	-	924,352	-
Parks, recreation and cultural	10,702	-	10,702	-
Community development	2,336	-	2,336	-
Capital projects	19,175	-	19,175	-
Perpetual care:				
Nonexpendable	582,549	-	582,549	-
Unrestricted	(11,390,137)	7,933,035	(3,457,102)	(33,145,847)
Total net position	<u>\$ 20,826,199</u>	<u>\$ 40,829,026</u>	<u>\$ 61,655,225</u>	<u>\$ 3,425,669</u>

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, 2015

	General Fund	Debt Revenue Fund	Other Governmental Funds	Total Governmental Funds
Exhibit 3				
ASSETS				
Cash and cash equivalents	\$ 15,192,465	\$ 4,402	\$ 2,967,726	\$ 18,164,593
Investments	1,461	-	-	1,461
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	292,601	-	-	292,601
Accounts	671,495	-	164,201	835,696
Due from other funds	1,313,303	-	-	1,313,303
Due from component unit - School Board	216,151	-	-	216,151
Due from external parties	35,719	-	-	35,719
Due from other governments	1,304,539	-	620,628	1,925,167
Restricted assets:				
Cash and cash equivalents	-	-	582,549	582,549
Total assets	\$ 19,027,734	\$ 4,402	\$ 4,335,104	\$ 23,367,240
LIABILITIES				
Accounts payable	921,094	-	750,749	1,671,843
Accrued payroll	649,894	-	33,816	683,710
Retainage payable	-	-	1,695	1,695
Deposits payable	2,500	-	-	2,500
Due to other funds	-	-	294,621	294,621
Amounts held for others	129,510	-	-	129,510
Unearned revenues	197,010	-	-	197,010
Compensated absences	5,802	-	3,342	9,144
Total liabilities	1,905,810	-	1,084,223	2,990,033
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - taxes receivable	1,598,205	-	-	1,598,205
FUND BALANCES				
Nonspendable:				
Permanent fund principal	-	-	582,549	582,549
Restricted for:				
Judicial administration	105,619	-	-	105,619
Public safety	315,716	-	-	315,716
Public works	924,352	-	-	924,352
Parks, recreation and cultural	10,702	-	-	10,702
Community development	2,336	-	-	2,336
Shenandoah Valley Animal Center	-	-	164,426	164,426
Capital projects	-	-	227,006	227,006
Committed to:				
General government administration	1,751,790	-	-	1,751,790
Public works	273,405	-	-	273,405
Health and welfare	47,936	-	-	47,936
Parks, recreation and cultural	2,770	-	-	2,770
Community development	70,683	-	-	70,683
Debt service	635,997	-	-	635,997
EDA revolving loans	-	-	29,186	29,186
Capital projects	-	-	357,312	357,312
SAW self-funded insurance	68,889	-	-	68,889
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, 2015**

	General Fund	Debt Revenue Fund	Other Governmental Funds	Exhibit 3 (cont'd) Total Governmental Funds
FUND BALANCES (cont'd)				
Assigned to:				
General government administration	\$ 86,563	\$ -	\$ -	\$ 86,563
Judicial administration	23,919	-	-	23,919
Public safety	27,333	-	-	27,333
Public works	258,181	-	-	258,181
Parks, recreation and cultural	75,550	-	-	75,550
Community development	31,353	-	-	31,353
Youth and family services	-	-	275,010	275,010
CAPSAW	-	-	158,653	158,653
Self-funded health insurance	-	-	999,272	999,272
Economic Development Authority	-	-	390,869	390,869
Debt service	-	4,402	-	4,402
Capital projects	-	-	66,598	66,598
Unassigned:				
School Board	107,210	-	-	107,210
General	9,654,103	-	-	9,654,103
Total fund balances	15,523,719	4,402	3,250,881	18,779,002
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,027,734	\$ 4,402	\$ 4,335,104	\$ 23,367,240

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 18,779,002
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.	38,861,067
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	5,979,768
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.	2,146,894
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.	3,560,908
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(45,432,073)
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>(3,069,367)</u>
Net position of governmental activities	<u>\$ 20,826,199</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 5

	General Fund	Debt Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 19,356,344	\$ -	\$ -	\$ 19,356,344
Other local taxes	14,696,826	-	-	14,696,826
Permits, privilege fees and regulatory licenses	180,351	-	-	180,351
Fines and forfeitures	258,418	-	-	258,418
Revenue from use of money and property	187,377	-	8,919	196,296
Charges for services	326,596	-	17,279	343,875
Miscellaneous	735,587	-	4,422,181	5,157,768
Recovered costs	66,611	-	601,519	668,130
Intergovernmental:				
Local - School Board	-	200,000	-	200,000
Commonwealth	8,740,619	-	2,316,269	11,056,888
Federal	360,292	-	1,697,651	2,057,943
Total revenues	44,909,021	200,000	9,063,818	54,172,839
EXPENDITURES				
Current:				
General government administration	3,800,691	-	3,279,341	7,080,032
Judicial administration	1,453,153	-	-	1,453,153
Public safety	9,733,396	-	959,992	10,693,388
Public works	4,782,106	-	1,803,025	6,585,131
Health and welfare	503,273	-	4,892,292	5,395,565
Education	13,845,320	-	-	13,845,320
Parks, recreation, and cultural	2,826,740	-	-	2,826,740
Community development	865,362	-	449,731	1,315,093
Debt service:				
Principal retirement	4,228,285	609,857	126,761	4,964,903
Interest and fiscal charges	1,244,745	1,094,379	21,770	2,360,894
Bond issuance costs	54,461	45,969	-	100,430
Redemption of debt	4,905,000	11,060,000	-	15,965,000
Total expenditures	48,242,532	12,810,205	11,532,912	72,585,649
Excess (deficiency) of revenues over (under) expenditures	(3,333,511)	(12,610,205)	(2,469,094)	(18,412,810)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	56,302	-	-	56,302
Refunding bonds issued	4,819,513	11,570,000	-	16,389,513
Premiums on refunding bonds issued	742,144	-	-	742,144
Capital debt issued	2,225,219	-	-	2,225,219
Transfers in	789,904	1,044,607	2,376,904	4,211,415
Transfers out	(4,430,694)	-	(100,838)	(4,531,532)
Total other financing sources and uses	4,202,388	12,614,607	2,276,066	19,093,061
Net change in fund balances	868,877	4,402	(193,028)	680,251
Fund balance - beginning	14,654,842	-	3,443,909	18,098,751
Fund balance - ending	<u>\$ 15,523,719</u>	<u>\$ 4,402</u>	<u>\$ 3,250,881</u>	<u>\$ 18,779,002</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, 2015

		Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$	680,251
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 (2,028,851) exceeded depreciation (1,815,205) in the current period.		213,646
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,701,691
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.		2,125,410
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.		796,907
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>799,249</u>
Change in net position of governmental activities	\$	<u>10,317,154</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, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Exhibit 7				
REVENUES				
General property taxes	\$ 18,997,434	\$ 18,997,434	\$ 19,356,344	\$ 358,910
Other local taxes	13,410,121	13,644,351	14,696,826	1,052,475
Permits, privilege fees and regulatory licenses	187,124	187,124	180,351	(6,773)
Fines and forfeitures	164,673	164,673	258,418	93,745
Revenue from use of money and property	142,000	147,000	187,377	40,377
Charges for services	268,221	271,221	326,596	55,375
Miscellaneous	38,841	694,039	735,587	41,548
Recovered costs	42,936	48,956	66,611	17,655
Intergovernmental:				
Commonwealth	8,562,953	8,548,186	8,740,619	192,433
Federal	-	337,104	360,292	23,188
Total revenues	41,814,303	43,040,088	44,909,021	1,868,933
EXPENDITURES				
Current:				
General government administration	3,777,849	3,985,815	3,800,691	185,124
Judicial administration	1,545,247	1,583,532	1,453,153	130,379
Public safety	9,645,808	9,865,056	9,733,396	131,660
Public works	5,149,901	6,141,586	4,782,106	1,359,480
Health and welfare	521,490	521,490	503,273	18,217
Education	13,606,399	13,952,528	13,845,320	107,208
Parks, recreation and cultural	2,908,951	3,040,582	2,826,740	213,842
Community development	967,652	1,038,558	865,362	173,196
Debt service:				
Principal retirement	1,293,050	4,215,283	4,228,285	(13,002)
Interest and fiscal charges	620,856	1,247,360	1,244,745	2,615
Bond issuance costs	-	52,506	54,461	(1,955)
Redemption of debt	-	4,905,000	4,905,000	-
Total expenditures	40,037,203	50,549,296	48,242,532	2,306,764
Excess (deficiency) of revenues over (under) expenditures	1,777,100	(7,509,208)	(3,333,511)	4,175,697
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	13,817	56,302	42,485
Refunding bonds issued	-	4,826,664	4,819,513	(7,151)
Premium on refunding bonds issued	-	742,918	742,144	(774)
Capital debt issued	-	2,225,000	2,225,219	219
Transfers in	682,012	693,078	789,904	96,826
Transfers out	(4,192,711)	(4,457,028)	(4,430,694)	26,334
Total other financing sources and uses	(3,510,699)	4,044,449	4,202,388	157,939
Net change in fund balances	(1,733,599)	(3,464,759)	868,877	4,333,636
Fund balance - beginning	1,733,599	3,464,759	14,654,842	11,190,083
Fund balance - ending	\$ -	\$ -	\$ 15,523,719	\$ 15,523,719

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

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS
For the Year Ended June 30, 2015

Exhibit 8

	Debt Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental:				
Local - School Board	\$ -	\$ -	\$ 200,000	\$ 200,000
Total revenues	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
EXPENDITURES				
Debt Service:				
Principal retirement	609,857	609,857	609,857	-
Interest and fiscal charges	721,712	634,750	1,094,379	(459,629)
Bond issuance costs	-	-	45,969	(45,969)
Redemption of debt	-	-	11,060,000	(11,060,000)
Total expenditures	<u>1,331,569</u>	<u>1,244,607</u>	<u>12,810,205</u>	<u>(11,565,598)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,331,569)</u>	<u>(1,244,607)</u>	<u>(12,610,205)</u>	<u>(11,365,598)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	11,570,000	11,570,000
Transfers in	<u>1,131,569</u>	<u>1,044,607</u>	<u>1,044,607</u>	<u>-</u>
Total other financing sources and uses	<u>1,131,569</u>	<u>1,044,607</u>	<u>12,614,607</u>	<u>11,570,000</u>
Net change in fund balances	(200,000)	(200,000)	4,402	204,402
Fund balance - beginning	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,402</u>	<u>\$ 4,402</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,273,040	\$ 4,469,358	\$ 1,139,344	\$ 7,881,742	\$ 564,025
Accounts receivable (net of allowance for uncollectibles)	595,428	858,836	266,065	1,720,329	5,765
Inventory	-	-	-	-	894,667
Total current assets	<u>2,868,468</u>	<u>5,328,194</u>	<u>1,405,409</u>	<u>9,602,071</u>	<u>1,464,457</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,743,311	2,743,311	-
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	18,177,778	33,553,397	-	51,731,175	-
Machinery and equipment	761,373	1,873,989	1,309,808	3,945,170	6,712,256
Construction in progress	-	73,472	-	73,472	674,000
Less accumulated depreciation	<u>(12,045,707)</u>	<u>(25,063,331)</u>	<u>(841,323)</u>	<u>(37,950,361)</u>	<u>(5,144,926)</u>
Total capital assets (net of accumulated depreciation)	<u>16,254,889</u>	<u>53,799,785</u>	<u>581,938</u>	<u>70,636,612</u>	<u>2,241,330</u>
Total noncurrent assets	<u>16,254,889</u>	<u>53,799,785</u>	<u>3,325,249</u>	<u>73,379,923</u>	<u>2,241,330</u>
Total assets	<u>19,123,357</u>	<u>59,127,979</u>	<u>4,730,658</u>	<u>82,981,994</u>	<u>3,705,787</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	816,386	182,653	-	999,039	-
Deferred loss on VRS pension	99,289	120,163	60,903	280,355	26,356
Total deferred outflows of resources	<u>915,675</u>	<u>302,816</u>	<u>60,903</u>	<u>1,279,394</u>	<u>26,356</u>
LIABILITIES					
Current liabilities:					
Accounts payable	45,245	40,005	95,823	181,073	47,296
Accrued payroll	53,157	59,721	28,599	141,477	13,443
Accrued interest payable	73,513	314,820	-	388,333	-
Deposits payable	197,455	-	1,245	198,700	-
Due to other funds	-	-	-	-	1,018,682
Compensated absences	700	4,500	12,484	17,684	-
General obligation bonds - current	392,131	408,752	-	800,883	-
Revenue bonds payable - current	-	1,625,904	-	1,625,904	-
Total current liabilities	<u>762,201</u>	<u>2,453,702</u>	<u>138,151</u>	<u>3,354,054</u>	<u>1,079,421</u>
Noncurrent liabilities:					
Compensated absences	40,216	51,132	44,776	136,124	9,325
Net OPEB obligation	34,696	36,551	40,350	111,597	10,509
Net pension liability	673,218	704,155	412,873	1,790,246	205,116
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	12,149,322	6,390,431	-	18,539,753	-
Revenue bonds payable	-	17,773,120	-	17,773,120	-
Total noncurrent liabilities	<u>12,897,452</u>	<u>24,955,389</u>	<u>497,999</u>	<u>38,350,840</u>	<u>224,950</u>
Total liabilities	<u>13,659,653</u>	<u>27,409,091</u>	<u>636,150</u>	<u>41,704,894</u>	<u>1,304,371</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on VRS pension	194,605	203,548	136,887	535,040	59,292
Total deferred outflows of resources	<u>194,605</u>	<u>203,548</u>	<u>136,887</u>	<u>535,040</u>	<u>59,292</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities - Enterprise Funds				Exhibit 9 (cont'd) Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
NET POSITION					
Net investment in capital assets	4,529,822	27,784,231	581,938	32,895,991	2,241,330
Unrestricted	<u>1,654,952</u>	<u>4,033,925</u>	<u>3,436,586</u>	<u>9,125,463</u>	<u>127,150</u>
Total net position	<u>\$ 6,184,774</u>	<u>\$ 31,818,156</u>	<u>\$ 4,018,524</u>	42,021,454	<u>\$ 2,368,480</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	
				<u>(1,192,428)</u>	
				Net position of business-type activities	
				<u>\$ 40,829,026</u>	

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

Exhibit 10

	Business-type Activities - Enterprise Funds				Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 3,602,682	\$ 5,368,271	\$ 1,884,962	\$ 10,855,915	\$ 1,807,165
Miscellaneous	20,341	6,769	8,281	35,391	11,180
Total operating revenues	<u>3,623,023</u>	<u>5,375,040</u>	<u>1,893,243</u>	<u>10,891,306</u>	<u>1,818,345</u>
OPERATING EXPENSES					
Personal services	1,011,043	1,205,032	654,722	2,870,797	323,073
Contractual services	203,688	197,268	464,308	865,264	95,847
Other supplies and expenses	543,616	861,742	213,753	1,619,111	1,395,187
Depreciation	800,763	2,084,496	72,813	2,958,072	369,062
Total operating expenses	<u>2,559,110</u>	<u>4,348,538</u>	<u>1,405,596</u>	<u>8,313,244</u>	<u>2,183,169</u>
Operating income (loss)	<u>1,063,913</u>	<u>1,026,502</u>	<u>487,647</u>	<u>2,578,062</u>	<u>(364,824)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	6,357	6,357	-
Interest income	13,905	19,178	5,688	38,771	-
Gain (loss) on disposal of assets	5,379	2,169	2,794	10,342	15,280
Gain (loss) on equity interest	-	-	(198,082)	(198,082)	-
Discount on loans	-	149,748	-	149,748	-
Bond issuance costs	(148,426)	(50,677)	-	(199,103)	-
Interest and fiscal charges	<u>(376,587)</u>	<u>(994,362)</u>	<u>-</u>	<u>(1,370,949)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(505,729)</u>	<u>(873,944)</u>	<u>(183,243)</u>	<u>(1,562,916)</u>	<u>15,280</u>
Income before contributions and transfers	<u>558,184</u>	<u>152,558</u>	<u>304,404</u>	<u>1,015,146</u>	<u>(349,544)</u>
Capital contributions	64,170	-	-	64,170	-
Transfers in	32,441	-	-	32,441	1,009,183
Transfers out	<u>(231,000)</u>	<u>(340,441)</u>	<u>(139,000)</u>	<u>(710,441)</u>	<u>(11,066)</u>
Change in net position	423,795	(187,883)	165,404	401,316	648,573
Total net position - beginning, as adjusted	<u>5,760,979</u>	<u>32,006,039</u>	<u>3,853,120</u>		<u>1,719,907</u>
Total net position - ending	<u>\$ 6,184,774</u>	<u>\$ 31,818,156</u>	<u>\$ 4,018,524</u>		<u>\$ 2,368,480</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(150,676)</u>	
Change in net position of business-type activities				<u>\$ 250,640</u>	

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Exhibit 11 Governmental Activities
	Water Fund	Sewer Fund	Other	Total	Internal Service Fund
			Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,652,599	\$ 5,431,869	\$ 1,874,596	\$ 10,959,064	\$ -
Cash received from interfund services provided	-	-	-	-	1,818,530
Cash paid to suppliers	(775,965)	(1,139,795)	(686,272)	(2,602,032)	(1,610,848)
Cash paid to employees	(1,047,845)	(1,255,603)	(619,662)	(2,923,110)	(328,189)
Other receipts (payments)	20,341	6,769	8,281	35,391	11,180
Net cash provided (used) by operating activities	<u>1,849,130</u>	<u>3,043,240</u>	<u>576,943</u>	<u>5,469,313</u>	<u>(109,327)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	6,357	6,357	-
Transfer from other funds	32,441	-	-	32,441	158,371
Transfer to other funds	(231,000)	(340,441)	(139,000)	(710,441)	(11,066)
Net cash provided (used) by noncapital financing activities	<u>(198,559)</u>	<u>(340,441)</u>	<u>(132,643)</u>	<u>(671,643)</u>	<u>147,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	5,379	2,169	2,794	10,342	15,280
Acquisition and construction of capital assets	(639,193)	(1,092,586)	(305,481)	(2,037,260)	(1,110,468)
Transfer from other funds	-	-	-	-	1,009,183
Principal paid on capital debt	-	(1,253,407)	-	(1,253,407)	-
Payment for current bond refunding	(11,142,913)	(1,765,290)	-	(12,908,203)	-
Proceeds from capital debt	11,935,595	2,711,141	-	14,646,736	-
Interest paid on capital debt	(1,489,964)	(1,241,898)	-	(2,731,862)	-
Bond issue costs	(148,426)	(50,677)	-	(199,103)	-
Net cash provided (used) by capital and related financing activities	<u>(1,479,522)</u>	<u>(2,690,548)</u>	<u>(302,687)</u>	<u>(4,472,757)</u>	<u>(86,005)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	13,905	19,178	5,688	38,771	-
Cash paid to joint venture	-	-	(204,420)	(204,420)	-
Net cash provided (used) by investing activities	<u>13,905</u>	<u>19,178</u>	<u>(198,732)</u>	<u>(165,649)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	184,954	31,429	(57,119)	159,264	(48,027)
Cash and cash equivalents - beginning of year	<u>2,088,086</u>	<u>4,437,929</u>	<u>1,196,463</u>	<u>7,722,478</u>	<u>612,052</u>
Cash and cash equivalents - end of year	<u>\$ 2,273,040</u>	<u>\$ 4,469,358</u>	<u>\$ 1,139,344</u>	<u>\$ 7,881,742</u>	<u>\$ 564,025</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Exhibit 11 (cont'd)
					Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,063,913	\$ 1,026,502	\$ 487,647	\$ 2,578,062	\$ (364,824)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	800,763	2,084,496	72,813	2,958,072	369,062
(Increase) decrease in accounts receivable	16,747	63,598	(10,636)	69,709	11,365
(Increase) decrease in inventory	-	-	-	-	(48,929)
(Increase) decrease in deferred loss on VRS pension	(99,289)	(120,163)	(60,903)	(280,355)	(26,356)
Increase (decrease) in accounts payable	(28,661)	(80,785)	(8,211)	(117,657)	(70,885)
Increase (decrease) in accrued payroll	7,121	7,281	1,854	16,256	2,055
Increase (decrease) in net OPEB obligation	1,591	1,924	4,278	7,793	423
Increase (decrease) in net pension liability	(231,446)	(242,082)	(104,653)	(578,181)	(70,517)
(Increase) decrease in deferred gain on VRS pension	285,809	298,943	189,062	773,814	87,080
Increase (decrease) in deposits payable	33,170	-	270	33,440	-
Increase (decrease) in compensated absences	(588)	3,526	5,422	8,360	2,199
Total Adjustments	<u>785,217</u>	<u>2,016,738</u>	<u>89,296</u>	<u>2,891,251</u>	<u>255,497</u>
Net cash provided (used) by operating activities	<u>\$ 1,849,130</u>	<u>\$ 3,043,240</u>	<u>\$ 576,943</u>	<u>\$ 5,469,313</u>	<u>\$ (109,327)</u>
Noncash investing, capital, and financing activities:					
Capital contributions of water and sewer lines from developers	<u>\$ 64,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,170</u>	<u>\$ -</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

		Exhibit 12
		Total Agency Funds
ASSETS		
Cash and cash equivalents	\$	324,598
Accounts receivable		57,847
Due from other governments		16,020
Total assets	\$	<u>398,465</u>
LIABILITIES		
Accounts payable		1,749
Accrued payroll		19,907
Payroll taxes and fringes payable		325,070
Due to external parties		35,719
Net OPEB obligation		16,020
Total liabilities	\$	<u>398,465</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Units:

The Waynesboro Economic Development Authority (the "Authority") was established under the Industrial Development and Revenue Bond Act of the *Code of Virginia* and has the responsibility to promote industry and develop trade by inducing manufacturing, industrial, and other commercial enterprises to locate or remain in the City. The City appoints all seven members of the Authority's Board of Directors. In fiscal year 2009, the Authority issued a \$6.25 million note payable to finance an incentive grant that will be payable solely from financial assistance made available by the City to the Authority. 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 Units:

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

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

Separate financial statements of this component unit are not available.

