



# City of Waynesboro, Virginia

*Annual Comprehensive Financial Report  
Prepared by the Finance Department  
June 30, 2023*



**CITY OF WAYNESBORO, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2023**



**CITY OF WAYNESBORO, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2023**

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## ***INTRODUCTORY SECTION***

**CITY OF WAYNESBORO, VIRGINIA**  
**(As of June 30, 2023)**

**COUNCIL**

Lana Williams, Mayor  
James "Jim" Wood, Vice Mayor  
Terry Short Jr.  
Bruce Allen  
Kenneth "Kenny" Lee  
Julia Bortle, Clerk

**OFFICIALS**

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

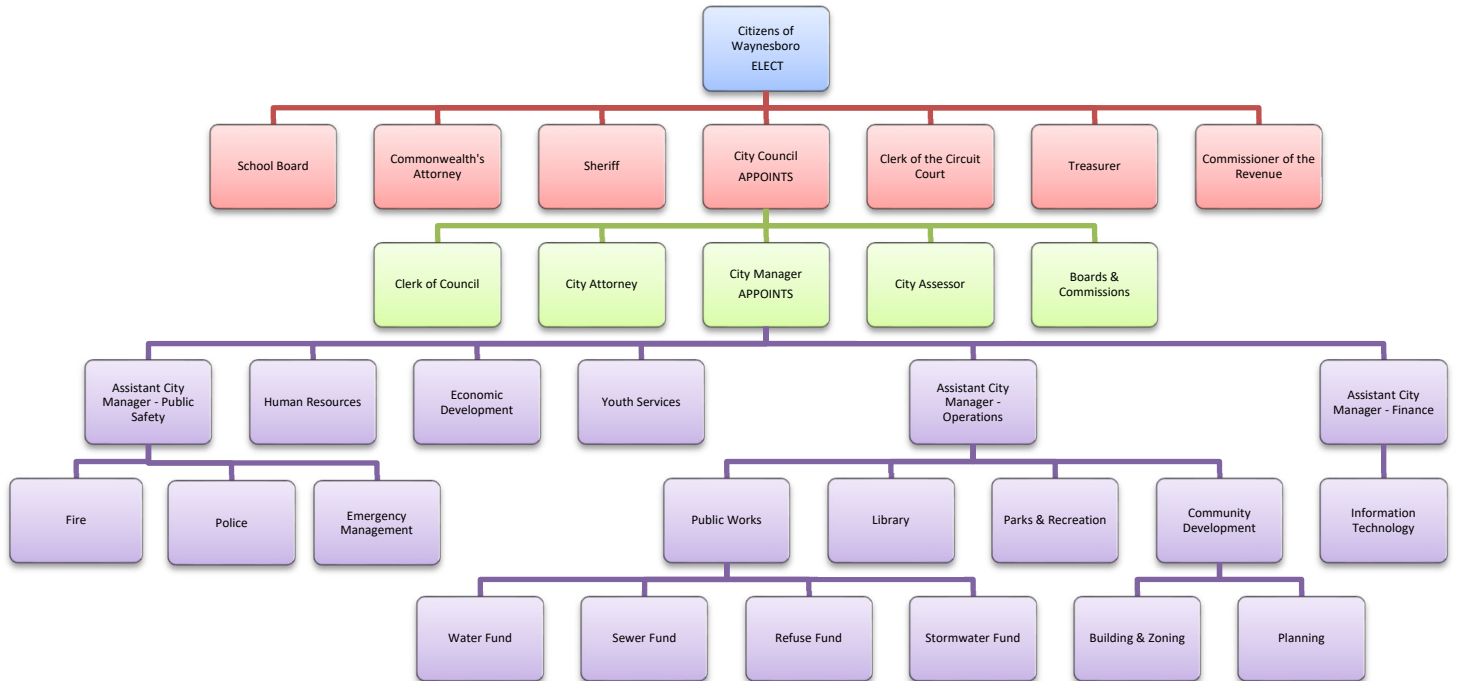
**SCHOOL BOARD**

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

**ECONOMIC DEVELOPMENT AUTHORITY**

Mary Sullivan, Chair  
George Reed, Vice Chair  
Brenda Arkward  
Chanda McGuffin  
Chris Ornelas  
Tami Radecke  
Mark Snyder  
Gregory Hitchin, Secretary/Treasurer

## 2023 City of Waynesboro Organizational Chart



### BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

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

### OTHER AGENCIES & BOARDS

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

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## ***FINANCIAL SECTION***

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia, as of June 30, 2023, 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.

We did not audit the financial statements of the Augusta Regional Landfill. The City's share of this undivided interest represents the ACSA Joint Landfill Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based on the report of the other auditors.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waynesboro, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2023, the City of Waynesboro, Virginia adopted new accounting guidance, *GASB Statement No. 96, SBITA*. Our opinion is not modified with respect to this matter.

### ***Management's Responsibilities 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Waynesboro, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Waynesboro, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Waynesboro, Virginia's ability to continue as a going concern for a reasonable period of time.

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesboro, Virginia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Brown, Edwards & Company, L.L.P.*  
CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
November 21, 2023

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, 2023. This analysis is a cursory overview and is meant to be considered as a companion document to the *Financial Statements* and *Notes* that follow.

### Financial Highlights

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$99,823,655. Of this amount, \$17,345,407 (unrestricted net position) may be used to satisfy the primary government's obligations to citizens and creditors.
- The City's total net position related to the primary government increased by \$16,662,950 compared to 2022.
- As of the end of 2023, the City's governmental funds reported a combined ending fund balance of \$46,072,237 – an increase of \$6,623,962 in comparison to the prior year. Of this amount, \$3,384,994 is shown as an increase to the fund balance of the General Fund, \$5,752 as a decrease to the fund balance of the Bond Fund, \$3,067,075 as an increase to fund balance of the Capital Improvements Fund, and \$177,645 as an increase to the fund balance of Other Governmental Funds.
- The City has a formal policy regarding the General Fund's fund balance. The policy states that the City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow. This balance will be maintained in committed fund balance in the General Fund and will be no less than 16% of the next year's General Fund adopted budget. Accordingly, General Fund committed fund balance should be no less than \$9,845,081. There were sufficient funds in committed fund balance at the end of 2023 to satisfy this policy.
- The City's total long-term liabilities at the close of 2023, including governmental and business type activities, were \$74,120,901. During fiscal year 2023, the city retired a total of \$6,964,639, predominantly through principal reductions and the reduction of OPEB obligation. Over the same period, the City added a total of \$4,289,902 in new long-term obligations, primarily due to an increase in net pension liability. At the close of the fiscal year, the amount of debt principal payments and other liabilities due within one year was \$4,980,752 (See Note 9 for relevant disclosures regarding the City's long-term debt.)

### Overview of the Financial Statements

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

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

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

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

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

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

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These two statements, read together, will give the reader a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has three major governmental funds--the General Fund, Bond Fund, and Capital Improvements Fund. There are eight non-major governmental funds. Fund financial statements immediately follow the government-wide financial statement section
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the government-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, stormwater, and the joint Augusta County Service Authority landfill operations. Internal Service funds are used to report activities of the City's Store and Equipment funds which account for inventory supplies for City operations and maintenance of the City's equipment fleet, respectively. It is important to note that the proprietary funds are accounted for on a full accrual basis, whereas the governmental funds are accounted for using a modified accrual basis.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. No such funds were reported during 2023.