Undivided Interests and Joint Ventures:

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and operating/maintaining regional solid waste disposal areas, systems, and facilities. Assets, liabilities, net position, revenues and expenses of the undivided interest component are reported by the City in its ACSA Joint Landfill Fund. Likewise, the City's investment in the joint venture component of the Landfill, which is an explicit, measurable, equity interest, is reported as an asset in the ACSA Joint Landfill Fund and totaled \$2,743,311 as of June 30, 2015. 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, 2015

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

A. Reporting Entity (cont'd)

Undivided Interests and Joint Ventures: (cont'd)

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in the Middle River Regional Jail Authority, but has no equity interest in the venture. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating and debt service component. The City paid the Jail Authority \$1,320,749 for fiscal year 2015.

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter, with equity interest in the venture. Capital and operating costs are allocated annually based on percentage of ownership for each locality. Activity is shown in a special revenue fund, named Shenandoah Valley Animal Service Center. The City transferred funds to the Regional Animal Shelter in the amount of \$109,116 for fiscal year 2015.

Excluded Organizations:

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

- Waynesboro Redevelopment Housing Authority

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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.

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, 2015

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 interfund activity has been eliminated from the government-wide financial statements.

Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and garbage functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

D. Assets, 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.

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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 \$866,028 at June 30, 2015, and consisted of the following:

General Fund – taxes	\$ 446,046
Water Fund – utility billings	184,982
Sewer Fund – utility billings	185,038
Garbage Fund – utility billings	<u>49,962</u>
Total	<u>\$ 866,028</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 \$582,549 in the Cemetery Care Fund, a permanent fund, are nonspendable and thus restricted. Only earnings may be used by the City to fund the cemetery maintenance costs.

8. *Capital Assets*

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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:

	Years
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, 2014. Employer contributions made after this date are reported as deferred outflows of resources. The City's employer share of fiscal year 2015 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, 2015

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 2015, 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.

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

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

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

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

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

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, 2015

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, 2015, 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 \$3,560,908 difference in the primary government are as follows:

Net position of the internal service funds	\$ 2,368,480
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	1,041,752
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>150,676</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,560,908</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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 \$45,432,073 and \$34,509,193 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	<u>Component Unit School Board</u>
Bonds payable	\$ 30,802,306	\$ -
Plus: Issuance premium	941,522	-
Capital leases payable	3,108	2,454,567
Landfill closure liability	1,804,198	-
Accrued interest payable	355,400	22,112
Net OPEB obligation	525,500	2,418,000
Net pension liability	10,225,761	28,930,836
Compensated absences	<u>774,278</u>	<u>683,678</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 45,432,073</u>	<u>\$ 34,509,193</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 \$2,125,410 and \$267,455 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	<u>School Board</u>
Debt issued or incurred:		
Issuance of general obligation bonds	\$ (18,614,513)	\$ -
Plus premiums	(742,144)	-
Deferred charge on refunding	552,164	-
Principal repayments:		
General obligaton debt	2,423,664	-
Note payable	2,423,848	-
Capital lease	117,391	267,455
Redemption of debt	<u>15,965,000</u>	<u>-</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net net position of governmental activities	<u>\$ 2,125,410</u>	<u>\$ 267,455</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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 \$796,907 and \$490,302 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (68,195)	\$ 11,219
Accrued interest	149,048	5,557
Landfill post-closure care liability	24,130	-
Increase in net OPEB obligation	(22,652)	(357,000)
Increase in net pension liability	588,358	(150,078)
Amortization of issuance premium	39,646	-
Amortization of deferred charge on refunding	<u>86,572</u>	<u>-</u>
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 796,907</u>	<u>\$ (490,302)</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 \$799,249 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ 648,573
Add: Loss from costs in excess of charges to business-type activities	<u>150,676</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 799,249</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, 2015.
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, 2015

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, the Debt Revenue Fund, Comprehensive Services Act Fund, Capital Improvements Fund, School Operating Fund, and School Cafeteria Fund had expenditures exceeding appropriations.

C. Deficit Fund Balance

At June 30, 2015, 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, 2015 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	\$ 1,461	\$ 1,461	\$ -
Total Fair Value	\$ 1,461	\$ 1,461	\$ -

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, 2015, 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	\$ 1,461	\$ 1,461	\$ -	\$ -
Total Fair Value	\$ 1,461	\$ 1,461	\$ -	\$ -

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.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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	\$ -	\$ 718,862
State sales taxes	-	590,388
Local sales taxes	969,008	-
Communications tax	212,388	-
Public assistance grants	68,540	-
Comprehensive Services Act funds	331,919	-
Other State funds	136,722	-
Total Due from the Commonwealth	1,718,577	1,309,250
Federal Government:		
Community Services Block Grant	5,483	-
Community Development Block Grant	76,835	-
Public assistanc grants	51,896	-
Department of Health & Human Services	53,199	-
Department of Environmental Quality	226,882	-
Other federal funds	19,177	-
Total Due from the Federal Government	433,472	-
Total Due from Other Governments	\$ 2,152,049	\$ 1,309,250

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2015 consisted of the following:

Primary Government:

Due to General Fund from:	
Nonmajor governmental funds	\$ 294,621
Nonmajor Internal Service Fund	1,018,682
Total due to General Fund from other funds for cash advances	\$ 1,313,303

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

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Primary Government:

Transfers to General Fund from:	
Nonmajor governmental funds	\$ 100,838
Water Fund for operations	231,000
Sewer Fund for operations	308,000
Nonmajor internal service fund for operations	11,066
Nonmajor enterprise funds for operations	139,000
Total transfers to General Fund	\$ 789,904
Transfers to Water Fund from:	
Sewer Fund for operations	\$ 32,441
Transfers to Debt Revenue Fund from:	
General Fund for debt service	\$ 1,044,607

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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

Transfers to nonmajor governmental funds from:	
General Fund for welfare assistance	\$ 1,712,516
General Fund for Shenandoah Valley Animal Service Center	109,116
General Fund for Economic Development Authority	<u>555,272</u>
Total transfers to nonmajor governmental funds	<u>\$ 2,376,904</u>

Transfers to nonmajor Internal Service Fund from:	
General Fund for equipment purchases	<u>\$ 1,009,183</u>

Component Unit School Board:

Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 295,785</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, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 8,735,499	\$ -	\$ -	\$ 8,735,499
Construction in progress	<u>668,603</u>	<u>2,577,272</u>	<u>(546,531)</u>	<u>2,699,344</u>
Total capital assets not being depreciated	<u>9,404,102</u>	<u>2,577,272</u>	<u>(546,531)</u>	<u>11,434,843</u>
Capital assets, being depreciated				
Buildings	15,573,908	-	-	15,573,908
Improvements other than buildings	5,707,237	-	-	5,707,237
Equipment	10,154,779	634,290	(130,117)	10,658,952
Infrastructure	<u>52,304,532</u>	<u>473,862</u>	<u>-</u>	<u>52,778,394</u>
Total capital assets being depreciated	<u>83,740,456</u>	<u>1,108,152</u>	<u>(130,117)</u>	<u>84,718,491</u>
Less accumulated depreciation for:				
Buildings	(6,138,170)	(325,112)	-	(6,463,282)
Improvements other than buildings	(2,662,448)	(215,025)	-	(2,877,473)
Equipment	(7,449,093)	(792,150)	130,117	(8,111,126)
Infrastructure	<u>(36,747,076)</u>	<u>(851,980)</u>	<u>-</u>	<u>(37,599,056)</u>
Total accumulated depreciation	<u>(52,996,787)</u>	<u>(2,184,267)</u>	<u>130,117</u>	<u>(55,050,937)</u>
Total capital assets being depreciated, net	<u>30,743,669</u>	<u>(1,076,115)</u>	<u>-</u>	<u>29,667,554</u>
Governmental activities capital assets, net	<u>\$ 40,147,771</u>	<u>\$ 1,501,157</u>	<u>\$ (546,531)</u>	<u>\$ 41,102,397</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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	\$ 90,159
Judicial administration	62,513
Public safety	401,345
Public works	909,599
Health and welfare	2,307
Parks, recreation, and cultural	229,963
Community development	<u>119,319</u>
 Total depreciation expense – governmental activities	 <u>\$ 1,815,205</u>

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

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ -	\$ -	\$ 386,268
Construction in progress	<u>73,472</u>	-	-	<u>73,472</u>
Total capital assets not being depreciated	<u>459,740</u>	-	-	<u>459,740</u>
Capital assets, being depreciated:				
Buildings	52,450,888	-	-	52,450,888
Improvements other than buildings	49,971,088	1,760,087	-	51,731,175
Equipment	<u>3,814,433</u>	<u>329,304</u>	<u>(198,567)</u>	<u>3,945,170</u>
Total capital assets being depreciated	<u>106,236,409</u>	<u>2,089,391</u>	<u>(198,567)</u>	<u>108,127,233</u>
Less accumulated depreciation for:				
Buildings	(6,704,648)	(1,028,453)	-	(7,733,101)
Improvements other than buildings	(25,941,940)	(1,678,164)	-	(27,620,104)
Equipment	<u>(2,544,268)</u>	<u>(251,455)</u>	<u>198,567</u>	<u>(2,597,156)</u>
Total accumulated depreciation	<u>(35,190,856)</u>	<u>(2,958,072)</u>	<u>198,567</u>	<u>(37,950,361)</u>
Total capital assets being depreciated, net	<u>71,045,553</u>	<u>(868,681)</u>	-	<u>70,176,872</u>
Business-type activities capital assets, net	<u>\$ 71,505,293</u>	<u>\$ (868,681)</u>	<u>\$ -</u>	<u>\$ 70,636,612</u>

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

Business-type activities:	
Water	\$ 800,763
Sewer	2,084,496
Garbage	<u>72,813</u>
 Total depreciation expense – business-type activities	 <u>\$ 2,958,072</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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 <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
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	51,518,355	162,743	-	51,681,098
Improvements other than buildings	4,141,083	57,384	-	4,198,467
Equipment	<u>3,647,471</u>	<u>179,147</u>	<u>-</u>	<u>3,826,618</u>
Total capital assets being depreciated	<u>59,306,909</u>	<u>399,274</u>	<u>-</u>	<u>59,706,183</u>
Less accumulated depreciation for:				
Buildings	(14,192,239)	(974,037)	-	(15,166,276)
Improvements other than buildings	(2,621,468)	(175,693)	-	(2,797,161)
Equipment	<u>(2,820,682)</u>	<u>(170,474)</u>	<u>-</u>	<u>(2,991,156)</u>
Total accumulated depreciation	<u>(19,634,389)</u>	<u>(1,320,204)</u>	<u>-</u>	<u>(20,954,593)</u>
Total capital assets being depreciated, net	<u>39,672,520</u>	<u>(920,930)</u>	<u>-</u>	<u>38,751,590</u>
School Board capital assets, net	<u>\$ 39,947,013</u>	<u>\$ (920,930)</u>	<u>\$ -</u>	<u>\$ 39,026,083</u>

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

Governmental activities:	
Education	<u>\$ 1,320,204</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 2015, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Grant revenue received, but not spent by June 30, 2015 (General Fund)	\$ 197,010
Total deferred revenue for governmental funds	<u>\$ 197,010</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

9. LONG-TERM DEBT

PRIMARY GOVERNMENT

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

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		State Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,454,608	\$ 1,103,695	\$ 250,000	\$ 37,500	\$ 3,108	\$ 10
2017	2,483,006	1,031,339	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	-	-
2021-2025	15,770,236	2,840,009	-	-	-	-
2026-2030	3,769,088	324,373	-	-	-	-
2031-2035	70,000	3,055	-	-	-	-
	<u>\$ 29,552,306</u>	<u>\$ 7,913,670</u>	<u>\$ 1,250,000</u>	<u>\$ 112,500</u>	<u>\$ 3,108</u>	<u>\$ 10</u>

Year Ending June 30	Business-Type Activities					
	General Obligation Bonds		Virginia Revolving Loans			
			Taxable G.O Bonds		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 412,948	\$ 575,028	\$ 299,779	\$ 125,566	\$ 1,600,751	\$ 73,040
2017	415,000	593,828	308,840	116,505	1,593,251	73,200
2018	432,276	569,467	318,175	107,170	1,598,251	68,459
2019	441,977	549,316	327,791	97,554	1,603,251	63,869
2020	456,910	529,867	337,699	87,646	1,608,251	59,722
2021-2025	2,669,054	2,301,848	1,847,911	278,814	8,116,255	214,344
2026-2030	3,357,322	1,596,385	819,721	30,968	8,101,255	53,872
2031-2035	3,360,000	903,452	-	-	1,131,952	-
2036-2040	2,290,000	166,537	-	-	-	-
	<u>\$ 13,835,487</u>	<u>\$ 7,785,728</u>	<u>\$ 4,259,916</u>	<u>\$ 844,223</u>	<u>\$ 25,353,217</u>	<u>\$ 606,506</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, 2015

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, 2015:

Governmental Activities	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year
General Obligation Bonds	\$ 29,076,458	\$ 18,614,513	\$ 18,138,665	\$ 29,552,306	\$ 2,454,608
Unamortized Bond Premium	325,596	742,144	126,218	941,522	116,920
State Literary Loans	1,500,000	-	250,000	1,250,000	250,000
Note Payable	2,423,847	-	2,423,847	-	-
Capital Leases	120,499	-	117,391	3,108	3,108
Liability for Landfill Closure	1,828,328	-	24,130	1,804,198	-
Net OPEB Obligation	512,934	23,075	-	536,009	-
Net Pension Liability	-	10,430,877	-	10,430,877	-
Compensated Absences	733,186	104,276	44,715	792,747	44,000
Total Governmental Activities	\$ 36,520,848	\$ 29,914,885	\$ 21,124,966	\$ 45,310,767	\$ 2,868,636
<u>Business-type Activities</u>					
General Obligation Bonds	\$ 14,310,000	\$ 11,225,487	\$ 11,700,000	\$ 13,835,487	\$ 412,948
Unamortized Bond Premium	181,255	1,437,087	145,038	1,473,304	113,309
VRA Loan - Taxable G.O. Bond	4,550,900	-	290,984	4,259,916	299,779
VRA Loan - Sewer Revenue Bond	26,241,173	1,984,163	2,872,119	25,353,217	2,283,267
Unamortized Bond Discount	(6,734,009)	149,748	(701,493)	(6,182,264)	(682,516)
Net OPEB Obligation	86,670	24,927	-	111,597	-
Net Pension Liability	-	1,790,246	-	1,790,246	-
Compensated Absences	124,074	35,697	5,963	153,808	17,684
Total Business-type Activities	\$ 38,760,063	\$ 16,647,355	\$ 14,312,611	\$ 40,795,311	\$ 2,444,471
Primary Government Totals	\$ 75,280,911	\$ 46,562,240	\$ 35,437,577	\$ 86,106,078	\$ 5,313,107

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$224,950 at June 30, 2015, 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.	\$ 1,658,981	\$ -
\$14,380,000 General Obligation Public Improvement Bonds – Series 2005 (City and Schools – Kate Collins Middle School), issued August 9, 2005, maturing annually through July 15, 2015, bearing interest at a 4.2849% fixed interest rate payable semiannually. The bonds are shown net of unamortized premium of \$2,904.	327,904	-

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

General Obligation Bonds: (cont'd)

	<u>Govern- mental</u>	<u>Business- type</u>
\$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 \$6,108 for governmental activities and unamortized premium of \$6,547 for business-type activities.	\$ 536,108	\$ 631,547
\$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 \$147,345.	4,498,539	-
\$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 \$33,220.	1,053,220	-
\$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 \$9,801 for governmental activities and unamortized premium of \$22,906 for business-type activities.	449,801	1,047,906
\$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%.	2,857,618	-
\$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%.	11,570,000	-
\$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.	1,570,000	-
\$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 \$742,144 for governmental activities and unamortized premium of \$1,215,779 for business-type activities.	<u>5,561,657</u>	<u>12,441,267</u>
Total General Obligation Bonds	<u>30,493,828</u>	<u>15,080,720</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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>1,250,000</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.	-	4,259,916
\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$3,362,663 is based on imputed interest rate of 4.41%.	-	8,313,257
\$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 \$6,764.	-	376,764
\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$2,674,624 is based on imputed interest rate of 3.55%.	-	8,659,641
\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$144,977 is based on imputed interest rate of 3.12%.	-	525,554
\$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 \$221,308.	-	1,516,308
\$808,932 Sewer Revenue Bond – Series 2015 issued June 18, 2015, maturing semi-annually through February 1, 2036.	-	7,500
Total Virginia Revolving Loans	<u>-</u>	<u>23,658,940</u>
Capital Leases:		
\$278,806 capital lease dated December 10, 2012 for the purchase of public safety records & mobile computing software for the police department, due in monthly installments of \$10,000, with an annual interest rate of 3.89%.	<u>3,108</u>	-
Liability for Municipal Solid Waste Landfill Closure	<u>1,804,198</u>	-
Net OPEB Obligation	<u>536,009</u>	<u>111,597</u>
Net Pension Liability	<u>10,430,877</u>	<u>1,790,246</u>
Compensated Absences	<u>792,747</u>	<u>153,808</u>
Total Primary Government Long-Term Debt	<u>\$ 45,310,767</u>	<u>\$ 40,795,311</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Advance Refunding

The City issued \$27,615,000 in general obligation bonds and \$1,295,000 in sewer revenue bonds with interest rates ranging from 2.625% to 5.125%. The proceeds were used to advance refund \$28,595,000 of outstanding 2005, 2007, and 2008 general obligation bonds and 2008B sewer revenue bonds, which had interest rates ranging from 3.125% to 5.375%. The net proceeds of \$30,804,495 (including premiums of \$2,179,231 and after payment of \$246,264 in underwriting fees and other issuance costs and \$38,472 excess bond proceeds) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the callable portion of the 2005, 2007, 2008 general obligation bonds and 2008B sewer revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of old debt by \$1,551,203. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the 2005, 2007, and 2008 general obligation bonds and 2008B sewer revenue bonds to reduce its total debt service payments by \$2,718,249 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,003,946.

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
2016	\$ 215,420	\$ 127,632
2017	260,668	117,187
2018	239,598	103,454
2019	252,686	90,366
2020	266,490	76,563
2021-2025	<u>1,219,705</u>	<u>152,506</u>
	<u>\$ 2,454,567</u>	<u>\$ 667,708</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, 2015:

Governmental Activities	Balance			Balance June 30, 2015	Due within one year
	July 1, 2014	Additions	Retirements		
Capital Leases	\$ 2,722,022	\$ -	\$ 267,455	\$ 2,454,567	\$ 215,420
Net OPEB Obligation	2,061,000	357,000	-	2,418,000	-
Net Pension Liability	-	28,930,836	-	28,930,836	-
Compensated Absences	694,897	64,197	75,416	683,678	75,000
Total Governmental Activities	<u>\$ 5,477,919</u>	<u>\$ 29,352,033</u>	<u>\$ 342,871</u>	<u>\$ 34,487,081</u>	<u>\$ 290,420</u>

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CITY OF WAYNESBORO, VIRGINIA
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9. LONG-TERM DEBT (cont'd)

COMPONENT UNIT SCHOOL BOARD

Details of Long-Term Indebtedness

Capital Leases:

\$3,498,500 capital lease dated April 30, 2009 for an energy management project, due in semiannual installments of \$171,526, with an annual interest rate of 5.39%. \$ 2,421,086

\$158,102 capital lease dated July 15, 2012 for two 2011 Freightliner/Thomas C2 school buses, due in annual installments of \$34,803, with an annual interest rate of 3.95%. 33,481

Total Capital Leases 2,454,567

Net OPEB Obligation 2,418,000

Net Pension Liability 28,930,836

Compensated Absences 683,678

Total Component Unit School Board Long-Term Debt \$ 34,487,081

10. CAPITAL LEASES

During fiscal year 2013, the City entered into a lease agreement as lessee for financing the acquisition of public safety records & mobile computing software for the police department. This lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of the future minimum lease payments as of the lease inception date. The asset has been recorded as a capital asset with a cumulative cost of \$310,483. The asset has been classified as equipment and will be depreciated as discussed in Note 1.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 3,118
Total minimum lease payments	\$ 3,118
Less: amount representing interest	<u>(10)</u>
Present value of minimum lease payments	<u>\$ 3,108</u>

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

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 343,052
2017	343,052
2018	343,052
2019	343,052
2020	343,052
Thereafter	<u>1,372,212</u>
Total minimum lease payments	\$ 3,087,472
Less: amount representing interest	<u>(666,386)</u>
Present value of minimum lease payments	<u>\$ 2,421,086</u>

CITY OF WAYNESBORO, VIRGINIA
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10. CAPITAL LEASES (cont'd)

During fiscal year 2013, the Component Unit School Board entered into a lease agreement as lessee for financing the purchase of two school buses. This lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of the future minimum lease payments as of the lease inception date. The assets have been recorded as capital assets at a cumulative cost of \$158,102 (\$79,051 each bus). The assets have been classified as equipment and will be depreciated as discussed in Note 1.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 34,803
Total minimum lease payments	\$ 34,803
Less: amount representing interest	(1,322)
Present value of minimum lease payments	<u>\$ 33,481</u>

11. CONTINGENT LIABILITIES

Federal programs in which the City participates were audited in accordance with provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no material matters of noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests that may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments and Other Significant Commitments

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

	<u>Governmental</u>
Estimated project costs financed \$	6,009,199
Costs incurred through 6-30-15	<u>(5,621,966)</u>
Estimated remaining costs	<u>\$ 387,233</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2015:

<u>Function</u>	<u>Restricted</u>	<u>Assigned</u>
General government administration	\$ -	\$ 12,177
Internal Services	-	74,385
Judicial administration	-	23,919
Public safety	-	27,333
Public works	460,083	258,181
Parks, recreation and cultural	-	75,550
Community development	-	<u>31,353</u>
Total	<u>\$ 460,083</u>	<u>\$ 502,898</u>

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12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (cont'd)

Encumbrances in other funds at June 30, 2015, are as follows:

Fund	Amount
Nonmajor Governmental Funds	\$ 50,949
Capital Improvements Fund	256,861
Water Fund	114,442
Sewer Fund	221,658
Nonmajor Enterprise Funds	1,248
Internal Service Fund	5,500
Total	<u>\$ 650,658</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
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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
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<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, 2015

<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, 2015

<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
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<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
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<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 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
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<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>Eligibility:</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>Exceptions to COLA Effective Dates:</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>Eligibility:</p> <p>Same as Plan 1</p> <p>Exceptions to COLA Effective Dates:</p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u></p> <p>Component: Same as Plan 2.</p> <p>Defined Contribution</p> <p>Component:</p> <p>Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates:</p> <p>Same as Plan 1 and Plan 2.</p>
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**CITY OF WAYNESBORO, VIRGINIA
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<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
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13. DEFINED BENEFIT PENSION PLAN (cont'd)

Employees Covered by Benefit Terms - City

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	274
Inactive members:	
Vested inactive members	79
Non-vested inactive members	147
Inactive members active elsewhere in VRS	155
Total inactive members	381
Active members	311
Total covered employees	966

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

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	44
Inactive members:	
Vested inactive members	2
Non-vested inactive members	22
Inactive members active elsewhere in VRS	6
Total inactive members	30
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, 2015 was 5.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2015 was 5.45% 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, 2013.

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 \$1,747,904 and \$1,693,617 for the years ended June 30, 2015 and June 30, 2014, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$54,429 and \$113,413 for the years ended June 30, 2015 and June 30, 2014, respectively.

CITY OF WAYNESBORO, VIRGINIA
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13. DEFINED BENEFIT PENSION PLAN (cont'd)

Contributions (cont'd)

Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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, 2015. Contribution to the pension plan from the school division were \$3,267,648 and \$2,299,687 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The City and School Board's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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, 2013, 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, 2014.

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, 2015

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, 2013 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, 2013, 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, 2014.

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, 2015

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, 2013 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, 2015

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, 2013	\$ 68,515,762	\$ 51,709,709	\$ 16,806,053
Changes for the year:			
Service cost	1,410,687	-	1,410,687
Interest	4,674,679	-	4,674,679
Differences between expected and actual expenses	-	-	-
Contributions - employer	-	1,694,304	(1,694,304)
Contributions - employee	-	637,148	(637,148)
Net investment income	-	8,097,319	(8,097,319)
Benefit payments, including refunds of employee contributions	(3,469,259)	(3,469,259)	-
Administrative expenses	-	(44,224)	44,224
Other changes	-	427	(427)
Net Changes	<u>2,616,107</u>	<u>6,915,715</u>	<u>(4,299,608)</u>
Balances at June 30, 2014	<u>\$ 71,131,869</u>	<u>\$ 58,625,424</u>	<u>\$ 12,506,445</u>

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Changes in Net Pension Liability – School Board Non-professional

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 3,433,917	\$ 3,020,172	\$ 413,745
Changes for the year:			
Service cost	103,795	-	103,795
Interest	234,497	-	234,497
Differences between expected and actual expenses	-	-	-
Contributions - employer	-	108,104	(108,104)
Contributions - employee	-	48,472	(48,472)
Net investment income	-	476,157	(476,157)
Benefit payments, including refunds of employee contributions	(167,926)	(167,926)	-
Administrative expenses	-	(2,557)	2,557
Other changes	-	25	(25)
Net Changes	170,366	462,275	(291,909)
Balances at June 30, 2014	\$ 3,604,283	\$ 3,482,447	\$ 121,836

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	\$21,542,572	\$12,506,445	\$5,006,754
School Board–Non-Professional Net Pension Liability	\$538,727	\$121,836	\$(230,788)

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	\$42,303,000	\$28,809,000	\$17,699,000

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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, 2015, the City's recognized pension expense of \$1,009,892. At June 30, 2015, 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	\$ -	\$ 3,615,196
Employer contributions subsequent to the measurement date	<u>1,747,904</u>	<u>-</u>
Total	\$ 1,747,904	\$ 3,615,196
Less: Training Academy Agency Fund	(39,048)	(90,499)
Plus: Undivided interest in ACSA Joint Landfill	<u>11,940</u>	<u>25,561</u>
Total reported on Exhibit 1	<u>\$ 1,720,796</u>	<u>\$ 3,550,258</u>

\$1,720,796 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, 2016. 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	\$903,799
2017	903,799
2018	903,799
2019	903,799
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, 2015, the School Board's non-professional pension plan recognized pension expense of \$28,380. At June 30, 2015, 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	\$ -	\$ 212,185
Employer contributions subsequent to the measurement date	<u>54,429</u>	<u>-</u>
Total	<u>\$ 54,429</u>	<u>\$ 212,185</u>

\$54,429 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, 2016. 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	\$53,046
2017	53,046
2018	53,046
2019	53,047
Thereafter	-

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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, 2015, the school division reported a liability of \$28,809,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.23839% as compared to 0.23687% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$2,317,000. 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	\$ 171,000	\$ -
Net difference between projected and actual earnings on plan investments	-	4,275,000
Employer contributions subsequent to the measurement date	<u>2,140,873</u>	<u>-</u>
Total	<u>\$ 2,311,873</u>	<u>\$ 4,275,000</u>

\$2,311,873 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, 2016. 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	\$1,031,000
2017	1,031,000
2018	1,031,000
2019	1,031,000
Thereafter	(20,000)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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 2015. 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, 2015

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 \$999,272 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 postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City recognizes a portion of these closure and postclosure care costs as a component of its equity interest in the landfill joint venture. In fiscal year 2008, the City began postclosure care on the old City landfill site.

The \$1,804,198 reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the estimated costs of postclosure care for the old City landfill. This amount is based on what it would cost to perform all closure and postclosure care from 2008 through 2015 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, 2015

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 \$237,000 for fiscal year 2015. The annual employer contributions for fiscal year 2015 were \$209,000.

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	\$ 238,000
Interest on net OPEB obligation	25,000
Adjustment to annual required contribution	<u>(26,000)</u>
Annual OPEB cost (expense)	237,000
Estimated Contributions made	<u>(209,000)</u>
Increase (decrease) in net OPEB obligation	28,000
Net OPEB obligation, beginning of year	<u>615,000</u>
Net OPEB obligation, end of year	<u><u>\$ 643,000</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, 2013	\$ 228,000	68.0%	\$ 579,000
June 30, 2014	235,000	84.7%	615,000
June 30, 2015	237,000	88.2%	643,000

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 \$2,739,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,739,000. 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 22.1%.

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.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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 are assumed to increase 8.00% for Pre-Medicare coverage and Medicare Supplement in 2014 and 2015. 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 \$589,000 for fiscal year 2015. The annual employer contributions for fiscal year 2015 were \$232,000.

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	\$ 593,000
Interest on net OPEB obligation	82,000
Adjustment to annual required contribution	<u>(86,000)</u>
Annual OPEB cost (expense)	589,000
Estimated Contributions made	<u>(232,000)</u>
Increase (decrease) in net OPEB obligation	357,000
Net OPEB obligation, beginning of year	<u>2,061,000</u>
Net OPEB obligation, end of year	<u><u>\$ 2,418,000</u></u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

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:

Fiscal Year <u>Ending</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
June 30, 2013	\$ 718,000	40.3%	\$ 1,632,000
June 30, 2014	746,000	42.3%	2,061,000
June 30, 2015	589,000	39.4%	2,418,000

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 \$5,782,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,782,000. 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 32.5%.

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 and Medicare Supplement 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, 2015

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, 2015, the outstanding balance of the notes was \$29,186.

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, 2015, the outstanding balance of the note was \$5,723,700. \$6,359,697 of revenue related to the buy-in agreement is reported as a special item on Exhibit 2.

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, 2015, \$4,140,834 of such conduit bonds were outstanding.

20. CHANGE IN ACCOUNTING PRINCIPLES

In the current fiscal year, the City adopted the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions* (Statement No. 68). The provisions of Statement No. 68 relevant to the City related to changes in the accounting and reporting of pension plan activities. Specifically, net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension plan are reported in the statement of net position. Statement No. 68 requires the liability for defined benefit pensions to be measured as the portion of the present value of the projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service. The net pension liability, deferred outflows of resources and deferred inflows of resources are calculated based on actuarial valuations performed at least every two years. As the provisions of Statement No. 68 were effective July 1, 2014, net position as of that date has been adjusted accordingly:

	Governmental Activities	Business-type Activities	Component Unit School Board
Net position at June 30, 2014, as last reported:	\$ 23,112,850	\$ 42,708,039	\$ 35,052,301
Adjustments:			
Pension expense	842,290	142,322	2,345,380
Deferred loss on VRS pension	-	-	171,000
Net pension liability	(10,430,877)	(1,762,496)	(28,930,836)
Deferred gain on VRS pension	(3,015,218)	(509,479)	(4,487,185)
Total Adjustments	<u>(12,603,805)</u>	<u>(2,129,653)</u>	<u>(30,901,641)</u>
Net position, restated at July 1, 2014	<u>\$ 10,509,045</u>	<u>\$ 40,578,386</u>	<u>\$ 4,150,660</u>

21. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements which will be effective for the year ended June 30, 2016. Management has not yet evaluated the effects, if any, of adopting these standards:

GASB Statement No. 72, *Fair Value Measurement and Application*, will require measurement of certain assets and liabilities at fair value using specific techniques. This statement will also enhance guidance on fair value application and related disclosures.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2015

22. SUBSEQUENT EVENTS

During fiscal year 2016, the City was required by the Virginia Department of Environmental Quality to maintain a Municipal Separate Storm Sewer System in accordance with the Federal Clean Water Act. The City obtained a Storm-water Local Assistance Fund (SLAF) grant through the Virginia Department of Environmental Quality and a Virginia Water Facilities Revolving Fund loan from the Virginia Resource Authority to fund construction of the facility. The increased costs to maintain this separate system will be funded through a utility fee. The City estimates revenues for 2016 to be \$1,189,500 and to employ eight full time employees and five part time employees. The utility fee is based on a \$3.42 equivalent residential unit (ERU). The City will report operations for this storm-water program as a new enterprise fund during fiscal year 2016.

Subsequent events were evaluated through November 23, 2015, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAYNESBORO, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

CITY	Exhibit 13 2015
Total pension liability	
Service cost	\$ 1,410,687
Interest	4,674,679
Benefit payments, including refunds of employee contributions	<u>(3,469,259)</u>
Net change in total pension liability	2,616,107
Total pension liability - beginning	<u>68,515,762</u>
Total pension liability ending (a)	<u>71,131,869</u>
Plan fiduciary net position	
Contributions - employer	\$ 1,694,304
Contributions - employee	637,148
Net investment income	8,097,319
Benefit payments, including refunds of employee contributions	(3,469,259)
Administrative expense	(44,224)
Other	<u>427</u>
Net change in plan fiduciary net position	6,915,715
Plan fiduciary net position - beginning	<u>51,709,709</u>
Plan fiduciary net position - ending (b)	<u>58,625,424</u>
City of Waynesboro's net pension liability - ending (a) - (b)	<u>\$ 12,506,445</u>
Plan fiduciary net position as a percentage of the total pension liability	82.42%
Covered-employee payroll	12,048,335
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	103.80%
SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)	
	2015
Total pension liability	
Service cost	\$ 103,795
Interest	234,497
Benefit payments, including refunds of employee contributions	<u>(167,926)</u>
Net change in total pension liability	170,366
Total pension liability - beginning	<u>3,433,917</u>
Total pension liability ending (a)	<u>3,604,283</u>
Plan fiduciary net position	
Contributions - employer	\$ 108,104
Contributions - employee	48,472
Net investment income	476,157
Benefit payments, including refunds of employee contributions	(167,926)
Administrative expense	(2,557)
Other	<u>25</u>
Net change in plan fiduciary net position	462,275
Plan fiduciary net position - beginning	<u>3,020,172</u>
Plan fiduciary net position - ending (b)	<u>3,482,447</u>
City of Waynesboro's net pension liability - ending (a) - (b)	<u>\$ 121,836</u>
Plan fiduciary net position as a percentage of the total pension liability	96.62%
Covered-employee payroll	958,709
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	12.708%

(1) The Schedule of Employer's Share of Net Pension Liability and Related Ratios is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other 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 14

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	1,747,904	1,747,904	-	12,629,097	13.84%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	126,426	126,426	-	1,439,930	8.78%

SCHOOL BOARD COMPONENT UNIT (TEACHERS)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	3,267,648	3,267,648	-	22,535,503	14.50%

(1) The Schedule of Employer Contributions is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

	Exhibit 15 2015
Employer's Proportion of the Net Pension Liability (Asset)	0.23839%
Employer's Proportionate Share of Net Pension Liability (Asset)	28,808,716
Employer's Covered-Employee Payroll	19,173,097
Employer's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	150.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

(1) The Schedule of Employer's Share of Net Pension Liability is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other 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 16					
	(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, 2012	47,971,602	66,209,225	18,237,623	72.45%	11,980,649	152.23%
June 30, 2013	49,164,624	68,515,762	19,351,138	71.76%	12,598,370	153.60%
June 30, 2014	53,915,812	67,499,856	13,584,044	79.88%	12,048,335	112.75%

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, 2012	2,800,429	3,480,441	680,012	80.46%	964,160	70.53%
June 30, 2013	2,871,523	3,433,917	562,394	83.62%	927,793	60.62%
June 30, 2014	3,202,688	3,411,860	209,172	93.87%	958,709	21.82%

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%

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

NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

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

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

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

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

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

Self-Funded Health Insurance Fund – to account for funds received from employees and retirees, and disbursed related to health insurance claims paid by the City.

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

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, 2015**

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Special Revenue Shenandoah Valley Animal Service Center Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 205,626	\$ 194,195	\$ 97,793
Accounts receivable	-	-	53,156	40	90,512
Due from other governments	120,436	331,919	59,654	15,197	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	\$ 120,436	\$ 331,919	\$ 318,436	\$ 209,432	\$ 188,305
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	157,734	14,887	50,779	15,260
Accrued payroll	-	-	25,197	-	8,619
Retainage payable	-	-	-	-	-
Due to other funds	120,436	174,185	-	-	-
Compensated absences	-	-	3,342	-	-
Total liabilities	120,436	331,919	43,426	50,779	23,879
Fund Balances:					
Nonspendable:					
Permanent fund principal	-	-	-	-	-
Restricted for:					
Shenandoah Valley Animal Center	-	-	-	-	164,426
Capital projects	-	-	-	-	-
Committed to:					
EDA revolving loans	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Youth and family services	-	-	275,010	-	-
CAPSAW	-	-	-	158,653	-
Self-funded health insurance	-	-	-	-	-
Economic Development Authority	-	-	-	-	-
Capital projects	-	-	-	-	-
Total fund balances	-	-	275,010	158,653	164,426
Total liabilities and fund balances	\$ 120,436	\$ 331,919	\$ 318,436	\$ 209,432	\$ 188,305

Exhibit 17

Self-Funded Health Insurance Fund	Economic Development Authority Fund	Total	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
\$ 1,432,774	\$ 420,055	\$ 2,350,443	\$ 617,283	\$ -	\$ 2,967,726
20,493	-	164,201	-	-	164,201
-	-	527,206	93,422	-	620,628
-	-	-	-	582,549	582,549
<u>\$ 1,453,267</u>	<u>\$ 420,055</u>	<u>\$ 3,041,850</u>	<u>\$ 710,705</u>	<u>\$ 582,549</u>	<u>\$ 4,335,104</u>
453,995	-	692,655	58,094	-	750,749
-	-	33,816	-	-	33,816
-	-	-	1,695	-	1,695
-	-	294,621	-	-	294,621
-	-	3,342	-	-	3,342
<u>453,995</u>	<u>-</u>	<u>1,024,434</u>	<u>59,789</u>	<u>-</u>	<u>1,084,223</u>
-	-	-	-	582,549	582,549
-	-	164,426	-	-	164,426
-	-	-	227,006	-	227,006
-	29,186	29,186	-	-	29,186
-	-	-	357,312	-	357,312
-	-	275,010	-	-	275,010
-	-	158,653	-	-	158,653
999,272	-	999,272	-	-	999,272
-	390,869	390,869	-	-	390,869
-	-	-	66,598	-	66,598
<u>999,272</u>	<u>420,055</u>	<u>2,017,416</u>	<u>650,916</u>	<u>582,549</u>	<u>3,250,881</u>
<u>\$ 1,453,267</u>	<u>\$ 420,055</u>	<u>\$ 3,041,850</u>	<u>\$ 710,705</u>	<u>\$ 582,549</u>	<u>\$ 4,335,104</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Special Revenue				
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund
REVENUES					
Revenue from use of money and property	\$ -	\$ -	\$ 1,475	\$ 1,174	\$ 45
Charges for services	-	-	-	-	17,279
Miscellaneous	-	-	74,642	2,328	17,247
Recovered costs	-	-	264,577	87,250	249,692
Intergovernmental:					
Commonwealth	870,277	1,210,063	177,309	29,800	3,820
Federal	<u>696,568</u>	<u>110,154</u>	<u>191,100</u>	<u>180,331</u>	<u>-</u>
Total revenues	<u>1,566,845</u>	<u>1,320,217</u>	<u>709,103</u>	<u>300,883</u>	<u>288,083</u>
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Public safety	-	-	653,685	-	306,307
Public works	-	-	-	-	-
Health and welfare	2,248,644	2,215,934	150,249	277,465	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,248,644</u>	<u>2,215,934</u>	<u>803,934</u>	<u>277,465</u>	<u>306,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(681,799)</u>	<u>(895,717)</u>	<u>(94,831)</u>	<u>23,418</u>	<u>(18,224)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	681,799	895,717	135,000	-	109,116
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses:	<u>681,799</u>	<u>895,717</u>	<u>135,000</u>	<u>-</u>	<u>109,116</u>
Net change in fund balances	-	-	40,169	23,418	90,892
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>234,841</u>	<u>135,235</u>	<u>73,534</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,010</u>	<u>\$ 158,653</u>	<u>\$ 164,426</u>