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

## Government-Wide Financial Analysis

As noted earlier, a comparison of net position over several years can serve as a useful indicator of a government's financial position. In the case of the City, total primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$99,823,655 at the close of fiscal year 2023. Capital assets (e.g., land, buildings, machinery, and equipment) in 2023 comprise approximately 54% of total assets, which is slightly less than 2022. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although their value is reported net of related debt, it should be noted that the resources needed to repay this debt must be derived from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	67,667,834	61,420,884	20,381,775	17,673,155	88,049,609	79,094,039
Capital assets	44,371,074	41,146,821	58,610,323	59,856,549	102,981,397	101,003,370
<b>Total assets</b>	<b>112,038,908</b>	<b>102,567,705</b>	<b>78,992,098</b>	<b>77,529,704</b>	<b>191,031,006</b>	<b>180,097,409</b>
Deferred charges	60,140	81,730	482,139	562,518	542,279	644,248
Deferred losses	8,084,582	6,099,488	1,619,144	1,151,265	9,703,726	7,250,753
<b>Total deferred outflows of resources</b>	<b>8,144,722</b>	<b>6,181,218</b>	<b>2,101,283</b>	<b>1,713,783</b>	<b>10,246,005</b>	<b>7,895,001</b>
Current and other liabilities	15,837,475	14,533,364	3,730,718	3,448,876	19,568,193	17,982,240
Long-term liabilities outstanding	44,135,327	44,730,344	25,004,822	27,150,069	69,140,149	71,880,413
<b>Total liabilities</b>	<b>59,972,802</b>	<b>59,263,708</b>	<b>28,735,540</b>	<b>30,598,945</b>	<b>88,708,342</b>	<b>89,862,653</b>
Unavailable revenue	-	1,788,633	-	-	-	1,788,633
Leases	158,460	200,496	-	-	158,460	200,496
Deferred gains	10,490,454	10,933,767	2,096,100	2,046,157	12,586,554	12,979,924
<b>Total deferred inflows of resources</b>	<b>10,648,914</b>	<b>12,922,896</b>	<b>2,096,100</b>	<b>2,046,157</b>	<b>12,745,014</b>	<b>14,969,053</b>
Net position:						
Invested in capital assets, net of related debt	41,437,151	37,514,787	34,028,168	32,877,670	75,465,319	70,392,457
Restricted and Nonexpendable	7,012,929	4,715,357		872	7,012,929	4,716,229
Unrestricted	1,111,834	(5,667,824)	16,233,573	13,719,843	17,345,407	8,052,019
<b>Total net position</b>	<b>49,561,914</b>	<b>36,562,319</b>	<b>50,261,741</b>	<b>46,598,385</b>	<b>99,823,655</b>	<b>83,160,704</b>

### Summary of Net Position

Approximately 14% 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 \$16,662,950 compared to 2022. This increase is the net effect of a \$3,663,356 increase in the net position of the business-type activities, and a \$12,999,594 increase in the net position of the governmental activities.

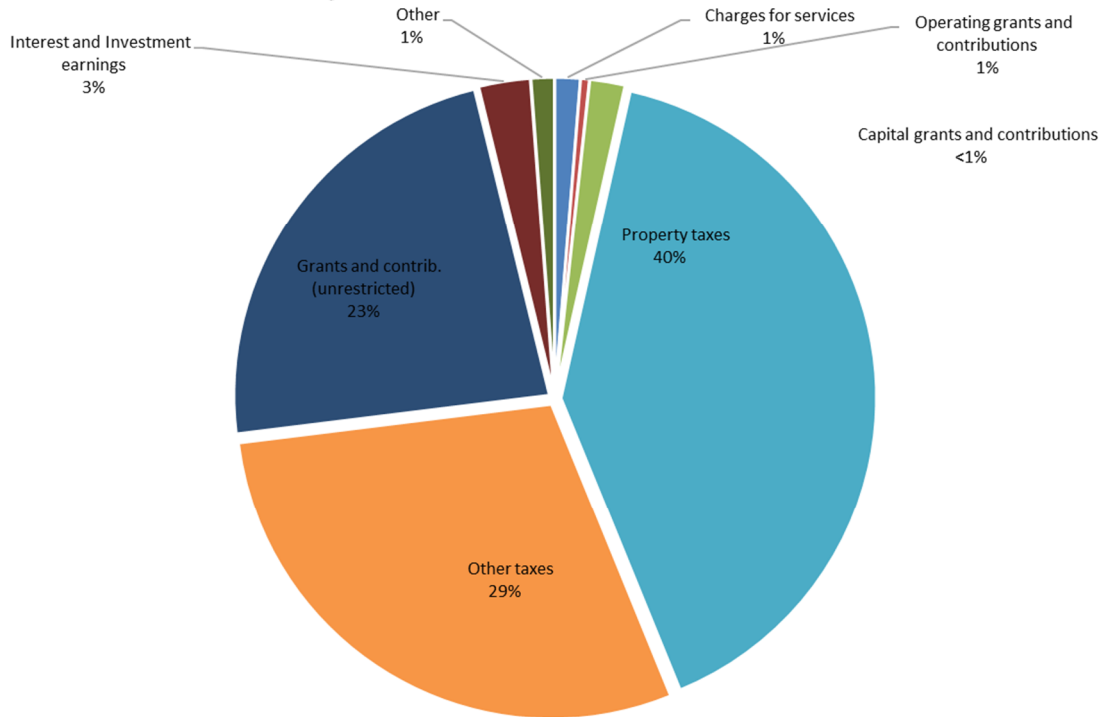
The table on the following page provides comparison information from 2022 to 2023 related to revenues and expenses of governmental and business-type activities. Revenues are broken down into program and general types. Program revenues consist of charges for services, operating grants and contributions, and capital contributions. General revenues include such sources as taxes on property, retail sales, business licenses, communications, meals, lodging, etc.

When compared to 2022, total revenues from Governmental Activities increased by \$5,936,061, primarily comprised of increases for capital grants and contributions, unrestricted grants and contributions, and interest and investment earnings. When compared to 2022, total expenditures of Governmental Activities decreased by \$71,785; with significant decreases to public works (\$2.6M), and significant increases to parks, recreation and cultural (\$.9M) and education (\$1M). Overall, the change in the Governmental net position was an increase of \$11,150,543 before transfers, and \$12,999,594 after transfers of \$1,849,051 are taken into consideration.