Exhibit 18

Self-Funded Health Insurance Fund	Economic Development Authority Fund	Total	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,173	\$ 3,867	\$ 1,285	\$ 3,767	\$ 8,919
-	-	17,279	-	-	17,279
4,278,613	27,688	4,400,518	163	21,500	4,422,181
-	-	601,519	-	-	601,519
-	25,000	2,316,269	-	-	2,316,269
-	9,000	1,187,153	510,498	-	1,697,651
<u>4,278,613</u>	<u>62,861</u>	<u>8,526,605</u>	<u>511,946</u>	<u>25,267</u>	<u>9,063,818</u>
3,279,341	-	3,279,341	-	-	3,279,341
-	-	959,992	-	-	959,992
-	-	-	1,803,025	-	1,803,025
-	-	4,892,292	-	-	4,892,292
-	449,731	449,731	-	-	449,731
-	126,761	126,761	-	-	126,761
-	21,770	21,770	-	-	21,770
<u>3,279,341</u>	<u>598,262</u>	<u>9,729,887</u>	<u>1,803,025</u>	<u>-</u>	<u>11,532,912</u>
<u>999,272</u>	<u>(535,401)</u>	<u>(1,203,282)</u>	<u>(1,291,079)</u>	<u>25,267</u>	<u>(2,469,094)</u>
-	555,272	2,376,904	-	-	2,376,904
-	-	-	(97,071)	(3,767)	(100,838)
-	555,272	2,376,904	(97,071)	(3,767)	2,276,066
999,272	19,871	1,173,622	(1,388,150)	21,500	(193,028)
-	400,184	843,794	2,039,066	561,049	3,443,909
<u>\$ 999,272</u>	<u>\$ 420,055</u>	<u>\$ 2,017,416</u>	<u>\$ 650,916</u>	<u>\$ 582,549</u>	<u>\$ 3,250,881</u>

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, 2015

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	927,321	874,534	870,277	(4,257)
Federal	568,358	704,801	696,568	(8,233)
Total revenues	<u>1,495,679</u>	<u>1,579,335</u>	<u>1,566,845</u>	<u>(12,490)</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	2,157,000	2,270,408	2,248,644	21,764
Total expenditures	<u>2,157,000</u>	<u>2,270,408</u>	<u>2,248,644</u>	<u>21,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(661,321)</u>	<u>(691,073)</u>	<u>(681,799)</u>	<u>9,274</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>661,321</u>	<u>691,073</u>	<u>681,799</u>	<u>(9,274)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 1,174	\$ 1,174
Charges for services	-	-	-	-
Miscellaneous	-	-	2,328	2,328
Recovered costs	87,250	87,250	87,250	-
Intergovernmental:				
Commonwealth	18,000	18,000	29,800	11,800
Federal	140,000	140,000	180,331	40,331
Total revenues	<u>245,250</u>	<u>245,250</u>	<u>300,883</u>	<u>55,633</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	360,050	361,508	277,465	84,043
Total expenditures	<u>360,050</u>	<u>361,508</u>	<u>277,465</u>	<u>84,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,800)</u>	<u>(116,258)</u>	<u>23,418</u>	<u>139,676</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	(114,800)	(116,258)	23,418	139,676
Fund balance - beginning	<u>114,800</u>	<u>116,258</u>	<u>135,235</u>	<u>18,977</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,653</u>	<u>\$ 158,653</u>

Exhibit 19

Comprehensive Services Act Fund				Youth and Family Services Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,475	\$ 1,475
-	-	-	-	36,070	71,775	74,642	2,867
-	-	-	-	275,400	275,400	264,577	(10,823)
1,114,000	1,090,499	1,210,063	119,564	177,385	182,047	177,309	(4,738)
-	-	110,154	110,154	364,975	333,225	191,100	(142,125)
<u>1,114,000</u>	<u>1,090,499</u>	<u>1,320,217</u>	<u>229,718</u>	<u>853,830</u>	<u>862,447</u>	<u>709,103</u>	<u>(153,344)</u>
-	-	-	-	803,050	811,922	653,685	158,237
1,800,000	2,034,230	2,215,934	(181,704)	225,500	225,500	150,249	75,251
1,800,000	2,034,230	2,215,934	(181,704)	1,028,550	1,037,422	803,934	233,488
(686,000)	(943,731)	(895,717)	48,014	(174,720)	(174,975)	(94,831)	80,144
686,000	943,731	895,717	(48,014)	135,000	135,000	135,000	-
-	-	-	-	(39,720)	(39,975)	40,169	80,144
-	-	-	-	39,720	39,975	234,841	194,866
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,010	\$ 275,010
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ -	\$ 45	\$ 45				
-	13,250	17,279	4,029				
-	-	17,247	17,247				
-	223,809	249,692	25,883				
-	-	3,820	3,820				
-	-	-	-				
-	237,059	288,083	51,024				
-	332,427	306,307	26,120				
-	-	-	-				
-	332,427	306,307	26,120				
-	(95,368)	(18,224)	77,144				
-	95,368	109,116	13,748				
-	-	90,892	90,892				
-	-	73,534	73,534				
\$ -	\$ -	\$ 164,426	\$ 164,426				

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, 2015

Exhibit 20

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 1,285	\$ 1,285
Miscellaneous	-	163	163	-
Intergovernmental:				
Federal	-	57,711	510,498	452,787
Total revenues	-	57,874	511,946	454,072
EXPENDITURES				
Current:				
Public works	-	1,307,148	1,803,025	(495,877)
Total expenditures	-	1,307,148	1,803,025	(495,877)
Excess (deficiency) of revenues over (under) expenditures	-	(1,249,274)	(1,291,079)	(41,805)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(97,071)	(97,071)
Total other financing sources and uses	-	-	(97,071)	(97,071)
Net change in fund balances	-	(1,249,274)	(1,388,150)	(138,876)
Fund balance - beginning	-	1,249,274	2,039,066	789,792
Fund balance - ending	\$ -	\$ -	\$ 650,916	\$ 650,916

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERMANENT FUNDS
For the Year Ended June 30, 2015

Exhibit 21

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ 4,012	\$ 4,012	\$ 3,767	\$ (245)
Miscellaneous	-	-	21,500	21,500
Total revenues	<u>4,012</u>	<u>4,012</u>	<u>25,267</u>	<u>21,255</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,012</u>	<u>4,012</u>	<u>25,267</u>	<u>21,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,012)</u>	<u>(4,012)</u>	<u>(3,767)</u>	<u>245</u>
Total other financing sources and uses	<u>(4,012)</u>	<u>(4,012)</u>	<u>(3,767)</u>	<u>245</u>
Net change in fund balances	-	-	21,500	21,500
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>561,049</u>	<u>561,049</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,549</u>	<u>\$ 582,549</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.

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2015

Exhibit 22

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 631,818	\$ 507,526	\$ 1,139,344
Accounts receivable (net of allowance for uncollectibles)	<u>194,821</u>	<u>71,244</u>	<u>266,065</u>
Total current assets	<u>826,639</u>	<u>578,770</u>	<u>1,405,409</u>
Noncurrent assets:			
Equity interest in joint venture	<u>-</u>	<u>2,743,311</u>	<u>2,743,311</u>
Capital assets:			
Buildings	113,453	-	113,453
Machinery and equipment	1,309,808	-	1,309,808
Less accumulated depreciation	<u>(841,323)</u>	<u>-</u>	<u>(841,323)</u>
Total capital assets (net of accumulated depreciation)	<u>581,938</u>	<u>-</u>	<u>581,938</u>
Total noncurrent assets	<u>581,938</u>	<u>2,743,311</u>	<u>3,325,249</u>
Total assets	<u>1,408,577</u>	<u>3,322,081</u>	<u>4,730,658</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on VRS pension	<u>48,963</u>	<u>11,940</u>	<u>60,903</u>
Total deferred outflows of resources	<u>48,963</u>	<u>11,940</u>	<u>60,903</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,844	90,979	95,823
Accrued payroll	28,599	-	28,599
Deposits payable	1,245	-	1,245
Compensated absences	<u>800</u>	<u>11,684</u>	<u>12,484</u>
Total current liabilities	<u>35,488</u>	<u>102,663</u>	<u>138,151</u>
Noncurrent liabilities:			
Compensated absences	33,467	11,309	44,776
Net OPEB obligation	19,723	20,627	40,350
Net pension liability	<u>385,123</u>	<u>27,750</u>	<u>412,873</u>
Total noncurrent liabilities	<u>438,313</u>	<u>59,686</u>	<u>497,999</u>
Total liabilities	<u>473,801</u>	<u>162,349</u>	<u>636,150</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on VRS pension	<u>111,326</u>	<u>25,561</u>	<u>136,887</u>
Total deferred inflows of resources	<u>111,326</u>	<u>25,561</u>	<u>136,887</u>
NET POSITION			
Net investment in capital assets	581,938	-	581,938
Unrestricted	<u>290,475</u>	<u>3,146,111</u>	<u>3,436,586</u>
Total net position	<u>\$ 872,413</u>	<u>\$ 3,146,111</u>	<u>\$ 4,018,524</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2015

Exhibit 23

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,194,867	\$ 690,095	\$ 1,884,962
Miscellaneous	<u>2,046</u>	<u>6,235</u>	<u>8,281</u>
Total operating revenues	<u>1,196,913</u>	<u>696,330</u>	<u>1,893,243</u>
OPERATING EXPENSES			
Personal services	654,722	-	654,722
Contractual services	35,825	428,483	464,308
Other supplies and expenses	213,753	-	213,753
Depreciation	<u>72,813</u>	<u>-</u>	<u>72,813</u>
Total operating expenses	<u>977,113</u>	<u>428,483</u>	<u>1,405,596</u>
Operating income (loss)	<u>219,800</u>	<u>267,847</u>	<u>487,647</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental:			
Commonwealth	6,357	-	6,357
Interest income	4,423	1,265	5,688
Gain (loss) on disposal of assets	2,794	-	2,794
Gain (loss) on equity interest	<u>-</u>	<u>(198,082)</u>	<u>(198,082)</u>
Total nonoperating revenues (expenses)	<u>13,574</u>	<u>(196,817)</u>	<u>(183,243)</u>
Income before contributions and transfers	<u>233,374</u>	<u>71,030</u>	<u>304,404</u>
Transfers out	<u>(139,000)</u>	<u>-</u>	<u>(139,000)</u>
Change in net position	94,374	71,030	165,404
Total net position - beginning (as adjusted)	<u>778,039</u>	<u>3,075,081</u>	<u>3,853,120</u>
Total net position - ending	<u>\$ 872,413</u>	<u>\$ 3,146,111</u>	<u>\$ 4,018,524</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2015

Exhibit 24

	Garbage Fund	ACSA Joint Landfill Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,196,376	\$ 678,220	\$ 1,874,596
Cash paid to suppliers	(247,451)	(438,821)	(686,272)
Cash paid to employees	(666,145)	46,483	(619,662)
Other receipts (payments)	2,046	6,235	8,281
Net cash provided (used) by operating activities	<u>284,826</u>	<u>292,117</u>	<u>576,943</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from state grant	6,357	-	6,357
Transfer to other funds	(139,000)	-	(139,000)
Net cash provided (used) by noncapital financing activities	<u>(132,643)</u>	<u>-</u>	<u>(132,643)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	2,794	-	2,794
Acquisition and construction of capital assets	(305,481)	-	(305,481)
Net cash provided (used) by capital and related financing activities	<u>(302,687)</u>	<u>-</u>	<u>(302,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,423	1,265	5,688
Cash paid to joint venture	-	(204,420)	(204,420)
Net cash provided by investing activities	<u>4,423</u>	<u>(203,155)</u>	<u>(198,732)</u>
Net increase (decrease) in cash and cash equivalents	(146,081)	88,962	(57,119)
Cash and cash equivalents - beginning of year	<u>777,899</u>	<u>418,564</u>	<u>1,196,463</u>
Cash and cash equivalents - end of year	<u>\$ 631,818</u>	<u>\$ 507,526</u>	<u>\$ 1,139,344</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 219,800	\$ 267,847	\$ 487,647
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	72,813	-	72,813
(Increase) decrease in accounts receivable	1,239	(11,875)	(10,636)
(Increase) decrease in deferred loss on VRS pension	(48,963)	(11,940)	(60,903)
Increase (decrease) in accounts payable	2,127	(10,338)	(8,211)
Increase (decrease) in accrued payroll	1,854	-	1,854
Increase (decrease) in net OPEB obligation	785	3,493	4,278
Increase (decrease) in net pension liability	(132,403)	27,750	(104,653)
Increase (decrease) in deferred gain on VRS pension	163,501	25,561	189,062
Increase (decrease) in deposits payable	270	-	270
Increase (decrease) in compensated absences	3,803	1,619	5,422
Total Adjustments	<u>65,026</u>	<u>24,270</u>	<u>89,296</u>
Net cash provided (used) by operating activities	<u>\$ 284,826</u>	<u>\$ 292,117</u>	<u>\$ 576,943</u>

Noncash investing, capital, and financing activities:

There are no noncash activities to disclose.

FIDUCIARY FUNDSAGENCY 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, 2015

Exhibit 25

	Payroll Fringes Fund	Shenandoah Valley Police Academy Fund	First Aid Crew Fund	Total
ASSETS				
Cash and cash equivalents	\$ 324,598	\$ -	\$ -	\$ 324,598
Accounts receivable	472	55,626	1,749	57,847
Due from other governments	-	16,020	-	16,020
Total assets	<u>\$ 325,070</u>	<u>\$ 71,646</u>	<u>\$ 1,749</u>	<u>\$ 398,465</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,749	\$ 1,749
Accrued payroll	-	19,907	-	19,907
Payroll taxes and fringes payable	325,070	-	-	325,070
Due to external parties	-	35,719	-	35,719
Net OPEB obligation	-	16,020	-	16,020
Total liabilities	<u>\$ 325,070</u>	<u>\$ 71,646</u>	<u>\$ 1,749</u>	<u>\$ 398,465</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015

Exhibit 26

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 505,711	\$ 9,101,843	\$ 9,282,956	\$ 324,598
Accounts receivable	620	5,758	5,906	472
Total assets	<u>\$ 506,331</u>	<u>\$ 9,107,601</u>	<u>\$ 9,288,862</u>	<u>\$ 325,070</u>
Liabilities:				
Payroll taxes and fringes payable	\$ 506,331	\$ 11,510,835	\$ 11,692,096	\$ 325,070
Total liabilities	<u>\$ 506,331</u>	<u>\$ 11,510,835</u>	<u>\$ 11,692,096</u>	<u>\$ 325,070</u>
Shenandoah Valley Police Academy Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 440,188	\$ 440,188	\$ -
Accounts receivable	47,765	448,049	440,188	55,626
Due from other governments	15,395	625	-	16,020
Total assets	<u>\$ 63,160</u>	<u>\$ 888,862</u>	<u>\$ 880,376</u>	<u>\$ 71,646</u>
Liabilities:				
Accrued payroll	\$ 16,273	\$ 19,907	\$ 16,273	\$ 19,907
Due to external parties	31,492	4,227	-	35,719
Net OPEB obligation	15,395	625	-	16,020
Total liabilities	<u>\$ 63,160</u>	<u>\$ 24,759</u>	<u>\$ 16,273</u>	<u>\$ 71,646</u>
First Aid Crew Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 20,137	\$ 20,137	\$ -
Accounts receivable	5,450	16,545	20,246	1,749
Total assets	<u>\$ 5,450</u>	<u>\$ 36,682</u>	<u>\$ 40,383</u>	<u>\$ 1,749</u>
Liabilities:				
Accounts payable	\$ 1,651	\$ 16,435	\$ 16,337	\$ 1,749
Due to external parties	3,799	-	3,799	-
Total liabilities	<u>\$ 5,450</u>	<u>\$ 16,435</u>	<u>\$ 20,136</u>	<u>\$ 1,749</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 505,711	\$ 9,562,168	\$ 9,743,281	\$ 324,598
Accounts receivable	53,835	470,352	466,340	57,847
Due from other governments	15,395	625	-	16,020
Total assets	<u>\$ 574,941</u>	<u>\$ 10,033,145</u>	<u>\$ 10,209,621</u>	<u>\$ 398,465</u>
Liabilities:				
Accounts payable	\$ 1,651	\$ 16,435	\$ 16,337	\$ 1,749
Accrued payroll	16,273	19,907	16,273	19,907
Payroll taxes and fringes payable	506,331	11,510,835	11,692,096	325,070
Due to external parties	35,291	4,227	3,799	35,719
Net OPEB obligation	15,395	625	-	16,020
Total liabilities	<u>\$ 574,941</u>	<u>\$ 11,552,029</u>	<u>\$ 11,728,505</u>	<u>\$ 398,465</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**MAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS

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

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

NONMAJOR GOVERNMENTAL FUNDSSPECIAL 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 FUNDSPRIVATE-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, 2015

	Exhibit 27			
	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,293,679	\$ 706,491	\$ 316,148	\$ 3,316,318
Accounts receivable	51,776	-	1,102	52,878
Due from other governments	<u>1,266,753</u>	<u>-</u>	<u>42,497</u>	<u>1,309,250</u>
Total assets	<u>\$ 3,612,208</u>	<u>\$ 706,491</u>	<u>\$ 359,747</u>	<u>\$ 4,678,446</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	280,074	88,469	9,990	378,533
Accrued payroll	2,962,636	-	91,464	3,054,100
Due to primary government	<u>-</u>	<u>-</u>	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>3,242,710</u>	<u>88,469</u>	<u>317,605</u>	<u>3,648,784</u>
Fund balances:				
Committed to:				
Education	369,498	-	-	369,498
Assigned to:				
Education	-	618,022	238,190	856,212
Unassigned:	<u>-</u>	<u>-</u>	<u>(196,048)</u>	<u>(196,048)</u>
Total fund balances	<u>369,498</u>	<u>618,022</u>	<u>42,142</u>	<u>1,029,662</u>
Total liabilities and fund balances	<u>\$ 3,612,208</u>	<u>\$ 706,491</u>	<u>\$ 359,747</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,026,083
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.	2,366,302
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(34,509,193)
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>(4,487,185)</u>
Net position of governmental activities	<u>\$ 3,425,669</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, 2015

	School Operating Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
Exhibit 28				
REVENUES				
Revenue from use of money and property	\$ 44,660	\$ -	\$ -	\$ 44,660
Charges for services	92,338	-	333,148	425,486
Miscellaneous	166,317	3,781	4,317	174,415
Recovered costs	151,959	-	-	151,959
Intergovernmental:				
Local	13,812,917	-	-	13,812,917
Commonwealth	16,842,162	-	25,194	16,867,356
Federal	2,402,994	-	1,019,590	3,422,584
Total revenues	<u>33,513,347</u>	<u>3,781</u>	<u>1,382,249</u>	<u>34,899,377</u>
EXPENDITURES				
Current:				
Education	32,323,867	191,037	1,370,637	33,885,541
Payment to the City	200,000	-	-	200,000
Debt Service:				
Principal retirement	267,455	-	-	267,455
Interest and fiscal charges	145,204	-	-	145,204
Total expenditures	<u>32,936,526</u>	<u>191,037</u>	<u>1,370,637</u>	<u>34,498,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>576,821</u>	<u>(187,256)</u>	<u>11,612</u>	<u>401,177</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	17,609	-	-	17,609
Transfers in	-	295,785	-	295,785
Transfers out	<u>(295,785)</u>	<u>-</u>	<u>-</u>	<u>(295,785)</u>
Total other financing sources and uses	<u>(278,176)</u>	<u>295,785</u>	<u>-</u>	<u>17,609</u>
Net change in fund balances	298,645	108,529	11,612	418,786
Fund balance (deficit) - beginning	<u>70,853</u>	<u>509,493</u>	<u>30,530</u>	
Fund balance - ending	<u>\$ 369,498</u>	<u>\$ 618,022</u>	<u>\$ 42,142</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 (1,320,204) exceeded capital outlays (399,274) in the current period. (920,930)

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. 267,455

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. (490,302)