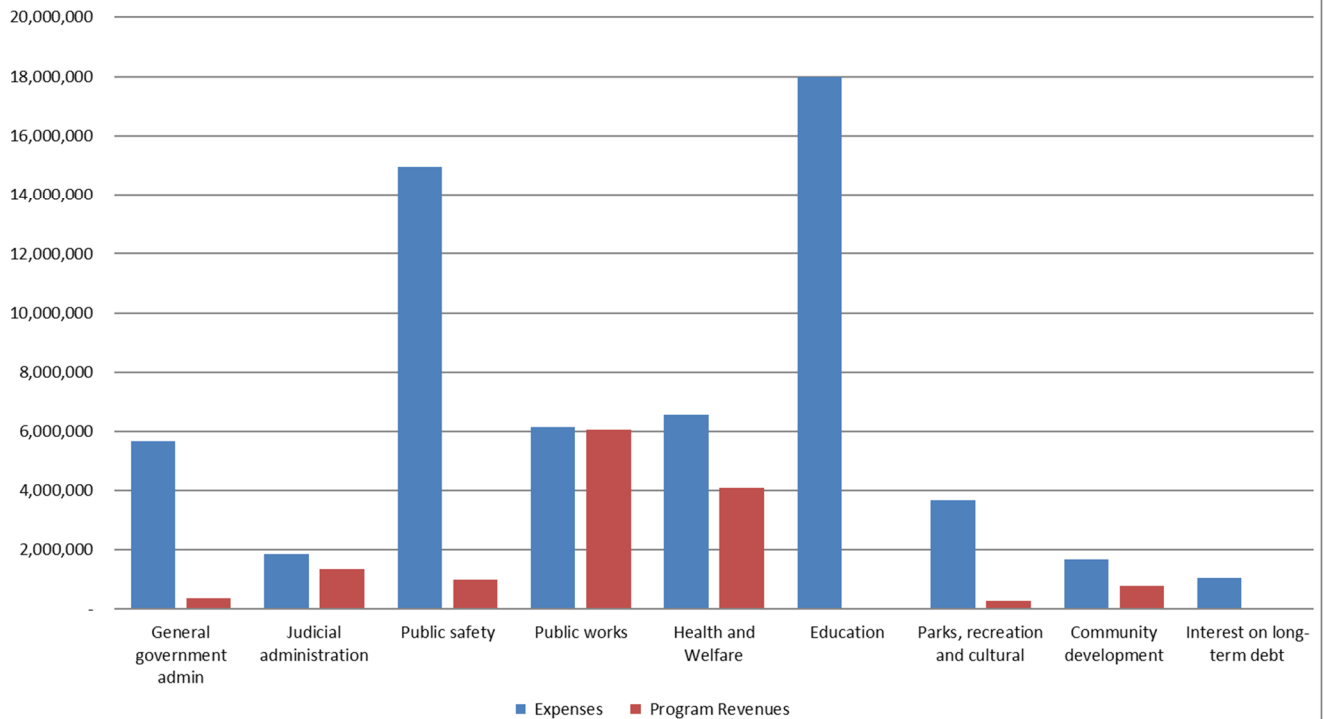
In comparison to 2022, Business-type revenues derived from charges for services increased in 2023 by 5.6%, while total revenues increased by 16.1%. Combined expenses across the business-type funds increased by a total of 18.2%.

City of Waynesboro, Virginia						
Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<b>Revenues by source:</b>						
Program Revenues						
Charges for services	909,314	1,294,466	16,049,033	15,203,191	16,958,347	16,497,657
Operating grants and contributions	314,624	305,166	243,963	178,971	558,587	484,137
Capital grants and contributions	1,273,903	671,773	1,551,950	317,161	2,825,853	988,934
General Revenues						
Property taxes	28,500,072	27,708,213	-	-	28,500,072	27,708,213
Other taxes	20,656,196	19,515,425	-	-	20,656,196	19,515,425
Grants and contrib. (unrestricted)	16,357,264	14,303,592	-	-	16,357,264	14,303,592
Interest and Investment earnings	1,865,230	465,089	503,229	97,255	2,368,459	562,344
Other	839,659	516,477	14,191	21,450	853,850	537,927
Total Revenues	70,716,262	64,780,201	18,362,366	15,818,028	89,078,628	80,598,229
<b>Expenses by activity:</b>						
Governmental activity						
General government admin	5,673,323	6,061,317	-	-	5,673,323	6,061,317
Judicial administration	1,841,772	1,880,301	-	-	1,841,772	1,880,301
Public safety	14,950,241	14,442,688	-	-	14,950,241	14,442,688
Public works	6,154,800	8,840,925	-	-	6,154,800	8,840,925
Health and Welfare	6,584,601	6,714,783	-	-	6,584,601	6,714,783
Education	17,980,830	16,902,753	-	-	17,980,830	16,902,753
Parks, recreation and cultural	3,656,253	2,714,327	-	-	3,656,253	2,714,327
Community development	1,667,417	966,154	-	-	1,667,417	966,154
Interest on long-term debt	1,056,482	1,114,256	-	-	1,056,482	1,114,256
Business-type activities						
Water	-	-	4,047,466	2,844,395	4,047,466	2,844,395
Sewer	-	-	5,534,323	5,213,442	5,534,323	5,213,442
Landfill operations	-	-	1,133,025	903,007	1,133,025	903,007
Refuse	-	-	1,109,335	961,129	1,109,335	961,129
Stormwater	-	-	1,025,810	953,548	1,025,810	953,548
Total Expenses	59,565,719	59,637,504	12,849,959	10,875,521	72,415,678	70,513,025
Change in net position before transfers	11,150,543	5,142,697	5,512,407	4,942,507	16,662,950	10,085,204
Transfers	1,849,051	1,803,059	(1,849,051)	(1,803,059)	-	-
Increase (decrease) in net position	12,999,594	6,945,756	3,663,356	3,139,448	16,662,950	10,085,204
Net position - beginning (as restated)	36,562,319	29,616,563	46,598,385	43,458,937	83,160,704	72,361,601
Net position -ending	49,561,914	36,562,319	50,261,741	46,598,385	99,823,655	83,160,704

## Revenues by Source - Governmental Activities

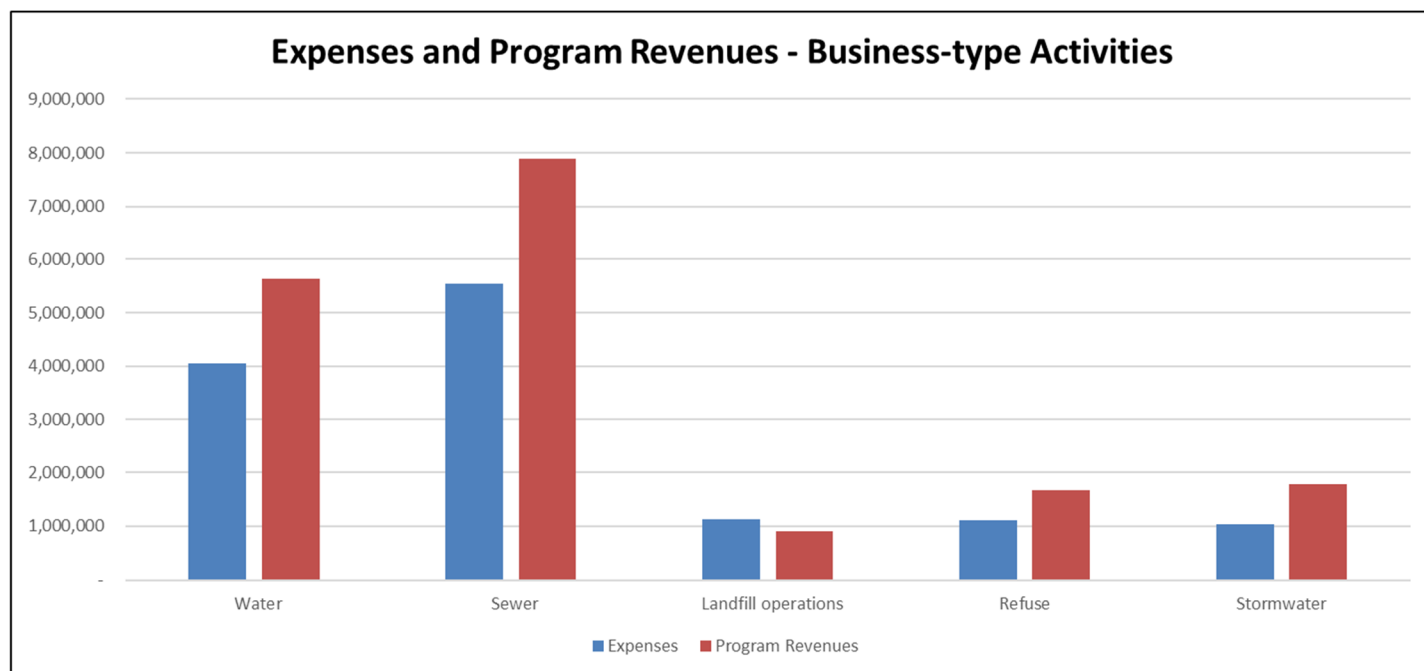


## Expenses and Program Revenues - Governmental Activities



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 2023 compared to the expenses incurred for governmental activities during 2023. The difference between program revenue and expenses or merely the lack of program revenues for some expenses is compensated for by non-programmatic/non-categorical General Fund revenues.