Change in net position of governmental activities \$ (724,991)

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 June 30, 2015

	Private- Purpose Trust Kimler	Agency School Payroll Fringes
Exhibit 29		
ASSETS		
Cash and cash equivalents	\$ -	\$ 841,694
Restricted assets:		
Cash and cash equivalents	13,164	-
Total assets	13,164	\$ 841,694
LIABILITIES		
Payroll taxes and fringes payable	-	841,694
Total liabilities	-	\$ 841,694
NET POSITION		
Restricted for:		
Educational purposes	\$ 13,164	

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, 2015

	Exhibit 30
	Private- Purpose Trust Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 90
Total additions	90
DEDUCTIONS	
Education expenses	-
Total deductions	-
Change in net position	90
Net position - beginning	13,074
Net position - ending	\$ 13,164

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, 2015

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 43,863	\$ 43,863	\$ 44,660	\$ 797
Charges for services	72,084	72,084	92,338	20,254
Miscellaneous	114,400	153,400	166,317	12,917
Recovered costs	80,000	80,000	151,959	71,959
Intergovernmental:				
Local	13,573,996	13,920,125	13,812,917	(107,208)
Commonwealth	16,457,765	16,516,165	16,842,162	325,997
Federal	2,393,196	2,547,247	2,402,994	(144,253)
Total revenues	<u>32,735,304</u>	<u>33,332,884</u>	<u>33,513,347</u>	<u>180,463</u>
EXPENDITURES				
Current:				
Education	32,064,206	32,363,141	32,323,867	39,274
Payment to the City	-	-	200,000	(200,000)
Debt service:				
Principal retirement	267,455	267,455	267,455	-
Interest and fiscal charges	110,404	110,404	145,204	(34,800)
Total expenditures	<u>32,442,065</u>	<u>32,741,000</u>	<u>32,936,526</u>	<u>(195,526)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>293,239</u>	<u>591,884</u>	<u>576,821</u>	<u>(15,063)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	17,609	17,609
Transfers in	-	-	-	-
Transfers out	(293,239)	(601,884)	(295,785)	306,099
Total other financing sources and uses	<u>(293,239)</u>	<u>(601,884)</u>	<u>(278,176)</u>	<u>323,708</u>
Net change in fund balances	-	(10,000)	298,645	308,645
Fund balance - beginning	-	10,000	70,853	60,853
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,498</u>	<u>\$ 369,498</u>

Exhibit 31

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	3,781	3,781
-	-	-	-
-	-	-	-
-	-	-	-
-	-	3,781	3,781
288,660	288,660	191,037	97,623
-	-	-	-
-	-	-	-
-	-	-	-
288,660	288,660	191,037	97,623
(288,660)	(288,660)	(187,256)	101,404
-	-	-	-
288,660	288,660	295,785	7,125
-	-	-	-
288,660	288,660	295,785	7,125
-	-	108,529	108,529
-	-	509,493	509,493
\$ -	\$ -	\$ 618,022	\$ 618,022

**CITY OF WAYNESBORO, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

Exhibit 32

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 296,045	\$ 20,103	\$ 316,148
Accounts receivable	1,102	-	1,102
Due from other governments	42,497	-	42,497
Total assets	\$ 339,644	\$ 20,103	\$ 359,747
LIABILITIES			
Accounts payable	9,990	-	9,990
Accrued payroll	91,464	-	91,464
Due to primary government	-	216,151	216,151
Total liabilities	101,454	216,151	317,605
FUND BALANCES (deficits):			
Assigned to:			
Education	238,190	-	238,190
Unassigned:	-	(196,048)	(196,048)
Total fund balances (deficits)	238,190	(196,048)	42,142
Total liabilities and fund balances	\$ 339,644	\$ 20,103	\$ 359,747

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, 2015

Exhibit 33

	Special Revenue School Cafeteria Fund	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 333,148	\$ -	\$ 333,148
Miscellaneous	4,317	-	4,317
Intergovernmental:			
Commonwealth	25,194	-	25,194
Federal	1,019,590	-	1,019,590
Total revenues	<u>1,382,249</u>	<u>-</u>	<u>1,382,249</u>
EXPENDITURES			
Current:			
Education	<u>1,370,637</u>	<u>-</u>	<u>1,370,637</u>
Total expenditures	<u>1,370,637</u>	<u>-</u>	<u>1,370,637</u>
Excess (deficiency) of revenues over (under) expenditures	11,612	-	11,612
Fund balance - beginning	<u>226,578</u>	<u>(196,048)</u>	<u>30,530</u>
Fund balance - ending	<u>\$ 238,190</u>	<u>\$ (196,048)</u>	<u>\$ 42,142</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, 2015

Exhibit 34

School Cafeteria Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 318,345	\$ 318,345	\$ 333,148	\$ 14,803
Miscellaneous	9,112	9,112	4,317	(4,795)
Intergovernmental:				
Commonwealth	36,920	36,920	25,194	(11,726)
Federal	984,943	984,943	1,019,590	34,647
Total revenues	<u>1,349,320</u>	<u>1,349,320</u>	<u>1,382,249</u>	<u>32,929</u>
EXPENDITURES				
Current:				
Education	<u>1,349,320</u>	<u>1,349,320</u>	<u>1,370,637</u>	<u>(21,317)</u>
Total expenditures	<u>1,349,320</u>	<u>1,349,320</u>	<u>1,370,637</u>	<u>(21,317)</u>
Excess (deficiency) of revenues over (under)				
Expenditures	-	-	11,612	11,612
Fund balance - beginning	-	-	<u>226,578</u>	<u>226,578</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,190</u>	<u>\$ 238,190</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, 2015

	Balance July 1, 2014	Additions	Deletions	Exhibit 35 Balance June 30, 2015
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 808,371	\$ 14,276,104	\$ 14,242,781	\$ 841,694
Total assets	<u>\$ 808,371</u>	<u>\$ 14,276,104</u>	<u>\$ 14,242,781</u>	<u>\$ 841,694</u>
Liabilities:				
Payroll taxes and fringes payable	808,371	14,276,104	14,242,781	841,694
Total liabilities	<u>\$ 808,371</u>	<u>\$ 14,276,104</u>	<u>\$ 14,242,781</u>	<u>\$ 841,694</u>

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

CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
June 30, 2015

Exhibit 36

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
<u>PRIMARY GOVERNMENT:</u>							
General government administration	\$ 4,923,193	\$ -	\$ 1,614,639	\$ 50,600	\$ 605,235	\$ -	\$ 7,193,667
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	-	4,064,352	368,537	2,578,612	-	7,011,501
Public works	305,189	1,624,534	2,206,870	395,490	191,060	52,778,394	57,501,537
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	-	242,965	3,867,959	2,413,620	419,268	-	6,943,812
Community development	<u>3,507,117</u>	<u>157,845</u>	<u>-</u>	<u>2,214,952</u>	<u>40,036</u>	<u>-</u>	<u>5,919,950</u>
Total Primary Government	<u>\$ 8,735,499</u>	<u>\$ 2,025,344</u>	<u>\$ 15,573,908</u>	<u>\$ 5,707,237</u>	<u>\$ 3,946,696</u>	<u>\$ 52,778,394</u>	<u>\$ 88,767,078</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>							
Schools:							
Education	<u>\$ 274,493</u>	<u>\$ -</u>	<u>\$ 51,681,099</u>	<u>\$ 4,198,467</u>	<u>\$ 3,826,618</u>	<u>\$ -</u>	<u>\$ 59,980,677</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, 2015

	Exhibit 37			
Function and Activity	Governmental Funds Capital Assets June 30, 2014	Additions	Deductions	Governmental Funds Capital Assets June 30, 2015
<u>PRIMARY GOVERNMENT:</u>				
General government administration	\$ 7,115,741	\$ 77,926	\$ -	\$ 7,193,667
Judicial administration	3,564,771	-	-	3,564,771
Public safety	7,000,846	10,655	-	7,011,501
Public works	55,712,058	1,789,479	-	57,501,537
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	6,853,645	90,167	-	6,943,812
Community development	<u>5,859,326</u>	<u>60,624</u>	<u>-</u>	<u>5,919,950</u>
 Total Primary Government	 <u>\$ 86,738,227</u>	 <u>\$ 2,028,851</u>	 <u>\$ -</u>	 <u>\$ 88,767,078</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>				
Schools:				
Education	<u>\$ 59,581,403</u>	<u>\$ 399,274</u>	<u>\$ -</u>	<u>\$ 59,980,677</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.

SUPPLEMENTAL DATA

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,377,398	\$ 13,377,398	\$ 13,428,019	\$ 50,621
Real and personal public service corporation property taxes	855,547	855,547	846,931	(8,616)
Personal property taxes	3,370,349	3,370,349	3,637,389	267,040
Mobile home taxes	5,881	5,881	7,086	1,205
Machinery and tools taxes	1,057,301	1,057,301	1,091,839	34,538
Rolling stock	23,638	23,638	27,740	4,102
Penalties	194,430	194,430	213,062	18,632
Interest	112,890	112,890	104,278	(8,612)
Total General Property Taxes	<u>18,997,434</u>	<u>18,997,434</u>	<u>19,356,344</u>	<u>358,910</u>
Other local taxes:				
Local sales and use tax	4,925,000	5,159,230	5,548,840	389,610
Consumers' utility taxes	1,020,971	1,020,971	1,041,682	20,711
Business license taxes	1,978,163	1,978,163	2,068,303	90,140
Motor vehicle licenses	409,829	409,829	414,683	4,854
Bank stock taxes	231,251	231,251	284,479	53,228
Taxes on recordation and wills	136,855	136,855	175,659	38,804
Lodging taxes	629,419	629,419	710,395	80,976
Restaurant food taxes	3,650,000	3,650,000	4,040,759	390,759
Tobacco taxes	400,733	400,733	378,828	(21,905)
Short-term rental taxes	4,900	4,900	4,593	(307)
Payments in lieu of tax	23,000	23,000	28,605	5,605
Total Other Local Taxes	<u>13,410,121</u>	<u>13,644,351</u>	<u>14,696,826</u>	<u>1,052,475</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	17,148	17,148	14,316	(2,832)
Permits and other licenses	169,976	169,976	166,035	(3,941)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>187,124</u>	<u>187,124</u>	<u>180,351</u>	<u>(6,773)</u>
Fines and forfeitures:				
Parking fines	9,000	9,000	10,200	1,200
Fines and forfeitures	155,673	155,673	248,218	92,545
Total Fines and Forfeitures	<u>164,673</u>	<u>164,673</u>	<u>258,418</u>	<u>93,745</u>
Revenue from use of money and property:				
Revenue from use of money	106,840	106,840	133,440	26,600
Revenue from use of property	35,160	40,160	53,937	13,777
Total Revenue from Use of Money and Property	<u>142,000</u>	<u>147,000</u>	<u>187,377</u>	<u>40,377</u>
Charges for services:				
Commonwealth's attorney fees	1,800	1,800	3,175	1,375
Charges for court appointed attorney	10,000	10,000	15,751	5,751
Charges for maintenance of buildings and grounds	11,200	11,200	12,008	808
Charges for maintenance of highways, streets, bridges, and sidewalks	-	-	28,368	28,368
Charges for planning services	15,000	15,000	18,101	3,101
Charges for recreation	207,410	210,410	223,045	12,635
Charges for library	22,811	22,811	26,148	3,337
Total Charges for Services	<u>268,221</u>	<u>271,221</u>	<u>326,596</u>	<u>55,375</u>
Miscellaneous revenue:				
Gifts and donations	5,000	13,627	17,333	3,706
Other revenue	33,841	680,412	718,254	37,842
Total Miscellaneous Revenue	<u>38,841</u>	<u>694,039</u>	<u>735,587</u>	<u>41,548</u>
Recovered Costs	42,936	48,956	66,611	17,655
Total Revenue from Local Sources	<u>33,251,350</u>	<u>34,154,798</u>	<u>35,808,110</u>	<u>1,653,312</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,925	\$ 1,925	\$ 1,695	\$ (230)
Grantor tax	30,000	30,000	40,604	10,604
Sales tax on rental passenger vehicles	75,000	75,000	69,030	(5,970)
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	727,340	705,208	705,208	-
Rolling stock tax	17,100	17,100	16,587	(513)
Communications tax	1,311,165	1,311,165	1,293,878	(17,287)
Recordation tax	40,000	40,000	65,869	25,869
Total Non-categorical Aid	<u>3,923,987</u>	<u>3,901,855</u>	<u>3,914,328</u>	<u>12,473</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	402,447	391,395	386,528	(4,867)
Sheriff	271,870	266,006	259,619	(6,387)
Commissioner of the revenue	88,210	87,619	88,066	447
Treasurer	83,633	83,200	82,856	(344)
Clerk of circuit court	228,222	225,121	219,278	(5,843)
State compensation board reimbursement	-	-	19,783	19,783
Registrar/Electoral board	38,823	37,710	35,719	(1,991)
Total Shared Expenses	<u>1,113,205</u>	<u>1,091,051</u>	<u>1,091,849</u>	<u>798</u>
Other categorical aid:				
Street and highway maintenance	3,212,242	3,212,242	3,300,558	88,316
Library	143,732	139,366	139,237	(129)
Four for Life	-	18,098	18,098	-
Virginia Arts	-	-	5,000	5,000
Fire Board funds	-	-	66,550	66,550
Drug seizure	-	-	19,193	19,193
Victim/witness	50,093	50,093	51,999	1,906
E-911 wireless	119,694	120,866	122,960	2,094
Virginia Tourism Commission	-	2,328	7,328	5,000
Forestry grants	-	-	1,408	1,408
Other state funds	-	12,287	2,111	(10,176)
Total Other Categorical Aid	<u>3,525,761</u>	<u>3,555,280</u>	<u>3,734,442</u>	<u>179,162</u>
Total Categorical Aid	<u>4,638,966</u>	<u>4,646,331</u>	<u>4,826,291</u>	<u>179,960</u>
Total Revenue from the Commonwealth	<u>8,562,953</u>	<u>8,548,186</u>	<u>8,740,619</u>	<u>192,433</u>
Revenue from the Federal Government:				
Categorical aid:				
CDBG grant	-	7,500	7,500	-
DMV grants	-	8,660	8,660	-
Federal equitable sharing	-	-	34,518	34,518
FEMA disaster assistance	-	-	7,500	7,500
EPA grant	-	209,526	215,549	6,023
Forestry grants	-	-	5,000	5,000
Drug seizure	-	111,418	76,868	(34,550)
Other federal funds	-	-	4,697	4,697
Total Categorical Aid	<u>-</u>	<u>337,104</u>	<u>360,292</u>	<u>23,188</u>
Total Revenue from the Federal Government	<u>-</u>	<u>337,104</u>	<u>360,292</u>	<u>23,188</u>
Total General Fund	<u>\$ 41,814,303</u>	<u>\$ 43,040,088</u>	<u>\$ 44,909,021</u>	<u>\$ 1,868,933</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	927,321	874,534	870,277	(4,257)

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, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Virginia Public Assistance Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	\$ 568,358	\$ 704,801	\$ 696,568	\$ (8,233)
Total Revenue from the Federal Government	<u>568,358</u>	<u>704,801</u>	<u>696,568</u>	<u>(8,233)</u>
Total Virginia Public Assistance Fund	<u>\$ 1,495,679</u>	<u>\$ 1,579,335</u>	<u>\$ 1,566,845</u>	<u>\$ (12,490)</u>
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	<u>1,114,000</u>	<u>1,090,499</u>	<u>1,210,063</u>	<u>119,564</u>
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	<u>-</u>	<u>-</u>	<u>110,154</u>	<u>110,154</u>
Total Comprehensive Services Act Fund	<u>\$ 1,114,000</u>	<u>\$ 1,090,499</u>	<u>\$ 1,320,217</u>	<u>\$ 229,718</u>
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	<u>-</u>	<u>-</u>	<u>1,475</u>	<u>1,475</u>
Miscellaneous revenue:				
Gifts and donations	<u>36,070</u>	<u>71,775</u>	<u>72,601</u>	<u>826</u>
Other revenue	<u>-</u>	<u>-</u>	<u>2,041</u>	<u>2,041</u>
Total Miscellaneous Revenue	<u>36,070</u>	<u>71,775</u>	<u>74,642</u>	<u>2,867</u>
Recovered Costs	<u>275,400</u>	<u>275,400</u>	<u>264,577</u>	<u>(10,823)</u>
Total Revenue from Local Sources	<u>311,470</u>	<u>347,175</u>	<u>340,694</u>	<u>(6,481)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	<u>117,385</u>	<u>115,697</u>	<u>117,732</u>	<u>2,035</u>
VFHL grant	<u>60,000</u>	<u>60,000</u>	<u>53,227</u>	<u>(6,773)</u>
VA ABC grant	<u>-</u>	<u>6,350</u>	<u>6,350</u>	<u>-</u>
Total Revenue from the Commonwealth	<u>177,385</u>	<u>182,047</u>	<u>177,309</u>	<u>(4,738)</u>
Revenue from the Federal Government:				
Categorical aid:				
Youth employment grants	<u>156,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adolescent pregnancy prevention grant	<u>200,000</u>	<u>200,000</u>	<u>144,619</u>	<u>(55,381)</u>
DOJ grant	<u>8,225</u>	<u>8,225</u>	<u>1,389</u>	<u>(6,836)</u>
Substance abuse/mental health	<u>-</u>	<u>125,000</u>	<u>45,092</u>	<u>(79,908)</u>
Total Revenue from the Federal Government	<u>364,975</u>	<u>333,225</u>	<u>191,100</u>	<u>(142,125)</u>
Total Youth and Family Services Fund	<u>\$ 853,830</u>	<u>\$ 862,447</u>	<u>\$ 709,103</u>	<u>\$ (153,344)</u>
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	<u>-</u>	<u>-</u>	<u>1,174</u>	<u>1,174</u>
Miscellaneous revenue:				
Other revenue	<u>-</u>	<u>-</u>	<u>2,328</u>	<u>2,328</u>
Recovered Costs	<u>87,250</u>	<u>87,250</u>	<u>87,250</u>	<u>-</u>
Total Revenue from Local Sources	<u>87,250</u>	<u>87,250</u>	<u>90,752</u>	<u>3,502</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (cont'd)				
Revenue from the Commonwealth:				
Categorical aid:				
EITC grant funding	\$ 8,000	\$ 8,000	\$ 9,000	\$ 1,000
CSBG grant	10,000	10,000	-	(10,000)
TANF grant	-	-	20,800	20,800
Total Revenue from the Commonwealth	<u>18,000</u>	<u>18,000</u>	<u>29,800</u>	<u>11,800</u>
Revenue from the Federal Government:				
Categorical aid:				
VITA grant	-	-	12,500	12,500
CSBG grant	140,000	140,000	167,831	27,831
Total Revenue from the Federal Government	<u>140,000</u>	<u>140,000</u>	<u>180,331</u>	<u>40,331</u>
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 245,250</u>	<u>\$ 245,250</u>	<u>\$ 300,883</u>	<u>\$ 55,633</u>
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	45	45
Charges for services:				
Animal adoption fees	-	6,750	11,781	5,031
Animal control fees	-	6,500	5,498	(1,002)
Total Charges for Services	<u>-</u>	<u>13,250</u>	<u>17,279</u>	<u>4,029</u>
Miscellaneous revenue:				
Gifts and donations	-	-	14,421	14,421
Other revenue	-	-	2,826	2,826
Total Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>17,247</u>	<u>17,247</u>
Recovered Costs	-	223,809	249,692	25,883
Total Revenue from Local Sources	<u>-</u>	<u>237,059</u>	<u>284,263</u>	<u>47,204</u>
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	-	3,820	3,820
Total Revenue from the Commonwealth	<u>-</u>	<u>-</u>	<u>3,820</u>	<u>3,820</u>
Total Shenandoah Valley Animal Service Center Fund	<u>\$ -</u>	<u>\$ 237,059</u>	<u>\$ 288,083</u>	<u>\$ 51,024</u>
Total Special Revenue Funds	<u>\$ 3,708,759</u>	<u>\$ 4,014,590</u>	<u>\$ 4,185,131</u>	<u>\$ 170,541</u>
Debt Service Funds:				
Debt Revenue Fund:				
Revenue from Local Government:				
Contribution from Component Unit - School Board	-	-	200,000	200,000
Total Debt Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Total Debt Service Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	1,285	1,285
Miscellaneous revenue:				
Other revenue	-	163	163	-
Total Revenue from Local Sources	<u>-</u>	<u>163</u>	<u>1,448</u>	<u>1,285</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Capital Projects Funds: (cont'd)				
Capital Improvements Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
VDOT grants	\$ -	\$ -	\$ 223,604	\$ 223,604
EPA grants	-	-	170,067	170,067
CDBG grant	-	57,711	116,827	59,116
Total Revenue from the Federal Government	<u>-</u>	<u>57,711</u>	<u>510,498</u>	<u>452,787</u>
Total Capital Improvements Fund	<u>\$ -</u>	<u>\$ 57,874</u>	<u>\$ 511,946</u>	<u>\$ 454,072</u>
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ 57,874</u>	<u>\$ 511,946</u>	<u>\$ 454,072</u>
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	4,012	4,012	3,767	(245)
Miscellaneous revenue:				
Other revenue	-	-	21,500	21,500
Total Revenue from Local Sources	<u>4,012</u>	<u>4,012</u>	<u>25,267</u>	<u>21,255</u>
Total Perpetual Care Fund	<u>\$ 4,012</u>	<u>\$ 4,012</u>	<u>\$ 25,267</u>	<u>\$ 21,255</u>
Total Permanent Funds	<u>\$ 4,012</u>	<u>\$ 4,012</u>	<u>\$ 25,267</u>	<u>\$ 21,255</u>
Grand Total - Revenues - Primary Government	<u>\$ 45,527,074</u>	<u>\$ 47,116,564</u>	<u>\$ 49,831,365</u>	<u>\$ 2,714,801</u>
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	33,863	33,863	35,232	1,369
Revenue from use of property	10,000	10,000	9,428	(572)
Total Revenue from Use of Money and Property	<u>43,863</u>	<u>43,863</u>	<u>44,660</u>	<u>797</u>
Charges for services:				
Charges for education	61,084	61,084	83,338	22,254
Charges for transportation	11,000	11,000	9,000	(2,000)
Total Charges for Services	<u>72,084</u>	<u>72,084</u>	<u>92,338</u>	<u>20,254</u>
Miscellaneous revenue:				
Gifts and donations	375	4,375	4,000	(375)
Other revenue	114,025	149,025	162,317	13,292
Total Miscellaneous Revenue	<u>114,400</u>	<u>153,400</u>	<u>166,317</u>	<u>12,917</u>
Recovered Costs	<u>80,000</u>	<u>80,000</u>	<u>151,959</u>	<u>71,959</u>
Total Revenue from Local Sources	<u>310,347</u>	<u>349,347</u>	<u>455,274</u>	<u>105,927</u>
Revenue from Local Government:				
Contribution from City of Waynesboro	<u>13,573,996</u>	<u>13,920,125</u>	<u>13,812,917</u>	<u>(107,208)</u>
Revenue from the Commonwealth:				
Categorical Aid:				
Share of state sales tax	3,202,244	3,202,244	3,250,680	48,436
Basic school aid	8,074,432	8,074,432	8,268,366	193,934
Gifted and talented children	92,069	92,069	93,983	1,914
GED funding	15,717	15,717	13,247	(2,470)
Special education	537,524	537,524	554,808	17,284
Vocational education	172,818	182,291	176,065	(6,226)
Remedial education	472,958	472,958	476,181	3,223
Foster children	22,000	22,000	51,985	29,985
Social security	495,604	495,604	505,907	10,303