As depicted in the bar graph below, revenues exceeded associated expenditures for all business-type activities in 2023 excluding Landfill operations.



### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**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 \$3,384,994, while total fund balance was \$32,039,398. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents approximately 7% of total fund expenditures, while total fund balance represents approximately 63% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$3,384,994 during 2023. Positive variances in general property tax revenue, other local tax revenue, revenue from use of money and property, state revenues, public works expenditures and general government administration expenditures contributed to the increase.

**Bond Fund.** The Bond Fund is the fund in which bonds are tracked for the City. At the end of 2023, fund balance was \$327,310, a decrease of \$5,752 from the prior year. This fund is intended to spend bond proceeds, so large swings in fund balance are common during issuance and spend down periods.



**Capital Projects Fund.** Is used to track major capital projects for the city. There was fund balance of \$12,126,836 in this fund as of June 30, 2023, all of which is committed. This is an increase of \$3,067,075, which is mostly caused by projects being planned for in future year.

**Other non-major funds.** As of June 30, 2023, the fund balance for the other governmental funds was \$1,578,693. This fund balance amount represents 23% of the total of all other non-major fund expenditures. The net change in fund balance was an increase of \$177,645.

**Proprietary funds.** At the end of 2023, the total net position of the enterprise funds was \$50,261,741. This figure represents an increase in net position of \$3,663,356 compared to 2022. The total net assets of the internal services fund at the end of 2023 were \$6,207,094 which represents a decrease from 2022 of \$72,380.

### **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 10 of the main body of this report delineates the changes from original budget to final and a detailed comparison of final budget versus actual revenues and expenses.

- General Fund final budgeted revenues were \$863,753 greater than originally budgeted revenues. The increase is comprised primarily of additional appropriations for general property tax and other local tax revenues.
- General Fund final budgeted expenses were \$5,170,235 greater than originally budgeted expenses. The primary factor for the increase is adjustments made at the time prior year encumbrances were rolled to the new fiscal year totaling \$2,484,695 and appropriations for the use of fund balances.
- General Fund's actual revenues were \$7,007,663 greater than final budgeted revenues, representing a variance of approximately 12.5%. The primary drivers of this positive variance were actual receipts exceeding the budgeted amounts in the following categories: general property taxes (\$1.1 million), local sales and use tax (\$3.1M), and revenue from the use of money and property (\$1.4M).
- General Fund's actual expenditures were \$5,223,522 less than final budgeted expenditures, representing a variance of 9.3%. This variance is due to several factors, including general vacancy savings in salaries and fringe benefits as well as a significant positive variance in public works (\$1.8m) and items that have been encumbered (2.5m) but the items did not meet the criteria for accrual.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets includes land, buildings, improvements other than buildings, equipment, and construction work in progress. The City had a total investment in capital assets of \$102,981,397 for its governmental and business-type activities as of June 30, 2023.

Total capital assets attributed to governmental activities increased by \$3,224,253 while total capital assets attributed to the business-type activities decreased by \$1,246,226. The decreases were due to depreciation exceeding acquisitions in both cases. (See note 7 for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2023 included the following:

- The Rosser Avenue/Lucy Lane Sidewalk Project, South River Greenway Phase II, and the A Street Culvert projects were completed during fiscal year 2023.
- Work continued on the South River Greenway Phase III, South River Preserve, Loth Springs Natural Area and Sunset Park projects.
- Land was purchased for the West End Fire Station and preliminary work began.
- The War Memorial Pool at Ridgeview Park was renovated.
- New vehicles and equipment were purchased for multiple departments including vehicles for police, stormwater, and parks and recreation.
- Various other capital needs were filled including a roof renovation at the Rosenwald building as well as the acquisition of an additional raw water tank.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	9,850,934	8,775,798	438,268	386,268	10,289,202	9,162,066
Buildings	7,968,557	7,675,037	36,523,820	37,553,055	44,492,377	45,228,092
Improvements other than buildings	4,350,671	1,869,218	19,286,213	19,544,578	23,636,884	21,413,796
Machinery and equipment	3,801,657	4,444,768	1,995,622	2,158,716	5,797,279	6,603,484
Infrastructure	13,966,181	14,895,056	0	0	13,966,181	14,895,056
Leases	190,137	103,790	0	0	190,137	103,790
Construction in Progress	4,242,937	3,383,155	366,400	213,932	4,609,337	3,597,087
<b>Total Capital Assets</b>	<b>44,371,074</b>	<b>41,146,822</b>	<b>58,610,323</b>	<b>59,856,549</b>	<b>102,981,397</b>	<b>101,003,371</b>

**Long-term debt.** As of June 30, 2023, the City of Waynesboro held no ratings from Moody's Investor Service. Ratings are only issued when bonds are in the process of being sold. Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds, with numerical (1-3) modifiers that indicate the obligation ranking within a rating category; Standard & Poor's issues ratings from AAA to D.

The Code of Virginia and the City's Charter limit the amount of general obligation debt that may be issued to ten percent of the total assessed value of taxable real property. Based on this limitation, the City's outstanding GO debt cannot exceed \$227,914,914.

<b>City of Waynesboro Outstanding Debt</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
GO bonds	30,697,095	32,785,494	13,107,654	14,233,289	43,804,749	47,018,783
VA Revolving Loans	-	-	12,980,079	14,643,600	12,980,079	14,643,600
<b>Total O/S Debt</b>	<b>30,697,095</b>	<b>32,785,494</b>	<b>26,087,733</b>	<b>28,876,889</b>	<b>56,784,828</b>	<b>61,662,383</b>

The table above provides comparative information related to the City's long-term outstanding debt. As of June 30, 2023, the City had long-term debt outstanding of \$56,784,828; \$26,087,733 was for business-type activities and \$30,697,095 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,350,560, and \$2,561,594 for business-type activities. These debt payments were budgeted as expenditures in the 2023 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities' column, \$2,283,342 is related to general government capital projects. The remaining debt outstanding is related to School Board—component unit projects. (See Note 9 for relevant disclosures regarding the City's outstanding debt.)

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

- The fiscal year 2024 general fund budget was adopted at \$61,531,754, an increase of \$4,329,399 when compared to the 2023 budget.
- The real property tax rate decreased from \$0.90 on every \$100.00 of assessed value to \$0.77 on every \$100.00 of assessed value.
- The personal property tax rate for all machinery and tools and business personal property remained at a rate of \$3.25 per \$100 of value, while the motor vehicle rate remained at 2.62.
- The City funded a projected increase in health insurance premiums of about 7%.
- The water rate for consumption was increased by 9%; the refuse rate increased by \$2.50 to \$20.00/month; the stormwater rate increased by 3%.
- According to the Virginia Employment Commission, the unemployment rate for the City of Waynesboro as of June 2023 was 2.9%, compared to 3.1% as of June of 2022. This compares favorably with the national rate of 3.8% for the same period, and is nearly equal to the Commonwealth's rate of 2.8%.

#### **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: Assistant City Manager, 503 W. Main Street, Room 206, Waynesboro, VA 22980.