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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, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd) Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Operating Fund: (cont'd)				
Revenue from the Commonwealth: (cont'd)				
Teacher retirement	\$ 1,016,673	\$ 1,016,673	\$ 1,029,811	\$ 13,138
Group life	35,260	35,260	31,994	(3,266)
Textbook payments	188,486	188,486	192,405	3,919
At risk	792,835	792,835	810,593	17,758
English as a second language	88,892	88,892	81,875	(7,017)
Primary class size	609,300	609,300	628,014	18,714
Adult education	50,520	50,520	45,103	(5,417)
Technology initiative	262,500	262,500	251,707	(10,793)
Standards of learning	44,370	44,370	46,530	2,160
Early intervention	45,397	45,397	37,137	(8,260)
Race to GED expansion	100,987	102,707	101,566	(1,141)
Operating costs	126,000	126,000	125,000	(1,000)
Other state funds	11,179	58,386	69,205	10,819
Total Revenue from the Commonwealth	<u>16,457,765</u>	<u>16,516,165</u>	<u>16,842,162</u>	<u>325,997</u>
Revenue from the Federal Government:				
Categorical Aid:				
Vocational education	62,450	64,782	64,806	24
Title II - Teacher Quality	136,569	136,569	133,918	(2,651)
Title VIB	597,773	677,200	614,435	(62,765)
Title VI - Rural education	57,889	57,889	12,630	(45,259)
Title I	954,359	1,005,279	990,394	(14,885)
Title III	14,132	24,747	21,433	(3,314)
Adult literacy	570,024	580,781	564,823	(15,958)
Other federal grants	-	-	555	555
Total Revenue from the Federal Government	<u>2,393,196</u>	<u>2,547,247</u>	<u>2,402,994</u>	<u>(144,253)</u>
Total School Operating Fund	<u>\$ 32,735,304</u>	<u>\$ 33,332,884</u>	<u>\$ 33,513,347</u>	<u>\$ 180,463</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	318,345	318,345	333,148	14,803
Miscellaneous Revenue	9,112	9,112	4,317	(4,795)
Total Revenue from Local Sources	<u>327,457</u>	<u>327,457</u>	<u>337,465</u>	<u>10,008</u>
Revenue from the Commonwealth:				
School food programs	36,920	36,920	25,194	(11,726)
Revenue from the Federal Government:				
School food programs	984,943	984,943	1,019,590	34,647
Total School Cafeteria Fund	<u>\$ 1,349,320</u>	<u>\$ 1,349,320</u>	<u>\$ 1,382,249</u>	<u>\$ 32,929</u>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	-	-	3,781	3,781
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,781</u>	<u>\$ 3,781</u>
Total Special Revenue Funds	<u>\$ 34,084,624</u>	<u>\$ 34,682,204</u>	<u>\$ 34,899,377</u>	<u>\$ 217,173</u>
Grand Total - Revenues - Component Unit School Board	<u>\$ 34,084,624</u>	<u>\$ 34,682,204</u>	<u>\$ 34,899,377</u>	<u>\$ 217,173</u>

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

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	\$ 89,404	\$ 89,404	\$ 97,900	\$ (8,496)
Clerk of Council	58,919	59,414	59,499	(85)
Total Legislative	<u>148,323</u>	<u>148,818</u>	<u>157,399</u>	<u>(8,581)</u>
General and Financial Administration:				
Manager	416,948	454,450	453,047	1,403
City Attorney	148,593	148,593	146,235	2,358
Human Resources	259,393	259,489	206,772	52,717
Commissioner of Revenue	324,249	324,249	313,110	11,139
Assessor	217,543	258,165	255,058	3,107
Treasurer	285,493	285,583	286,560	(977)
Finance	626,029	629,517	620,959	8,558
Information Technology	855,095	979,670	894,768	84,902
Employee Health and Safety	20,250	20,250	9,529	10,721
Risk Management	321,398	321,398	306,801	14,597
Central Office	35,773	36,871	37,339	(468)
Total General and Financial Administration	<u>3,510,764</u>	<u>3,718,235</u>	<u>3,530,178</u>	<u>188,057</u>
Board of Elections:				
Electoral Board and Officials	<u>118,762</u>	<u>118,762</u>	<u>113,114</u>	<u>5,648</u>
Total General Government Administration	<u>3,777,849</u>	<u>3,985,815</u>	<u>3,800,691</u>	<u>185,124</u>
Judicial Administration:				
Courts:				
Circuit Court	59,600	87,936	85,141	2,795
General District Court	36,284	36,367	41,398	(5,031)
Juvenile and Domestic Relations	7,092	7,339	10,743	(3,404)
Clerk of the Circuit Court	389,024	386,045	361,779	24,266
Sheriff	448,787	449,306	444,599	4,707
Victim/Witness Assistance	57,049	57,049	12,741	44,308
Total Courts	<u>997,836</u>	<u>1,024,042</u>	<u>956,401</u>	<u>67,641</u>
Commonwealth Attorney:				
Commonwealth Attorney	<u>547,411</u>	<u>559,490</u>	<u>496,752</u>	<u>62,738</u>
Total Commonwealth Attorney	<u>547,411</u>	<u>559,490</u>	<u>496,752</u>	<u>62,738</u>
Total Judicial Administration	<u>1,545,247</u>	<u>1,583,532</u>	<u>1,453,153</u>	<u>130,379</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	<u>4,213,999</u>	<u>4,403,912</u>	<u>4,413,939</u>	<u>(10,027)</u>
Fire and Rescue Services:				
Fire Department	2,466,647	2,488,781	2,458,151	30,630
First Aid Crew	45,000	72,552	91,578	(19,026)
EMS Council	9,620	9,620	9,620	-
Total Fire and Rescue Services	<u>2,521,267</u>	<u>2,570,953</u>	<u>2,559,349</u>	<u>11,604</u>
Correction and Detention:				
Middle River Regional Jail	1,320,749	1,320,749	1,320,749	-
Juvenile Detention Home	104,186	104,186	105,488	(1,302)
Total Correction and Detention	<u>1,424,935</u>	<u>1,424,935</u>	<u>1,426,237</u>	<u>(1,302)</u>
Inspections:				
Inspector's Office	<u>487,661</u>	<u>458,408</u>	<u>406,698</u>	<u>51,710</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Public Safety: (cont'd)				
Other Protection:				
Emergency Operations Center	\$ 997,946	\$ 1,006,848	\$ 927,173	\$ 79,675
Total Public Safety	<u>9,645,808</u>	<u>9,865,056</u>	<u>9,733,396</u>	<u>131,660</u>
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	1,168,183	1,410,203	1,297,419	112,784
Public Works Operations Administration	119,146	119,977	120,969	(992)
Highways, Streets, Bridges, and Sidewalks	3,104,169	3,753,255	2,618,815	1,134,440
Traffic Engineering	312,717	320,977	312,971	8,006
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	<u>4,704,215</u>	<u>5,604,412</u>	<u>4,350,174</u>	<u>1,254,238</u>
Sanitation and Waste Removal:				
Landfill closure	238,579	322,783	245,509	77,274
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	207,107	214,391	186,423	27,968
Total Public Works	<u>5,149,901</u>	<u>6,141,586</u>	<u>4,782,106</u>	<u>1,359,480</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	244,275	244,275	244,276	(1)
Contribution to VCSB	119,430	119,430	119,430	-
Total Health	<u>363,705</u>	<u>363,705</u>	<u>363,706</u>	<u>(1)</u>
Welfare:				
Area Agency on Aging	25,250	25,250	25,250	-
Property Tax Relief-Elderly Handicapped	105,000	105,000	88,278	16,722
Other Contributions	27,535	27,535	26,039	1,496
Total Welfare	<u>157,785</u>	<u>157,785</u>	<u>139,567</u>	<u>18,218</u>
Total Health and Welfare	<u>521,490</u>	<u>521,490</u>	<u>503,273</u>	<u>18,217</u>
Education:				
Contributions to Community Organizations	2,000	2,000	2,000	-
Contribution to Community College	30,403	30,403	30,403	-
Contribution to City School Board	13,573,996	13,920,125	13,812,917	107,208
Total Education	<u>13,606,399</u>	<u>13,952,528</u>	<u>13,845,320</u>	<u>107,208</u>
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	397,557	403,973	367,431	36,542
Municipal Parks	639,977	646,576	633,764	12,812
Municipal Pools	142,821	142,821	119,016	23,805
Recreation Programs	185,119	185,268	171,266	14,002
Custodial	533,730	565,522	537,669	27,853
Cemeteries	132,542	153,617	128,735	24,882
Total Parks and Recreation	<u>2,031,746</u>	<u>2,097,777</u>	<u>1,957,881</u>	<u>139,896</u>
Library:				
Library Administration	837,705	883,305	809,359	73,946
Cultural Enrichment:				
Contributions	39,500	59,500	59,500	-
Total Parks, Recreation, and Cultural	<u>2,908,951</u>	<u>3,040,582</u>	<u>2,826,740</u>	<u>213,842</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Community Development:				
Planning and Community Development:				
City Planner	\$ 431,873	\$ 467,442	\$ 419,087	\$ 48,355
Tourism Department	224,041	246,509	179,887	66,622
Economic Development	267,686	280,555	222,253	58,302
Downtown Development	-	-	83	(83)
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Community Development	<u>967,652</u>	<u>1,038,558</u>	<u>865,362</u>	<u>173,196</u>
Debt Service:				
Principal Retirement	1,293,050	4,215,283	4,228,285	(13,002)
Interest and Fiscal Charges	620,856	1,247,360	1,244,745	2,615
Bond Issuance Costs	-	52,506	54,461	(1,955)
Redemption of Debt	-	4,905,000	4,905,000	-
Total Debt Service	<u>1,913,906</u>	<u>10,420,149</u>	<u>10,432,491</u>	<u>(12,342)</u>
Total General Fund	<u>\$ 40,037,203</u>	<u>\$ 50,549,296</u>	<u>\$ 48,242,532</u>	<u>\$ 2,306,764</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	<u>\$ 2,157,000</u>	<u>\$ 2,270,408</u>	<u>\$ 2,248,644</u>	<u>\$ 21,764</u>
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	<u>\$ 1,800,000</u>	<u>\$ 2,034,230</u>	<u>\$ 2,215,934</u>	<u>\$ (181,704)</u>
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	704,318	713,190	538,280	174,910
VJCCA Programs	<u>98,732</u>	<u>98,732</u>	<u>115,405</u>	<u>(16,673)</u>
Total Public Safety	<u>803,050</u>	<u>811,922</u>	<u>653,685</u>	<u>158,237</u>
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	<u>225,500</u>	<u>225,500</u>	<u>150,249</u>	<u>75,251</u>
Total Youth and Family Services Fund	<u>\$ 1,028,550</u>	<u>\$ 1,037,422</u>	<u>\$ 803,934</u>	<u>\$ 233,488</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	<u>\$ 360,050</u>	<u>\$ 361,508</u>	<u>\$ 277,465</u>	<u>\$ 84,043</u>
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	<u>\$ -</u>	<u>\$ 332,427</u>	<u>\$ 306,307</u>	<u>\$ 26,120</u>
Total Special Revenue Funds	<u>\$ 5,345,600</u>	<u>\$ 6,035,995</u>	<u>\$ 5,852,284</u>	<u>\$ 183,711</u>
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	609,857	609,857	609,857	-
Interest and Fiscal Charges	721,712	634,750	1,094,379	(459,629)
Bond Issuance Costs	-	-	45,969	(45,969)
Redemption of Debt	-	-	11,060,000	(11,060,000)
Total Debt Revenue Fund	<u>\$ 1,331,569</u>	<u>\$ 1,244,607</u>	<u>\$ 12,810,205</u>	<u>\$ (11,565,598)</u>
Total Debt Service Funds	<u>\$ 1,331,569</u>	<u>\$ 1,244,607</u>	<u>\$ 12,810,205</u>	<u>\$ (11,565,598)</u>

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, 2015

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 (cont'd) Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks	\$ -	\$ 947,381	\$ 1,492,173	\$ (544,792)
Other Public Works Improvements	-	359,767	310,852	48,915
Total Public Works	<u>-</u>	<u>1,307,148</u>	<u>1,803,025</u>	<u>(495,877)</u>
Total Capital Improvements Fund	<u>\$ -</u>	<u>\$ 1,307,148</u>	<u>\$ 1,803,025</u>	<u>\$ (495,877)</u>
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ 1,307,148</u>	<u>\$ 1,803,025</u>	<u>\$ (495,877)</u>
Grand Total - Expenditures - Primary Government	<u>\$ 46,714,372</u>	<u>\$ 59,137,046</u>	<u>\$ 68,708,046</u>	<u>\$ (9,571,000)</u>
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	24,979,941	25,061,283	24,883,244	178,039
Administration, Attendance, and Health	1,953,907	1,998,940	1,961,543	37,397
Cafeteria Administration	-	-	4,233	(4,233)
Total Administration and Instruction of Schools	<u>26,933,848</u>	<u>27,060,223</u>	<u>26,849,020</u>	<u>211,203</u>
Operating Costs:				
Pupil Transportation	1,091,796	1,091,796	1,205,489	(113,693)
Operation and Maintenance of School Plant	3,213,116	3,300,430	3,255,273	45,157
Technology	825,446	910,692	1,014,085	(103,393)
Total Operating Costs	<u>5,130,358</u>	<u>5,302,918</u>	<u>5,474,847</u>	<u>(171,929)</u>
Total Education	<u>32,064,206</u>	<u>32,363,141</u>	<u>32,323,867</u>	<u>39,274</u>
Debt Service:				
Principal Retirement	267,455	267,455	267,455	-
Interest and Fiscal Charges	110,404	110,404	145,204	(34,800)
Total Debt Service	<u>377,859</u>	<u>377,859</u>	<u>412,659</u>	<u>(34,800)</u>
Payment to City - Debt Service	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>
Total School Operating Fund	<u>\$ 32,442,065</u>	<u>\$ 32,741,000</u>	<u>\$ 32,936,526</u>	<u>\$ (195,526)</u>
School Cafeteria Fund:				
Education:				
Food Service	<u>\$ 1,349,320</u>	<u>\$ 1,349,320</u>	<u>\$ 1,370,637</u>	<u>\$ (21,317)</u>
School Textbook Fund:				
Education:				
Instructional Costs	<u>\$ 288,660</u>	<u>\$ 288,660</u>	<u>\$ 191,037</u>	<u>\$ 97,623</u>
Total Special Revenue Funds	<u>\$ 34,080,045</u>	<u>\$ 34,378,980</u>	<u>\$ 34,498,200</u>	<u>\$ (119,220)</u>
Grand Total - Expenditures - Component Unit - School Board	<u>\$ 34,080,045</u>	<u>\$ 34,378,980</u>	<u>\$ 34,498,200</u>	<u>\$ (119,220)</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	<u>Tables</u>	<u>Pages</u>
<p><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.</p>	1 - 4	104-108
<p><i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	5 - 8	109-112
<p><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.</p>	9 - 13	113-117
<p><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.</p>	14 - 15	118-119
<p><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.</p>	16 - 18	120-122

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

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

Table 1

	2006 (1)	2007	2008	2009	2010	2011	2012	2013	2014	2015 (2)
Governmental activities										
Net investment in capital assets	\$ 26,444,121	\$ 32,011,866	\$ 31,627,418	\$ 30,038,195	\$ 28,815,976	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091	\$ 30,091,461
Restricted	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875
Unrestricted	(16,024,338)	(21,776,627)	(19,723,629)	(17,413,909)	(14,891,347)	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)	(11,390,137)
Total governmental activities net position	\$ 11,744,971	\$ 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
Business-type activities										
Net investment in capital assets	11,304,265	21,497,669	22,891,760	25,288,754	28,231,948	23,628,183	24,126,240	32,958,276	32,955,974	32,895,991
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,056,293	6,212,456	5,806,391	6,285,557	6,465,365	11,988,432	11,804,718	10,494,915	9,752,065	7,933,035
Total business-type activities net position	\$ 16,360,558	\$ 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
Primary government										
Net investment in capital assets	37,748,386	53,509,535	54,519,178	55,326,949	57,047,924	52,107,470	52,708,583	61,702,839	64,089,065	62,987,452
Restricted	1,325,188	2,500,229	2,452,322	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875
Unrestricted	(10,968,045)	(15,564,171)	(13,917,238)	(11,128,352)	(8,425,982)	(1,952,980)	2,235,956	(151,467)	(11,848)	(3,457,102)
Total primary government net position	\$ 28,105,529	\$ 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
School Board Component Unit										
Net investment in capital assets	\$ 25,642,715	\$ 39,204,452	\$ 41,067,451	\$ 40,107,227	\$ 39,518,141	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991	\$ 36,571,516
Restricted	298,153	251,234	177,285	177,222	56,579	-	-	-	-	-
Unrestricted	8,835,911	2,326,403	(36,603)	(224,865)	(648,481)	(718,197)	(824,406)	(1,329,615)	(2,172,690)	(33,145,847)
Total governmental activities net position	\$ 34,776,779	\$ 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

Notes:

- (1) The City implemented retroactive infrastructure reporting in fiscal year 2006 as allowed by GASB 34.
(2) 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 2,941,433	\$ 3,320,789	\$ 3,941,896	\$ 3,588,200	\$ 3,513,547	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629	\$ 7,015,817
Judicial administration	1,153,813	1,269,518	1,379,141	1,467,058	1,343,998	1,382,610	1,375,669	1,541,889	1,530,639	1,478,788
Public safety	8,870,386	9,052,280	9,810,982	9,881,777	9,828,150	10,117,442	10,543,735	11,041,793	10,965,288	10,962,688
Public works	6,079,801	6,635,621	7,110,417	7,537,332	6,577,485	6,868,683	4,888,803	7,084,792	6,832,130	5,690,103
Health and welfare	2,995,267	3,624,327	3,986,651	4,331,885	3,654,529	3,814,915	3,960,411	3,896,292	4,852,442	5,375,620
Education	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,613,857	12,474,733	12,952,643	13,442,240	13,845,320
Parks, recreation and culture	2,233,386	2,372,588	2,571,051	2,735,276	2,624,705	2,190,791	2,955,145	2,852,606	2,911,705	2,904,112
Community development	1,328,319	1,298,951	1,217,097	1,960,369	2,045,703	2,556,858	1,497,846	688,295	91,647	1,352,385
Interest on long-term debt	1,010,098	1,239,572	1,415,580	1,528,816	1,530,649	1,453,059	1,477,542	1,605,156	1,453,602	1,633,675
Total governmental activities expenses	49,422,149	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
Business-type activities:										
Water	1,712,328	1,870,141	2,537,545	3,193,050	3,079,569	3,084,115	3,004,078	3,078,347	3,297,434	3,101,533
Sewer	2,551,425	3,040,972	3,380,232	3,809,431	3,996,227	4,335,813	4,469,768	5,340,416	5,741,003	5,418,648
Landfill Operations	846,062	591,641	772,907	2,194,854	1,039,018	423,090	414,018	688,241	714,131	626,565
Garbage	914,086	930,127	1,131,628	1,018,808	910,371	957,700	1,104,390	1,011,546	1,070,287	1,085,308
Total business-type activities expenses	6,023,901	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
Total primary government expenses	\$ 55,446,050	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	26,465	35,285	22,826	26,269	24,446	25,148	40,182	36,338	30,922	22,921
Judicial administration	216,898	195,104	172,295	167,312	147,024	170,118	197,290	212,018	226,112	281,363
Public safety	30,003	12,043	12,300	17,923	21,189	35,325	436,082	268,103	327,960	305,586
Public works	51,295	23,616	23,153	45,487	15,874	15,738	22,500	17,627	18,052	53,749
Health and welfare	-	-	-	-	-	69,765	69,765	143,038	87,250	87,250
Parks, recreation and culture	278,560	276,411	319,154	308,305	353,479	369,128	394,767	327,945	250,997	251,192
Community development	348,016	344,194	262,748	193,518	200,676	168,425	155,923	225,882	219,301	184,136
Operating grants and contributions	7,171,563	7,152,598	7,046,973	7,681,113	7,389,284	8,171,171	7,444,708	8,326,003	8,524,997	12,307,578
Capital grants and contributions	204,881	7,104,865	21,274	380,641	585,973	1,437,657	368,431	180,832	1,321,893	667,397
Total governmental activities revenues	8,327,681	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
Business-type activities:										
Charges for services:										
Water	1,501,958	1,797,368	2,148,094	2,287,371	2,653,141	2,659,951	2,832,835	3,457,578	3,595,736	3,602,682
Sewer	3,174,260	3,553,837	3,654,850	3,377,798	3,747,884	4,051,980	5,156,159	5,066,599	5,382,235	5,368,271
Landfill operations	785,885	888,552	950,049	763,988	681,827	971,976	670,726	781,904	626,250	690,095
Garbage	855,661	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
Operating grants and contributions	74,180	2,940	-	-	5,125	5,910	5,000	7,216	6,366	6,357
Capital grants and contributions	-	10,617,960	777,586	6,712,151	3,279,541	1,417,616	155,346	21,275	282,689	64,170
Total business-type activities revenues	6,391,944	17,832,771	8,500,609	14,196,167	11,490,261	10,235,454	9,946,703	10,458,993	11,090,218	10,926,442
Total primary government revenues	\$ 14,719,625	\$ 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (41,094,468)	\$ (31,516,771)	\$ (34,772,801)	\$ (35,370,313)	\$ (34,476,607)	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)	\$ (36,097,336)
Business-type activities	368,043	11,399,890	678,297	3,980,024	2,465,076	1,434,736	954,449	340,443	267,363	694,388
Total primary government net expense	<u>\$ (40,726,425)</u>	<u>\$ (20,116,881)</u>	<u>\$ (34,094,504)</u>	<u>\$ (31,390,289)</u>	<u>\$ (32,011,531)</u>	<u>\$ (32,388,460)</u>	<u>\$ (32,573,286)</u>	<u>\$ (35,054,021)</u>	<u>\$ (34,418,475)</u>	<u>\$ (35,402,948)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	14,576,219	14,480,811	17,012,250	17,072,546	17,424,487	17,778,371	19,820,066	18,527,350	18,864,334	19,228,131
Sales taxes	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840
Utility taxes	1,998,674	1,613,339	1,069,158	1,039,426	1,022,522	1,025,014	1,004,623	1,031,726	1,030,193	1,041,682
Business license taxes	1,855,437	1,865,555	2,095,063	1,971,825	1,795,885	1,822,607	1,935,728	2,050,853	1,997,600	2,068,303
Hotel and meals taxes	2,299,645	2,482,776	2,726,913	2,844,749	2,878,449	3,276,948	4,037,742	4,259,246	4,448,874	4,751,154
Communication sales taxes	-	638,517	1,489,033	1,352,919	1,358,560	-	-	-	-	-
Tobacco taxes	434,098	427,431	432,587	414,921	392,881	394,680	416,691	398,681	378,197	378,828
E-911 taxes	278,907	-	-	-	-	-	-	-	-	-
Other local taxes	1,026,871	1,059,761	770,915	793,431	828,617	834,833	776,681	842,557	853,752	908,019
Unrestricted grants and contributions	2,692,442	2,861,725	3,895,364	2,920,104	2,900,125	4,109,897	4,034,685	4,120,323	4,215,912	4,796,487
Payment from Component Unit School Board	1,002,794	1,474,454	569,901	540,069	315,789	200,000	200,000	200,000	200,000	200,000
Investment earnings	404,429	588,662	706,362	252,686	314,491	244,466	113,331	145,171	136,103	142,359
Miscellaneous	597,273	575,240	626,028	403,882	458,724	392,858	680,575	535,939	476,393	297,710
Gain(loss) on sale of capital assets	26,988	10,658	71,525	-	3,655	22,602	37,470	19,388	(10,564)	15,280
Special items	-	-	-	-	-	-	-	-	-	6,359,697
Transfers	(92,044)	315,741	254,744	1,248,572	711,774	644,665	722,000	648,000	855,795	678,000
Total governmental activities	<u>31,168,494</u>	<u>32,507,268</u>	<u>36,393,444</u>	<u>35,466,224</u>	<u>34,682,926</u>	<u>35,236,549</u>	<u>38,636,114</u>	<u>37,597,591</u>	<u>38,386,438</u>	<u>46,414,490</u>
Business-type activities:										
Investment earnings	68,405	260,480	540,849	140,797	12,731	33,932	37,849	37,539	39,093	38,771
Miscellaneous	9,179	4,938	17,164	15,005	22,549	95,299	44,045	41,976	26,572	185,139
Gain(loss) on sale of capital assets	-	-	6,460	(11,094)	-	-	-	-	90,530	10,342
Transfers	92,044	(315,741)	(254,744)	(1,248,572)	(711,774)	(644,665)	(722,000)	(648,000)	(855,795)	(678,000)
Total business-type activities	<u>169,628</u>	<u>(50,323)</u>	<u>309,729</u>	<u>(1,103,864)</u>	<u>(676,494)</u>	<u>(515,434)</u>	<u>(640,106)</u>	<u>(568,485)</u>	<u>(699,600)</u>	<u>(443,748)</u>
Total primary government	<u>\$ 31,338,122</u>	<u>\$ 32,456,945</u>	<u>\$ 36,703,173</u>	<u>\$ 34,362,360</u>	<u>\$ 34,006,432</u>	<u>\$ 34,721,115</u>	<u>\$ 37,996,008</u>	<u>\$ 37,029,106</u>	<u>\$ 37,686,838</u>	<u>\$ 45,970,742</u>
Change in Net Position										
Governmental activities	(9,925,974)	990,497	1,620,643	95,911	206,319	1,413,353	5,108,379	2,203,127	3,700,600	10,317,154
Business-type activities	537,671	11,349,567	988,026	2,876,160	1,788,582	919,302	314,343	(228,042)	(432,237)	250,640
Total primary government	<u>\$ (9,388,303)</u>	<u>\$ 12,340,064</u>	<u>\$ 2,608,669</u>	<u>\$ 2,972,071</u>	<u>\$ 1,994,901</u>	<u>\$ 2,332,655</u>	<u>\$ 5,422,722</u>	<u>\$ 1,975,085</u>	<u>\$ 3,268,363</u>	<u>\$ 10,567,794</u>

cont'd

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

Table 2 (Cont'd)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
School Board Component Unit:										
Education	\$ 29,155,136	\$ 31,211,201	\$ 32,243,465	\$ 33,197,562	\$ 33,673,788	\$ 31,807,568	\$ 32,721,840	\$ 34,443,290	\$ 35,093,147	\$ 35,624,368
Total School Board component unit expenses	<u>29,155,136</u>	<u>31,211,201</u>	<u>32,243,465</u>	<u>33,197,562</u>	<u>33,673,788</u>	<u>31,807,568</u>	<u>32,721,840</u>	<u>34,443,290</u>	<u>35,093,147</u>	<u>35,624,368</u>
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	570,801	531,282	567,854	504,427	553,422	488,202	559,761	431,285	478,999	577,445
Operating grants and contributions	16,766,001	18,843,656	19,254,634	19,913,135	19,640,208	18,697,345	18,493,906	19,746,721	19,255,186	20,289,940
Capital grants and contributions	13,605,279	8,253,141	760,012	574,981	115,789	-	-	-	-	-
Total School Board component unit revenues	<u>30,942,081</u>	<u>27,628,079</u>	<u>20,582,500</u>	<u>20,992,543</u>	<u>20,309,419</u>	<u>19,185,547</u>	<u>19,053,667</u>	<u>20,178,006</u>	<u>19,734,185</u>	<u>20,867,385</u>
Net (Expense)/Revenue										
School Board Component Unit	<u>1,786,945</u>	<u>(3,583,122)</u>	<u>(11,660,965)</u>	<u>(12,205,019)</u>	<u>(13,364,369)</u>	<u>(12,622,021)</u>	<u>(13,668,173)</u>	<u>(14,265,284)</u>	<u>(15,358,962)</u>	<u>(14,756,983)</u>
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Waynesboro	9,566,828	9,946,467	10,804,096	10,896,054	12,065,383	12,583,454	12,444,330	12,920,240	13,411,837	13,812,917
Investment earnings	418,251	525,207	83,853	10,552	3,992	19,232	27,752	33,864	33,719	35,232
Miscellaneous	157,967	116,758	199,060	149,864	161,649	116,263	140,001	134,350	175,460	183,843
Total School Board Component Unit	<u>10,143,046</u>	<u>10,588,432</u>	<u>11,087,009</u>	<u>11,056,470</u>	<u>12,231,024</u>	<u>12,718,949</u>	<u>12,612,083</u>	<u>13,088,454</u>	<u>13,621,016</u>	<u>14,031,992</u>
Change in Net Position										
School Board Component Unit	\$ <u>11,929,991</u>	\$ <u>7,005,310</u>	\$ <u>(573,956)</u>	\$ <u>(1,148,549)</u>	\$ <u>(1,133,345)</u>	\$ <u>96,928</u>	\$ <u>(1,056,090)</u>	\$ <u>(1,176,830)</u>	\$ <u>(1,737,946)</u>	\$ <u>(724,991)</u>

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

Table 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,377,822	\$ 2,065,121	\$ 715,167	\$ 892,304	\$ 1,807,457	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,639,081	6,599,014	8,280,974	9,402,818	8,849,322	-	-	-	-	-
Restricted	-	-	-	-	-	1,046,961	1,667,383	642,134	1,089,914	1,358,725
Committed	-	-	-	-	-	1,014,335	683,745	4,134,909	4,190,258	3,900,782
Assigned	-	-	-	-	-	123,126	1,277,007	526,948	319,698	502,899
Unassigned	-	-	-	-	-	8,204,385	11,385,888	8,923,216	9,054,972	9,761,313
Total general fund	<u>\$ 8,016,903</u>	<u>\$ 8,664,135</u>	<u>\$ 8,996,141</u>	<u>\$ 10,295,122</u>	<u>\$ 10,656,779</u>	<u>\$ 10,388,807</u>	<u>\$ 15,014,023</u>	<u>\$ 14,227,207</u>	<u>\$ 14,654,842</u>	<u>\$ 15,523,719</u>
All Other Governmental Funds										
Reserved	420,399	440,722	452,099	592,766	813,025	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	139,494	177,141	157,527	292,120	307,281	-	-	-	-	-
Capital projects funds	358,250	(13,537)	3,018,578	7,929,490	7,269,278	-	-	-	-	-
Debt service funds	752,546	1,935,922	1,759,592	1,040,748	180,303	-	-	-	-	-
Nonspendable	-	-	-	-	-	510,549	522,799	542,549	561,049	582,549
Restricted	-	-	-	-	-	5,478,065	3,617,202	2,479,482	1,599,807	391,432
Committed	-	-	-	-	-	926,958	487,621	1,033,646	246,579	386,498
Assigned	-	-	-	-	-	705,774	751,682	719,023	1,036,474	1,894,804
Total all other governmental funds	<u>\$ 1,670,689</u>	<u>\$ 2,540,248</u>	<u>\$ 5,387,796</u>	<u>\$ 9,855,124</u>	<u>\$ 8,569,887</u>	<u>\$ 7,621,346</u>	<u>\$ 5,379,304</u>	<u>\$ 4,774,700</u>	<u>\$ 3,443,909</u>	<u>\$ 3,255,283</u>

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

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

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	\$ 14,631,862	\$ 14,624,266	\$ 16,516,401	\$ 16,951,430	\$ 17,604,173	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063	\$ 19,356,344
Sales taxes	4,066,761	4,112,598	4,673,601	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840
Other local taxes	7,893,632	8,087,379	8,583,669	8,417,271	8,276,914	7,354,082	8,171,465	8,583,063	8,708,616	9,147,986
Permits, privilege fees and regulatory licenses	198,272	227,255	219,523	150,889	177,958	170,838	156,939	208,253	219,973	180,351
Fines and forfeitures	211,196	170,508	150,275	163,322	145,287	167,027	190,807	195,247	206,543	258,418
Revenues from use of money and property	565,881	750,952	870,168	329,146	372,488	310,851	155,142	195,246	181,754	196,296
Charges for services	453,148	418,956	403,498	361,624	396,579	387,367	439,765	389,346	304,491	343,875
Miscellaneous	435,821	412,950	462,222	327,422	450,724	322,391	510,028	355,209	373,154	5,157,768
Recovered costs	337,168	319,744	314,203	357,849	333,526	394,505	799,509	699,041	704,473	668,130
Intergovernmental	10,618,252	11,238,967	11,237,215	11,366,090	10,367,422	12,487,769	11,782,542	12,581,314	13,987,916	13,314,831
Total revenues	39,411,993	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
Expenditures										
General government administration	2,916,026	3,296,296	3,960,404	3,590,224	3,455,029	3,204,711	3,424,066	3,405,476	3,592,910	7,080,032
Judicial administration	1,081,644	1,194,039	1,308,577	1,374,825	1,244,498	1,307,187	1,295,198	1,472,117	1,455,629	1,453,153
Public safety	8,782,223	8,930,552	10,115,145	9,540,225	9,537,907	9,941,487	10,181,785	11,008,118	10,798,557	10,693,388
Public works	4,931,184	5,519,983	5,756,366	5,550,039	5,630,528	6,761,493	4,836,876	7,666,797	7,774,030	6,585,131
Health and welfare	2,994,485	3,621,412	3,979,258	4,323,371	3,647,964	3,805,952	3,953,428	3,887,883	4,843,683	5,395,565
Education (1)	22,809,646	17,847,241	11,220,709	11,160,168	12,095,786	12,113,857	12,474,733	12,950,643	13,442,240	13,845,320
Parks, recreation and culture	2,135,662	2,274,105	2,759,849	2,704,053	2,764,188	2,330,164	2,742,398	2,723,097	2,745,531	2,826,740
Community development	1,472,833	1,289,363	1,198,317	1,947,500	1,599,940	2,920,682	1,762,793	1,329,120	1,226,971	1,315,093
Capital projects	478,366	167,250	-	-	-	500,000	4,960,867	2,396	21,222	-
Debt service:										
Principal retirement	1,043,772	1,245,602	2,055,794	1,997,519	2,223,843	2,307,296	1,794,863	2,678,211	2,626,338	4,964,903
Interest and fiscal charges	735,946	1,116,990	1,274,495	1,568,976	1,588,914	1,499,775	1,522,276	1,634,500	1,540,320	2,360,894
Bond issuance costs	250,997	-	74,292	123,651	-	23,112	15,800	-	-	100,430
Redemption of debt	-	-	-	-	-	-	-	-	-	15,965,000
Total expenditures	49,632,784	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
Excess of revenues over (under) expenditures	(10,220,791)	(6,139,258)	(272,431)	(844,414)	(1,386,559)	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)	(18,412,810)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Insurance recoveries	-	-	-	-	-	115,957	128,736	141,036	79,009	56,302
Sale of property	-	4,590	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	16,389,513
Debt issued	14,380,000	7,600,000	9,704,713	5,870,000	-	985,000	3,519,100	-	-	2,225,219
Premium on debt	69,718	-	394,877	139,199	-	14,567	-	-	-	742,144
Capital lease	29,666	-	-	-	-	32,718	-	278,806	-	-
Refunded bonds redeemed	-	-	(6,708,062)	-	-	-	-	-	-	-
Transfers in	2,539,722	2,262,292	2,485,276	2,652,677	2,402,169	3,734,651	3,539,351	4,818,149	4,820,987	4,211,415
Transfers out	<u>(2,767,676)</u>	<u>(2,210,833)</u>	<u>(2,424,819)</u>	<u>(2,051,153)</u>	<u>(1,939,190)</u>	<u>(3,342,472)</u>	<u>(2,858,606)</u>	<u>(4,407,371)</u>	<u>(4,365,553)</u>	<u>(4,531,532)</u>
Total other financing sources and uses	<u>14,251,430</u>	<u>7,656,049</u>	<u>3,451,985</u>	<u>6,610,723</u>	<u>462,979</u>	<u>1,540,421</u>	<u>4,328,581</u>	<u>830,620</u>	<u>534,443</u>	<u>19,093,061</u>
Net change in fund balances	<u>\$ 4,030,639</u>	<u>\$ 1,516,791</u>	<u>\$ 3,179,554</u>	<u>\$ 5,766,309</u>	<u>\$ (923,580)</u>	<u>\$ (1,230,481)</u>	<u>\$ 2,383,174</u>	<u>\$ (1,484,428)</u>	<u>\$ (903,156)</u>	<u>\$ 680,251</u>
Debt service as a percentage of noncapital expenditures	4.2%	5.1%	8.1%	8.6%	8.9%	8.8%	7.8%	9.3%	9.0%	33.2%

Notes:

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

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

Table 5

Fiscal Year	Real Property (1)(3)				Personal Property (2)								Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Tax Rate per \$100	Motor Vehicles and Tangibles	Tax Rate per \$100	Public Service	Tax Rate per \$100	Machinery & Tools	Tax Rate per \$100	Rolling Stock	Tax Rate per \$100				
2006	\$ 865,243,540	\$ 311,169,600	\$ 77,377,240	\$ 0.78	\$ 81,649,868	\$ 5.00	\$ 229,034	\$ 5.00	\$ 74,919,153	\$ 3.00	\$ 549,780	\$ 3.00	\$ 1,411,138,215	\$ 1.14	\$ 1,471,975,115	95.87%
2007	889,455,133	330,119,700	67,274,407	0.78	87,681,456	5.00	165,439	5.00	63,630,108	3.00	630,281	3.00	1,438,956,524	1.13	1,503,183,298	95.73%
2008	1,345,440,737	328,682,000	77,021,271	0.70	89,306,919	5.00	180,604	5.00	55,169,022	3.00	697,368	3.00	1,896,497,921	0.98	1,962,012,744	96.66%
2009	1,373,023,934	374,581,700	75,009,122	0.70	94,533,504	5.00	205,781	5.00	40,263,315	3.00	904,972	3.00	1,958,522,328	0.95	2,027,197,586	96.61%
2010	1,379,263,067	478,952,000	71,816,305	0.70	150,126,941	5.00	250,296	5.00	36,118,308	3.00	787,070	3.00	2,117,313,987	1.04	2,178,833,278	97.18%
2011	1,429,091,737	444,059,100	80,980,848	0.70	157,670,813	5.00	231,250	5.00	23,683,493	3.00	786,156	3.00	2,136,503,397	1.04	2,202,136,392	97.02%
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.01	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%