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

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## ***BASIC FINANCIAL STATEMENTS***

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***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 58,125,494	\$ 14,196,543	\$ 72,322,037	\$ 7,588,715
Investments	348,795	-	348,795	-
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	2,146,847	-	2,146,847	-
Accounts	1,161,991	3,109,225	4,271,216	51,766
Notes	1,253,161	-	1,253,161	-
Interest	299,457	-	299,457	-
Leases	158,460	-	158,460	49,078
Due from other governments	3,506,773	-	3,506,773	2,801,320
Inventories	35,099	679,117	714,216	-
Permanently restricted:				
Cash and cash equivalents	631,757	-	631,757	-
Investment in landfill joint venture	-	2,396,890	2,396,890	-
Net pension asset	-	-	-	359,707
Capital assets not being depreciated:				
Land	9,850,934	438,268	10,289,202	811,907
Construction in progress	4,242,937	366,400	4,609,337	5,409,075
Capital assets, net of accumulated depreciation:				
Buildings and systems	7,968,557	36,523,819	44,492,376	56,118,509
Improvements other than buildings	4,350,671	19,286,213	23,636,884	369,246
Machinery and equipment	3,801,657	1,995,623	5,797,280	2,229,904
Infrastructure	13,966,181	-	13,966,181	-
Lease assets	190,137	-	190,137	1,938,625
SBITA assets	-	-	-	185,380
Total assets	<u>112,038,908</u>	<u>78,992,098</u>	<u>191,031,006</u>	<u>77,913,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	60,140	482,139	542,279	-
Deferred outflow on OPEB obligation	1,037,286	209,579	1,246,865	1,286,716
Deferred outflow on pension obligation	<u>7,047,296</u>	<u>1,409,565</u>	<u>8,456,861</u>	<u>6,433,489</u>
Total deferred outflows of resources	<u>8,144,722</u>	<u>2,101,283</u>	<u>10,246,005</u>	<u>7,720,205</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	4,343,942	880,197	5,224,139	3,945,866
Accrued interest payable	488,168	272,329	760,497	2,960
Unearned revenue	8,602,805	-	8,602,805	-
Noncurrent liabilities:				
Due within one year	2,402,560	2,578,192	4,980,752	705,015
Due in more than one year	<u>44,135,327</u>	<u>25,004,822</u>	<u>69,140,149</u>	<u>30,394,895</u>
Total liabilities	<u>59,972,802</u>	<u>28,735,540</u>	<u>88,708,342</u>	<u>35,048,736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	158,460	-	158,460	49,078
Deferred inflow on OPEB obligation	2,859,165	562,307	3,421,472	990,015
Deferred inflow on pension obligation	<u>7,631,289</u>	<u>1,533,793</u>	<u>9,165,082</u>	<u>4,946,470</u>
Total deferred inflows of resources	<u>10,648,914</u>	<u>2,096,100</u>	<u>12,745,014</u>	<u>5,985,563</u>

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



**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

Exhibit 1 (continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>NET POSITION</b>				
Net investment in capital assets	41,437,151	34,028,168	75,465,319	64,667,665
Restricted for:				
Judicial administration	256,817	-	256,817	-
Public safety	256,608	-	256,608	-
Public works	5,366,335	-	5,366,335	-
Health and Welfare	150,471	-	150,471	-
Parks, recreation, and cultural	23,631	-	23,631	-
Education	327,310	-	327,310	-
Pension	-	-	-	359,707
Perpetual care:				
Nonexpendable	631,757	-	631,757	-
Unrestricted	1,111,834	16,233,573	17,345,407	(20,428,234)
Total net position	<u>\$ 49,561,914</u>	<u>\$ 50,261,741</u>	<u>\$ 99,823,655</u>	<u>\$ 44,599,138</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

Exhibit 2

					Net (Expenses) Revenue and Changes in Net Position				
Program Revenues					Primary Government			Component Unit	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	
<b>Primary government:</b>									
Governmental activities:									
General government administration	\$ 5,673,323	\$ 50,838	\$ 315,833	\$ -	\$ (5,306,652)		\$ (5,306,652)		
Judicial administration	1,841,772	140,336	1,189,731	-	(511,705)		(511,705)		
Public safety	14,950,241	137,505	838,768	-	(13,973,968)		(13,973,968)		
Public works	6,154,800	16,149	5,048,778	992,672	(97,201)		(97,201)		
Health and welfare	6,584,601	157,878	3,921,886	-	(2,504,837)		(2,504,837)		
Education	17,980,830	-	-	-	(17,980,830)		(17,980,830)		
Parks, recreation, and cultural	3,656,253	90,254	191,067	-	(3,374,932)		(3,374,932)		
Community development	1,667,417	316,354	188,208	281,231	(881,624)		(881,624)		
Interest on long-term debt	1,056,482	-	-	-	(1,056,482)		(1,056,482)		
Total governmental activities	59,565,719	909,314	11,694,271	1,273,903	(45,688,231)		(45,688,231)		
Business-type activities:									
Water	4,047,466	4,734,292	235,000	656,255	-	\$ 1,578,081	1,578,081		
Sewer	5,534,323	7,030,790	-	848,175	-	2,344,642	2,344,642		
Landfill operations	1,133,025	898,472	-	-	-	(234,553)	(234,553)		
Refuse	1,109,335	1,661,477	8,963	-	-	561,105	561,105		
Stormwater	1,025,810	1,724,002	-	47,520	-	745,712	745,712		
Total business-type activities	12,849,959	16,049,033	243,963	1,551,950	-	4,994,987	4,994,987		
Total primary government	\$ 72,415,678	\$ 16,958,347	\$ 11,938,234	\$ 2,825,853	(45,688,231)	4,994,987	(40,693,244)		
<b>Component units:</b>									
School board	48,346,683	993,557	38,215,546	-				\$ (9,137,580)	
Total component unit	\$ 48,346,683	\$ 993,557	\$ 38,215,546	\$ -				(9,137,580)	
General revenues:									
Taxes:									
General property					28,500,072	-	28,500,072	-	
Sales					7,130,221	-	7,130,221	-	
Utility					1,055,263	-	1,055,263	-	
Business license					2,967,927	-	2,967,927	-	
Hotel and meals					7,870,521	-	7,870,521	-	
Tobacco					423,143	-	423,143	-	
Other					1,209,121	-	1,209,121	-	
Miscellaneous					763,883	11,355	775,238	178,273	
Payment and contribution from City of Waynesboro					-	-	-	17,925,629	
Grants and contributions not restricted to specific programs					4,977,617	-	4,977,617	-	
Unrestricted investment earnings					1,865,230	503,229	2,368,459	260,874	
Gain on disposal of capital assets					75,776	2,836	78,612	-	
Transfers					1,849,051	(1,849,051)	-	-	
Total general revenues and transfers					58,687,825	(1,331,631)	57,356,194	18,364,776	
Change in net position									
Net position - beginning					12,999,594	3,663,356	16,662,950	9,227,196	
Net position - ending					36,562,320	46,598,385	83,160,705	35,371,942	
Net position - ending					\$ 49,561,914	\$ 50,261,741	\$ 99,823,655	\$ 44,599,138	

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

Exhibit 3

	General Fund	Bond Fund	Capital Projects Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 40,247,152	\$ -	\$ 11,862,399	\$ 897,309	\$ 53,006,860
Investments	1,630	347,165	-	-	348,795
Receivables (Net of allowances for uncollectibles):					
Taxes, including penalties	2,146,847	-	-	-	2,146,847
Accounts	598,470	-	-	70,540	669,010
Leases	158,460	-	-	-	158,460
Due from other funds	170,614	-	-	-	170,614
Interest Receivable	286,434	-	-	-	286,434
Due from other governments	2,058,645	-	787,535	660,593	3,506,773
Inventory	35,099	-	-	-	35,099
Restricted assets:					
Cash and cash equivalents	-	-	-	631,757	631,757
<b>Total assets</b>	<b>\$ 45,703,351</b>	<b>\$ 347,165</b>	<b>\$ 12,649,934</b>	<b>\$ 2,260,199</b>	<b>\$ 60,960,649</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,498,315	\$ -	\$ 509,328	\$ 513,144	\$ 2,520,787
Accrued payroll	933,308	-	-	17,603	950,911
Retainage payable	-	-	13,770	-	13,770
Unearned revenue	8,602,805	-	-	-	8,602,805
Due to other funds	-	19,855	-	150,759	170,614
Amounts held for others	46,580	-	-	-	46,580
Escrow and deposits payable	207,557	-	-	-	207,557
<b>Total liabilities</b>	<b>\$ 11,288,565</b>	<b>\$ 19,855</b>	<b>\$ 523,098</b>	<b>\$ 681,506</b>	<b>\$ 12,513,024</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	\$ 2,216,928	\$ -	\$ -	\$ -	\$ 2,216,928
Leases	158,460	-	-	-	158,460
<b>Total deferred inflows of resources</b>	<b>\$ 2,375,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,375,388</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	35,099	-	-	-	35,099
Permanent fund principal	-	-	-	631,757	631,757
Restricted for:					
Judicial administration	256,817	-	-	-	256,817
Public safety	256,608	-	-	-	256,608
Public works	5,366,335	-	-	-	5,366,335
Health and welfare	150,471	-	-	-	150,471
Parks, recreation, and cultural	23,631	-	-	-	23,631
Education	-	327,310	-	-	327,310
Committed to:					
Council contingency	9,845,081	-	-	-	9,845,081
General government administration	66,048	-	-	-	66,048
Public works	650,000	-	-	-	650,000
Health and welfare	150,603	-	-	-	150,603
Capital projects	-	-	12,126,836	-	12,126,836
Revenue stabilization	500,000	-	-	-	500,000
Public Safety	8,854	-	-	-	8,854

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

Exhibit 3 (continued)

	General Fund	Bond Fund	Capital Projects Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES (Continued)</b>					
Assigned to:					
General government administration	\$ 262,319	\$ -	\$ -	\$ -	\$ 262,319
Judicial administration	401	-	-	-	401
Public safety	1,587,277	-	-	-	1,587,277
Public works	501,511	-	-	-	501,511
Health and welfare	16,269	-	-	-	16,269
Parks, recreation, and cultural	54,999	-	-	-	54,999
Youth and family services	-	-	-	517,677	517,677
CAPSAW	-	-	-	126,445	126,445
Economic Development Authority	-	-	-	262,336	262,336
Community development	22,741	-	-	-	22,741
Debt service	-	-	-	40,478	40,478
Education	-	-	-	-	-
Reserves	2,297,687	-	-	-	2,297,687
Capital projects	6,601,653	-	-	-	6,601,653
Unassigned:					
General	3,384,994	-	-	-	3,384,994
Total fund balances	<u>\$ 32,039,398</u>	<u>\$ 327,310</u>	<u>\$ 12,126,836</u>	<u>\$ 1,578,693</u>	<u>\$ 46,072,237</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,703,351</u>	<u>\$ 347,165</u>	<u>\$ 12,649,934</u>	<u>\$ 2,260,199</u>	<u>\$ 60,960,649</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2023**

	Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 46,072,237
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.	43,171,258
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	1,266,184
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.	10,361,650
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.	6,207,094
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(47,026,055)
Deferred inflows of resources related to pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,490,454)</u>
Net position of governmental activities	<u>\$ 49,561,914</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 5

	General Fund	Bond Fund	Capital Projects Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 28,466,369	\$ -	\$ -	\$ -	\$ 28,466,369
Other local taxes	20,656,196	-	-	-	20,656,196
Permits, privilege fees, and regulatory licenses	287,540	-	-	-	287,540
Fines and forfeitures	132,826	-	-	-	132,826
Revenue from use of money and property	1,807,450	14,103	-	43,677	1,865,230
Charges for services	190,167	-	-	-	190,167
Miscellaneous	829,338	-	-	49,191	878,529
Recovered costs	150,848	-	11,728	450,829	613,405
Intergovernmental:					
Commonwealth	10,564,975	-	716,675	3,058,597	14,340,247
Federal	127,342	-	1,967,363	1,196,215	3,290,920
<b>Total revenues</b>	<b>63,213,051</b>	<b>14,103</b>	<b>2,695,766</b>	<b>4,798,509</b>	<b>70,721,429</b>
<b>EXPENDITURES</b>					
Current:					
General government administration	5,425,803	-	23,086	-	5,448,889
Judicial administration	1,895,165	-	-	-	1,895,165
Public safety	14,463,736	-	1,490,164	621,090	16,574,990
Public works	5,283,758	-	934,315	-	6,218,073
Health and welfare	642,421	-	-	5,980,488	6,622,909
Education	17,960,975	19,855	-	-	17,980,830
Parks, recreation, and cultural	3,802,666	-	2,642,136	-	6,444,802
Community development	1,243,206	-	338,361	160,021	1,741,588
Debt service:					
Principal retirement	-	-	-	2,088,400	2,088,400
Interest and fiscal charges	-	-	-	1,197,648	1,197,648
<b>Total expenditures</b>	<b>50,717,730</b>	<b>19,855</b>	<b>5,428,062</b>	<b>10,047,647</b>	<b>66,213,294</b>
Excess (deficiency) of revenues over (under) expenditures	12,495,321	(5,752)	(2,732,296)	(5,249,138)	4,508,135
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	75,776	-	-	-	75,776
Transfers in	2,046,946	-	5,799,371	5,433,678	13,279,995
Transfers out	(11,233,049)	-	-	(6,895)	(11,239,944)
<b>Total other financing sources and uses</b>	<b>(9,110,327)</b>	<b>-</b>	<b>5,799,371</b>	<b>5,426,783</b>	<b>2,115,827</b>
Net change in fund balances	3,384,994	(5,752)	3,067,075	177,645	6,623,962
Fund balance - beginning	28,654,404	333,062	9,059,761	1,401,048	39,448,275
Fund balance - ending	\$ 32,039,398	\$ 327,310	\$ 12,126,836	\$ 1,578,693	\$ 46,072,237

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, 2023**

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ 6,623,962
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 (\$6,055,299) is exceeded by depreciation and amortization (\$2,560,311) in the current period.	3,494,988
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(80,943)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,002,038
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.	1,031,929
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>(72,380)</u>
Change in net position of governmental activities	<u>\$ 12,999,594</u>



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**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