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	
2006	0.69	0.29	0.16	1.14
2007	0.70	0.30	0.13	1.13
2008	0.65	0.24	0.09	0.98
2009	0.65	0.24	0.06	0.95
2010	0.64	0.35	0.05	1.04
2011	0.64	0.37	0.03	1.04
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07
2015	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

Taxpayer	December 31, 2014			December 31, 2005		
	Taxable Assessed Value	Rank (1)	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Poly-Bond, Inc.	\$ 23,661,026	1	1.25%	\$ 22,951,924	2	1.72%
Ntelos /CFW Communications Inc.	23,281,882	2	1.23%	14,326,815	3	1.07%
Waynesboro Town Center LLC	26,272,838	3	1.39%	-	-	-
Invista/DuPont	22,306,931	4	1.18%	79,841,852	1	5.99%
Wal-Mart	18,243,969	5	0.96%	12,211,045	4	0.92%
Lowe's Home Center	14,580,257	6	0.77%	-	-	-
DuPont Community Credit Union	10,871,471	7	0.57%	7,925,968	6	0.59%
Target Corporation	12,240,090	8	0.65%	-	-	-
Lumos	2,369,651	9	0.13%	-	-	-
Chicopee Inc.	14,714,600	10	0.78%	-	-	-
WT Acquisition Inc.	-	-	-	8,467,400	5	0.63%
Wayn-Tex, Inc.	-	-	-	7,257,071	7	0.54%
Shenandoah Properties	-	-	-	5,049,639	8	0.38%
Allied Ready Mix Co.	-	-	-	3,102,323	9	0.23%
Kroger Limited Partnership	-	-	-	2,900,715	10	0.22%
Total	\$ 168,542,715		8.93%	\$ 164,034,752		12.29%

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			Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2006	\$ 16,055,110	\$ (160,799)	\$ 15,894,311	\$ 15,569,109	96.97%	\$ 324,480	\$ 15,893,589	100.00%
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%	633,589	18,501,985	99.97%
2010	18,947,394	(55,532)	18,891,862	18,344,884	96.82%	524,959	18,869,843	99.88%
2011	19,072,989	1,696	19,074,685	18,584,504	97.44%	423,746	19,008,250	99.65%
2012	19,079,144	8,832	19,087,976	18,708,395	98.06%	296,072	19,004,467	99.56%
2013	19,811,574	(19,074)	19,792,500	19,331,996	97.58%	354,435	19,686,431	99.46%
2014	20,238,326	(19,814)	20,218,512	19,814,287	97.90%	253,784	20,068,071	99.26%
2015	20,602,887	-	20,602,887	20,291,309	98.49%	-	20,291,309	98.49%

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			
2006	\$ 21,294,662	\$ 3,500,000	\$ -	\$ 25,665	\$ 963,726	\$ -	\$ 1,596,431	\$ 27,380,484	4.65%	1,287
2007	27,904,481	3,250,000	-	20,244	2,872,733	-	5,890,174	39,937,632	6.46%	1,862
2008	29,101,121	3,000,000	-	14,461	13,740,000	2,972,122	6,126,042	54,953,746	8.62%	2,561
2009	33,229,771	2,750,000	-	8,292	13,515,000	19,233,595	5,882,666	74,619,324	10.91%	3,399
2010	31,262,509	2,500,000	-	1,711	13,280,000	26,900,278	5,631,935	79,576,433	10.79%	3,578
2011	30,191,923	2,250,000	-	32,718	15,345,000	21,149,556	5,373,625	74,342,822	10.69%	3,539
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	10.49%	3,514
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	10.29%	3,544
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	9.83%	3,387
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

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 118 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				
2006	\$ 21,294,662	\$ 3,500,000	-	\$ 24,794,662	\$ 752,546	\$ 24,042,116	1.63%	1,130
2007	27,904,481	3,250,000	-	31,154,481	1,935,922	29,218,559	1.94%	1,362
2008	29,101,121	3,000,000	-	32,101,121	1,759,592	30,341,529	1.55%	1,414
2009	33,229,771	2,750,000	-	35,979,771	1,040,748	34,939,023	1.72%	1,592
2010	31,262,509	2,500,000	-	33,762,509	180,303	33,582,206	1.54%	1,510
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,531
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,590
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,676
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,552
2015	29,552,306	1,250,000	-	30,802,306	4,402	30,797,904	1.54%	1,441

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 109 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 118.
- (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, 2015

Table 11

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Waynesboro	Amount Applicable to City of Waynesboro
City of Waynesboro	\$ 30,805,414	100%	\$ 30,805,414

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 125,379,038	\$ 128,684,924	\$ 175,114,401	\$ 182,261,476	\$ 193,003,137	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613	\$ 177,811,712
Total net debt applicable to limit	<u>26,602,273</u>	<u>37,981,466</u>	<u>50,207,571</u>	<u>54,336,689</u>	<u>52,494,141</u>	<u>52,886,540</u>	<u>53,998,965</u>	<u>54,869,493</u>	<u>51,861,205</u>	<u>48,893,307</u>
Legal debt margin	<u>\$ 98,776,765</u>	<u>\$ 90,703,458</u>	<u>\$ 124,906,830</u>	<u>\$ 127,924,787</u>	<u>\$ 140,508,996</u>	<u>\$ 142,526,629</u>	<u>\$ 127,782,868</u>	<u>\$ 128,651,062</u>	<u>\$ 124,475,408</u>	<u>\$ 128,918,405</u>
Total net debt applicable to the limit as a percentage of debt limit	21.22%	29.52%	28.67%	29.81%	27.20%	27.06%	29.71%	29.90%	29.41%	27.50%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value of Real Property	\$ 1,778,117,121
Debt Limit - 10%	177,811,712
Debt Applicable to Limit:	
General obligation debt	48,897,709
Less: Amount set aside for repayment of general obligation debt	<u>(4,402)</u>
Total net debt applicable to limit	<u>48,893,307</u>
Legal Debt Margin	<u>\$ 128,918,405</u>

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

**CITY OF WAYNESBORO, VIRGINIA
PLEGDED-REVENUE COVERAGE
Last Eight Fiscal Years (4)**

Table 13

Fiscal Year	Sewer Revenue Bonds								Coverage
	Sewer Charges and Other (1)	Less: Operating Expenses	Net Available Revenue	Debt Service		(3)			
				Principal	Interest				
2008	\$ 3,681,685	\$ 1,784,424	\$ 1,897,261	\$ -	\$ -			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	

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	Popu- lation(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		
2006	21,269	\$ 589,130	\$ 27,699	38.9	77.9%	20.6%	2,996	3.60%
2007	21,454	618,004	28,806	38.9	77.9%	20.6%	2,993	3.30%
2008	21,454	637,656	29,722	38.9	77.9%	20.6%	3,007	4.50%
2009	21,953	684,077	31,161	40.6	77.9%	20.6%	2,999	9.00%
2010	22,241	737,534	33,161	40.6	77.9%	20.6%	3,024	8.60%
2011	21,006	695,593	33,114	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%
2015	21,366	804,730	37,664	38.8	83.6%	19.1%	3,048	5.30%

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>2015 (1)</u>			<u>2006 (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	5.28%	500-999	2	5.19%
Ntelos/CFW Communications	250-499	2	2.64%	250-499	6	2.60%
Invista/Dupont	250-499	3	2.64%	500-999	1	5.19%
City of Waynesboro	250-499	4	2.64%	250-499	5	2.60%
Walmart	250-499	5	2.64%	250-499	4	2.60%
Lumos	250-499	6	2.64%	-	-	-
Adecco	100-249	7	1.06%	-	-	-
Chicopee Incorporated	100-249	8	1.06%	-	-	-
Kroger	100-249	9	1.06%	-	-	-
Augusta Lumber LLC	100-249	10	1.06%	100-249	9	1.04%
Wayn Tex	-	-	-	250-499	3	2.60%
Mundy Maintenance Service	-	-	-	250-499	7	2.60%
Dupont Community Credit Union	-	-	-	100-249	10	1.04%
Martin's Food Market	-	-	-	100-249	8	1.04%
Total	2,150		22.71%	2,550		26.49%

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 2015 and 2006, respectively.

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

Table 16

	Full-Time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Function/Program</u>										
General government administration	32.9	37.5	48.5	39.8	41.5	31.2	33.5	30.2	31.0	31.6
Judicial administration	5.8	6.4	5.2	9.4	9.3	8.4	8.9	9.2	9.2	8.9
Public safety:										
Police	69.4	69.7	70.1	73.3	67.7	65.4	68.1	65.0	63.8	65.7
Fire	33.8	33.5	36.7	37.1	37.4	37.0	38.5	37.4	35.5	38.1
Correction and detention	22.3	21.7	20.9	18.5	14.7	15.3	16.6	15.6	13.1	12.0
Building inspections	5.9	6.8	6.6	6.4	5.6	5.8	5.4	5.9	5.8	5.6
Emergency management	17.5	18.1	18.7	17.4	16.8	17.3	22.7	22.9	24.6	23.1
Animal control	1.0	1.0	1.1	1.1	1.1	1.0	5.4	7.4	8.3	8.3
Public works:										
General engineering/administrative	29.9	31.6	31.3	49.9	44.3	44.4	45.4	41.8	40.9	40.9
Building and grounds	9.0	10.8	10.5	11.1	12.6	31.3	6.4	8.0	8.3	8.7
Equipment rental	7.6	0.0	9.3	9.1	8.4	0.0	6.8	6.7	6.8	7.2
Waterworks	19.7	22.6	17.7	24.3	24.3	21.9	24.2	28.2	29.6	27.8
Sewage/collection	20.5	17.1	41.4	41.5	41.5	43.1	46.4	31.9	35.3	35.5
Sanitation	34.1	30.4	36.7	60.0	33.4	32.2	31.4	28.7	29.0	31.4
Parks, recreation and cultural:										
Parks	33.9	32.5	32.1	1.1	1.1	1.1	8.4	7.9	7.3	7.3
Library	3.0	17.0	17.1	16.4	15.7	15.6	15.5	15.0	14.8	14.5
Community development	4.6	2.8	5.7	6.1	5.6	5.2	6.1	5.9	6.2	6.2
Schools	531.3	529.0	539.3	486.0	488.0	485.0	484.0	482.0	488.0	480.0
Total	882.2	888.5	948.9	908.5	869.0	861.2	873.7	849.6	857.4	852.8

Source: City and School Finance Departments

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

Table 17

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Building & Zoning										
Building permits issued (total)	1,468	1,494	1,185	714	772	730	946	968	875	874
Building inspections conducted (total)	4,193	3,995	3,339	1,757	1,716	1,593	1,587	2,179	2,502	2,522
New residential construction	142	92	71	51	42	28	29	63	48	40
New commercial construction	8	20	22	7	7	2	4	12	4	8
Zoning permits issued	157	167	165	97	114	112	146	140	114	112
Property Maintenance Cases	88	107	128	135	160	340	307	357	340	320
Property Maintenance Inspections	230	202	240	272	248	667	661	865	776	654
Economic Development (1)										
Business prospects	26	33	35	17	N/A	N/A	N/A	N/A	N/A	N/A
Development inquiries	35	52	54	25	N/A	N/A	N/A	N/A	N/A	N/A
Planning										
Conditional use permits	15	8	9	5	3	5	4	5	2	4
Rezoning requests	6	2	5	3	0	0	0	2	2	2
Major subdivision reviews	13	8	11	5	1	1	1	1	1	0
Minor subdivision reviews	23	14	13	10	12	12	9	2	8	11
Vacate streets/alleys	5	3	2	2	2	3	2	-	1	1
Public Safety										
Arrests	3,547	3,438	2,575	2,602	2,390	2,099	2,414	2,134	2,051	1,651
Parking violations	706	876	848	631	702	696	592	133	263	750
Traffic citations	4,118	3,567	2,942	3,319	1,707	1,700	2,131	1,800	1,920	2,269
Judicial - Circuit Court										
Civil and criminal cases	828	779	843	844	1,137	890	958	910	1,001	1,300
Deeds recorded	4,535	4,514	4,096	3,426	3,268	2,764	2,381	2,724	3,162	2,570
Judgments	866	1,082	958	1,129	1,023	958	1,019	943	974	993
Passports issued	543	673	881	672	616	631	628	777	927	1,059
Library										
Total collection	192,503	178,160	177,135	169,977	155,212	151,038	148,050	152,829	153,022	147,030
Total circulation	305,268	309,057	306,339	320,129	318,703	294,945	267,440	309,659	317,896	307,630
Visitors/patrons	215,719	219,430	217,607	227,291	224,540	215,458	166,207	167,314	183,023	172,459
Public Works										
Meters placed for new construction	87	154	134	68	56	48	35	43	51	58
Meters replaced	154	631	1,196	1,084	173	155	179	724	853	1,684
Education										
Number of teachers, Elementary (K-5)	157	160	172	173	175	179	172	179	169	161
Number of teachers, Secondary (6-12)	83	83	90	87	82	85	80	82	78	79
Number of teachers, District-Wide (K-12)	9	10	9	9	14	11	12	11	11	10
Number of students, District-Wide (K-12)	2,942	2,993	3,007	2,999	3,024	3,102	3,079	3,010	3,024	3,048

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (1)	14	12	12	12	12	12	10	13	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	113.80	116.18	116.18	116.96	117.1	117.24	117.24	117.24	117.24*	119.15#
Water lines (miles)	107.58	115.34	115.69	116.92	116.92	117.4	117.4	117.4	117.4*	149.02#
Fire hydrants	680	767	778	800	804	808	808	809	809*	729#
Waste water treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	97.22	105.36	105.36	107	108.02	108.04	108.04	108.04	108.04*	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.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City") as of and for the year ended June 30, 2015, 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 23, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. 08-1.

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.

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 23, 2015.

City's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Roubik & Company, P.C." in a cursive script.

November 23, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Raudabaugh & Company, P.C." The signature is written in a cursive, flowing style.

November 23, 2015

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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 Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- g. The programs tested as major programs included:
- | | <u>CFDA No.</u> |
|---|-----------------|
| i. <u>Nutrition Cluster:</u> | |
| School Breakfast Program | 10.553 |
| National School Lunch Program | 10.555 |
| Fresh Fruit and Vegetable Program | 10.582 |
| ii. Potomac Highlands Implementation Grants | 66.050 |
| iii. Adoption Assistance | 93.659 |
| iv. Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 |
| v. Title I Grants to Local Educational Agencies | 84.010 |
| vi. Title II Improving Teacher Quality State Grants | 84.367 |
- h. The threshold for distinguishing Type A and B programs was \$300,000.
- i. The City of Waynesboro was not determined to be a low-risk auditee.

II. FINDINGS – FINANCIAL STATEMENTS AUDIT

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

Condition:

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

Criteria:

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

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

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

Cause:

Internal controls over financial reporting under GAAP were inadequately designed.

Effect:

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

Recommendation:

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

City Response:

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

School Board Response:

The School Board's Finance Office is aware that not all adjustments have been finalized prior to the audit, but 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

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

Condition:

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

Recommendation:

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

Current Status:

The recommendation was adopted during fiscal year 2015, but no subcontractors were paid with this grant during fiscal year 2015. Verified project costs were for engineering and planning expenditures during the current year. No similar findings were noted in the 2015 audit.

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<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	\$ 83,809
Rural Business Enterprise Grants	10.769	N/A	<u>9,000</u>
<u>Department of Education:</u>			
Nutrition Cluster:			
School Breakfast Program	10.553	40591	237,551
National School Lunch Program	10.555	40623	772,252
Fresh Fruit and Vegetable Program	10.582	40599	<u>9,787</u>
<u>Department of Forestry:</u>			
Forest Stewardship Program	10.678	50105	<u>5,000</u>
<u>Total Department of Agriculture - Pass-Through Programs:</u>			<u>1,117,399</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Housing and Community Development:</u>			
Community Development Block Grants - State's Program	14.228	50790	<u>124,327</u>
<u>Total Department of Housing and Urban Development - Pass-Through Programs:</u>			<u>124,327</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Criminal Justice Services:</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>6,086</u>
<u>Total Department of Justice - Pass-Through Programs:</u>			<u>6,086</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Motor Vehicles:</u>			
Highway Planning and Construction	20.205	N/A	223,604
State and Community Highway Safety	20.600	N/A	<u>8,660</u>
<u>Total Department of Transportation - Pass-Through Programs:</u>			<u>232,264</u>
<u>DEPARTMENT OF TREASURY</u>			
<u>Direct Programs</u>			
Asset Forfeiture Transfer Program	21.000	N/A	111,386

cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<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 TREASURY: (cont'd)</u>			
<u>Direct Programs: (cont'd)</u>			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	15VITA0036	\$ 12,500
<u>Total Department of Treasury - Direct Programs:</u>			<u>123,886</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass-Through Programs:</u>			
<u>Department of Education:</u>			
Title I Grants to Local Educational Agencies	84.010	42901	990,394
Special Education - Grants to States	84.027	43071	599,876
Vocational Education - Basic Grants to States	84.048	61095	64,806
Special Education - Preschool Grants	84.173	62521	14,559
Rural Education	84.358	43481	12,630
English Language Acquisition Grants	84.365	60509 & 60512	21,433
Title II Improving Teacher Quality State Grants	84.367	61480	133,918
Adult Literacy Grants	84.002	42801, 61111 & 61380	564,823
Advanced Placement Program	84.330	60957	<u>555</u>
<u>Total Department of Education - Pass-Through Programs:</u>			<u>2,402,994</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Programs</u>			
Drug-Free Communities Support Program Grants	93.276	14SP20534A	45,092
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	90AK000403	<u>144,619</u>
<u>Total Department of Health and Human Services - Direct Programs:</u>			<u>189,711</u>
<u>Pass-Through Programs:</u>			
<u>Department of Social Services:</u>			
Community Services Block Grant	93.569	CVS-15-002-05	167,831
Temporary Assistance for Needy Families:	93.558		
VIEW-Component & Supportive Services		87201 & 87202	12,573
VIEW-Transitional		87204 & 87211	2,629
VIEW-Transporation		87207	20,086
Refugee and Entrant Assistance - State Administered Programs:	93.566		
Refugee Cash Assistance		81901	726
Child Care and Development Block Grant:	93.575		
Discretionary Recouping		88302	(385)
Fee Child Care - 100		88302	(155)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	93.596		
AFDC Working Day Care		87104	(63)

cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (cont'd)</u>			
<u>Pass-Through Programs: (cont'd)</u>			
<u>Department of Social Services: (cont'd)</u>			
Foster Care - Title IV-E:	93.658		
ARRA - Residential Foster Care Payments		81107	\$ 150,236
Child Placing Agencies		81108	44,293
Agency Foster Homes		81110	68,577
Licensed Child		81112	56,456
Adoption Assistance:	93.659		
Subsidized Adoption		81201	184,081
Nonrecurring IV-E Adoption		81202	750
Federal Adoption		81203	102,282
Social Services Block Grant:	93.667		
Child Protective Services		82402	110,154
State Adoption		81701	40,232
Adult Services - Homebound Companion		83304	14,178
Adult Protective Services		89501	<u>72</u>
<u>Total Department of Health and Human Services - Pass-Through Programs:</u>			<u>974,553</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	<u>7,500</u>
<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	96316701	<u>176,090</u>
<u>Total Environmental Protection Agency - Direct Programs:</u>			<u>176,090</u>
<u>Pass-Through Programs:</u>			
<u>National Fish and Wildlife Foundation:</u>			
Chesapeake Bay Program	66.466	N/A	9,751
<u>American Rivers, Inc.</u>			
Potomac Highlands Implementation Grant	66.050	N/A	<u>199,775</u>
<u>Total Environmental Protection Agency - Pass-Through Programs:</u>			<u>209,526</u>
Total Expenditures of Federal Awards			<u>\$ 5,564,336</u>

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CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<u>Federal Granting Agency/Pass-Through State Agency/ Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number Assigned</u>	<u>Program Expenditures</u>
LOANS OUTSTANDING: (Note 2)			
<u>Pass-Through Programs:</u>			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	\$ <u>3,549,930</u>

**CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

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 \$3,549,930 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2015.

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, 2015, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

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

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances



November 23, 2015