Exhibit 7

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,069,343	\$ 7,245,613	\$ 2,881,587	\$ 14,196,543	\$ 5,118,634
Accounts receivable (net of allowance for uncollectibles)	723,229	1,187,478	1,198,518	3,109,225	492,981
Inventory	630,145	48,972	-	679,117	-
Total current assets	<u>5,422,717</u>	<u>8,482,063</u>	<u>4,080,105</u>	<u>17,984,885</u>	<u>5,611,615</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,396,890	2,396,890	-
Capital assets:					
Land	342,087	44,181	52,000	438,268	-
Buildings	9,019,358	43,354,786	113,453	52,487,597	-
Improvements other than buildings	20,898,978	38,260,612	4,027,196	63,186,786	-
Machinery and equipment	1,313,923	3,368,536	2,379,591	7,062,050	6,981,432
Construction in progress	-	53,648	312,752	366,400	-
Less: accumulated depreciation	<u>(18,383,917)</u>	<u>(42,946,726)</u>	<u>(3,600,135)</u>	<u>(64,930,778)</u>	<u>(5,781,616)</u>
Total capital assets (net of accumulated depreciation)	<u>13,190,429</u>	<u>42,135,037</u>	<u>3,284,857</u>	<u>58,610,323</u>	<u>1,199,816</u>
Total noncurrent assets	<u>13,190,429</u>	<u>42,135,037</u>	<u>5,681,747</u>	<u>61,007,213</u>	<u>1,199,816</u>
Total assets	<u>18,613,146</u>	<u>50,617,100</u>	<u>9,761,852</u>	<u>78,992,098</u>	<u>6,811,431</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	382,967	47,644	51,528	482,139	-
Deferred outflow on OPEB obligation	75,792	59,840	73,947	209,579	-
Deferred outflow or resources VRS	<u>514,931</u>	<u>406,550</u>	<u>488,084</u>	<u>1,409,565</u>	<u>-</u>
Total deferred outflows of resources	<u>973,690</u>	<u>514,034</u>	<u>613,559</u>	<u>2,101,283</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	51,264	58,495	347,300	457,059	604,337
Accrued payroll	43,167	34,673	105,357	183,197	-
Accrued interest payable	93,609	161,336	17,384	272,329	-
Deposits payable	237,158	-	2,783	239,941	-
Compensated absences	7,798	3,285	5,515	16,598	-
General obligation bonds - current	481,040	516,029	269,328	1,266,397	-
Revenue bonds payable - current	<u>-</u>	<u>1,295,197</u>	<u>-</u>	<u>1,295,197</u>	<u>-</u>
Total current liabilities	<u>914,036</u>	<u>2,069,015</u>	<u>747,667</u>	<u>3,730,718</u>	<u>604,337</u>
Noncurrent liabilities:					
Compensated absences	52,056	31,007	77,309	160,372	-
Net OPEB obligation	266,576	210,468	271,904	748,948	-
Net pension liability	607,856	479,916	505,030	1,592,802	-
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	8,709,437	2,373,056	1,404,966	12,487,459	-
Revenue bonds payable	<u>-</u>	<u>10,015,241</u>	<u>-</u>	<u>10,015,241</u>	<u>-</u>
Total noncurrent liabilities	<u>9,635,925</u>	<u>13,109,688</u>	<u>2,259,209</u>	<u>25,004,822</u>	<u>-</u>
Total liabilities	<u>10,549,961</u>	<u>15,178,703</u>	<u>3,006,876</u>	<u>28,735,540</u>	<u>604,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow on OPEB obligation	208,912	164,942	188,453	562,307	-
Deferred inflow of resources VRS	<u>557,603</u>	<u>440,240</u>	<u>535,950</u>	<u>1,533,793</u>	<u>-</u>
Total deferred inflows of resources	<u>766,515</u>	<u>605,182</u>	<u>724,403</u>	<u>2,096,100</u>	<u>-</u>

continued

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

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

Exhibit 7 (continued)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>NET POSITION</b>					
Net investment in capital assets	4,382,919	27,983,158	3,759,752	36,125,829	1,199,816
Unrestricted	<u>3,887,441</u>	<u>7,364,091</u>	<u>2,884,380</u>	<u>14,135,912</u>	<u>5,007,278</u>
Total net position	<u>\$ 8,270,360</u>	<u>\$ 35,347,249</u>	<u>\$ 6,644,132</u>	<u>\$ 50,261,741</u>	<u>\$ 6,207,094</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,734,292	\$ 7,030,790	\$ 4,283,951	\$ 16,049,033	\$ 9,162,411
Miscellaneous	10,746	55	554	11,355	1,339,119
Total operating revenues	<u>4,745,038</u>	<u>7,030,845</u>	<u>4,284,505</u>	<u>16,060,388</u>	<u>10,501,530</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,559,260	1,118,827	1,256,471	3,934,558	-
Claims paid	-	-	-	-	8,419,143
Stop-loss fees	-	-	-	-	1,865,895
Contractual services	353,499	230,375	789,345	1,373,219	-
Other supplies and expenses	886,948	1,252,418	266,987	2,406,353	2,854
Depreciation	880,253	2,396,832	339,851	3,616,936	256,382
Total operating expenses	<u>3,679,960</u>	<u>4,998,452</u>	<u>2,652,654</u>	<u>11,331,066</u>	<u>10,544,274</u>
Operating income (loss)	<u>1,065,078</u>	<u>2,032,393</u>	<u>1,631,851</u>	<u>4,729,322</u>	<u>(42,744)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental:					
Commonwealth	-	-	8,963	8,963	-
Federal	235,000	-	-	235,000	-
Interest income	191,689	231,039	80,501	503,229	175,717
Gain (loss) on disposal of assets	-	2,836	-	2,836	(14,353)
Loss on equity interest	-	-	(550,038)	(550,038)	-
Interest and fiscal charges	(367,506)	(535,871)	(65,478)	(968,855)	-
Total nonoperating revenues (expenses)	<u>59,183</u>	<u>(301,996)</u>	<u>(526,052)</u>	<u>(768,865)</u>	<u>161,364</u>
Income before contributions and transfers	<u>1,124,261</u>	<u>1,730,397</u>	<u>1,105,799</u>	<u>3,960,457</u>	<u>118,620</u>
Capital contributions	656,255	848,175	47,520	1,551,950	-
Transfers in	96,660	-	-	96,660	-
Transfers out	(696,348)	(683,650)	(565,713)	(1,945,711)	(191,000)
Change in net position	1,180,828	1,894,922	587,606	3,663,356	(72,380)
Total net position - beginning	<u>7,089,532</u>	<u>33,452,327</u>	<u>6,056,526</u>	<u>46,598,385</u>	<u>6,279,474</u>
Total net position - ending	<u>\$ 8,270,360</u>	<u>\$ 35,347,249</u>	<u>\$ 6,644,132</u>	<u>\$ 50,261,741</u>	<u>\$ 6,207,094</u>

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 4,686,343	\$ 6,929,814	\$ 4,262,294	\$ 15,878,451	\$ 10,105,080
Cash (paid for)/received for inventory	(156,943)	(13,623)	-	(170,566)	-
Cash paid to suppliers	(1,227,565)	(1,519,106)	(833,093)	(3,579,764)	-
Cash paid to employees	(1,494,175)	(1,177,186)	(1,249,161)	(3,920,522)	-
Cash paid for claims and admin	-	-	-	-	(10,318,537)
Other receipts (payments)	10,746	55	-	10,801	(2,854)
Net cash provided by (used in) operating activities	<u>1,818,406</u>	<u>4,219,954</u>	<u>2,180,040</u>	<u>8,218,400</u>	<u>(216,311)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Subsidy from federal grant	235,000	-	8,963	243,963	-
Transfer from other funds	96,660	-	-	96,660	-
Transfer to other funds	(696,348)	(683,650)	(565,713)	(1,945,711)	(191,000)
Net cash used in noncapital financing activities	<u>(364,688)</u>	<u>(683,650)</u>	<u>(556,750)</u>	<u>(1,605,088)</u>	<u>(191,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	-	2,836	-	2,836	-
Acquisition and construction of capital assets	(358,076)	(42,553)	(418,131)	(818,760)	-
Principal paid on capital debt	(393,321)	(2,160,504)	(235,329)	(2,789,154)	-
Interest paid on capital debt	(393,059)	(138,312)	(73,353)	(604,724)	-
Net cash used in capital and related financing activities	<u>(1,144,456)</u>	<u>(2,338,533)</u>	<u>(726,813)</u>	<u>(4,209,802)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	191,689	231,039	80,501	503,229	175,717
Cash paid to joint venture	-	-	(234,522)	(234,522)	-
Net cash provided (used) by investing activities	<u>191,689</u>	<u>231,039</u>	<u>(154,021)</u>	<u>268,707</u>	<u>175,717</u>
Net increase (decrease) in cash and cash equivalents	500,951	1,428,810	742,456	2,672,217	(231,594)
Cash and cash equivalents - beginning of year	<u>3,568,392</u>	<u>5,816,803</u>	<u>2,139,131</u>	<u>11,524,326</u>	<u>5,350,228</u>
Cash and cash equivalents - end of year	<u>\$ 4,069,343</u>	<u>\$ 7,245,613</u>	<u>\$ 2,881,587</u>	<u>\$ 14,196,543</u>	<u>\$ 5,118,634</u>
Cash and cash equivalents at end of year is composed of the following:					
Cash and cash equivalents	<u>\$ 4,069,343</u>	<u>\$ 7,245,613</u>	<u>\$ 2,881,587</u>	<u>\$ 14,196,543</u>	<u>\$ 5,118,634</u>

continued

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

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 9 (continued)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,065,078	\$ 2,032,393	\$ 1,631,851	\$ 4,729,322	\$ (42,744)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	880,253	2,396,832	339,851	3,616,936	256,382
(Increase) decrease in accounts receivable	(57,806)	(100,976)	(22,571)	(181,353)	(396,450)
(Increase) decrease in inventory	(156,943)	(13,623)	-	(170,566)	-
(Increase) decrease in deferred outflow on OPEB obligation	(8,474)	42,501	(46,009)	(11,982)	-
(Increase) decrease in deferred loss on VRS pension	(191,816)	(113,471)	(150,610)	(455,897)	-
Increase (decrease) in accounts payable	12,882	(36,313)	223,239	199,808	(33,499)
Increase (decrease) in accrued payroll	8,669	7,181	13,492	29,342	-
Increase (decrease) in net OPEB obligation	(94,134)	(153,204)	(63,869)	(311,207)	-
Increase (decrease) in net pension liability	285,019	187,089	229,217	701,325	-
Increase (decrease) in deferred inflow on OPEB	108,073	63,997	(73,963)	98,107	-
(Increase) decrease in deferred gain on VRS pension	(37,456)	(99,504)	88,796	(48,164)	-
Increase (decrease) in deposits payable	9,857	-	360	10,217	-
Increase (decrease) in compensated absences	(4,796)	7,052	10,256	12,512	-
Total Adjustments	<u>753,328</u>	<u>2,187,561</u>	<u>548,189</u>	<u>3,489,078</u>	<u>(173,567)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,818,406</u>	<u>\$ 4,219,954</u>	<u>\$ 2,180,040</u>	<u>\$ 8,218,400</u>	<u>\$ (216,311)</u>
<b>Noncash investing, capital, and financing activities:</b>					
Capital contributions of water, sewer, and stormwater from developers	<u>\$ 656,255</u>	<u>\$ 848,175</u>	<u>\$ 47,520</u>	<u>\$ 1,551,950</u>	<u>\$ -</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 a five-member council. The accompanying financial statements present the government and its component units, entities for which the government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Blended Component Unit:**

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

Separate financial statements of this component unit are not available.

**Discretely Presented Component Unit:**

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

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

Separate financial statements of this component unit are not available.

**Undivided Interests and Joint Ventures:**

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the 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 \$2,712,406 as of June 30, 2023. 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.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**A. Reporting Entity (continued)**

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

The City, in conjunction with the City of Staunton, City of Harrisonburg, County of Augusta, and the County of Rockingham, is a participant in the Middle River Regional Jail Authority, but has no equity interest in the venture. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating and debt service component. The City paid the Jail Authority \$2,095,652 for fiscal year 2023.

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter with equity interest in the Regional Animal Shelter Land Trust. Capital and operating costs are allocated annually based on percentage of ownership for each locality. The City transferred funds to the Regional Animal Shelter in the amount of \$152,371 for fiscal year 2023.

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Radio Tower. Capital and operating costs are allocated annually based on a memorandum of understanding adopted by each locality. The City incurred costs in the amount of \$40,200 for fiscal year 2023.

**Excluded Organizations:**

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

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

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

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

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

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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

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

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, and a blended component unit, Economic Development Authority.

*The 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 and the Bond Fund. The Bond Fund is considered a major fund and the Debt Revenue Fund is considered aggregate non-major.

*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 fund is considered a major fund and consists 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.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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

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

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

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

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

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

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

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

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

**1. *Deposits and Investments***

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

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

2. *Interfund Activity*

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

3. *Inventories*

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

4. *Property Taxes*

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

5. *Allowance for Uncollectible Accounts*

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,925,427 at June 30, 2023, and consisted of the following:

General Fund – taxes	\$ 1,526,261
Water Fund – utility billings	94,882
Sewer Fund – utility billings	125,306
Refuse Fund – utility billings	40,874
Stormwater Fund – utility billings	<u>137,904</u>
Total	<u>\$ 1,925,227</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 \$631,757 in the Cemetery Care Fund, a permanent fund, are non-spendable and thus restricted. Only earnings may be used by the City to fund the cemetery maintenance costs.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

**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 \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure acquired prior to the City's implementation of GASB Statement 34 are included in the City's capital asset totals.

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

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

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

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

Subscription-Based Information Technology Arrangements (SBITA) are amortized over the subscription term.

**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 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 several items that qualify for reporting in this category. The first is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The second consists of contributions subsequent to the measurement date for pensions and OPEB; these amounts will be applied to the net pension and net OPEB liability in the next fiscal year. Lastly are various components of outflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining services lives of all employees.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

**9. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. This separate financial statement element 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 has several items that qualify for reporting in this category. The unavailable revenue – taxes receivable, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue – taxes receivable from property taxes and other receivables not collected within 45 days of year-end and collection in the current fiscal year of property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item unavailable revenue – grants receivable results from grant revenue that has been received but not spent prior to the end of the fiscal year. The third item Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease. The fourth and fifth items reported as deferred inflows are various components of inflows for pensions and OPEB, which may include the net difference between projected and actual earnings on pension or OPEB plan investments, changes in proportion and differences between employer contributions and the proportionate share of employer contributions, changes in assumptions, and the net difference between expected and actual experience in the pension and OPEB plans. These items will be recognized in pension or OPEB expense either 1) over a closed five-year period or 2) amortized over the average expected remaining services lives of all employees.

**10. *Compensated Absences***

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

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

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

**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.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

11. *Long-term Obligations (continued)*

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 - The City has a formal fund balance policy noting the City does not intend to use General Fund equity (unassigned fund balance) to finance current operations. The City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to eliminate the need for short-term tax anticipation borrowing. This balance will be maintained in committed fund balance in the General Fund and will be no less 16% of the next year's General Fund adopted budget. This calculation for fiscal year 2023 totaled \$9,845,081. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

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

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

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

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

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

13. *Net Position*

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

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.

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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

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, 2023, the City does not record the School Board's capital assets; they are reported as capital assets of the Component Unit – School Board.

15. *Pensions*

The Virginia Retirement System (VRS) Political Subdivision and School Division Non-professional Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision and School Division's Retirement Plan and the Teacher Employee Retirement Plan, as well as the additions to/deductions from both 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.

16. *Health Insurance Credit Program*

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan. The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. Both plans provide a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers and for retired teachers. The Health Insurance Credit Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Health Insurance Credit Programs OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Programs OPEB, and OPEB expense, information about the fiduciary net position of the Programs; including and the additions to/deductions from the Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. *Group-Life Insurance*

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 total included is \$6,207,094.

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 \$47,026,055 and \$30,743,163 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 30,767,686	\$ -
Less: Discount on bonds payable	(70,591)	-
Plus: Issuance premium	872,862	-
Leases	190,884	1,943,698
SBITA	-	121,617
Financed purchases	-	329,666
Landfill closure liability	1,872,531	-
Accrued interest payable	488,168	2,960
Net OPEB obligation	3,648,326	7,193,130
Net pension liability	8,319,053	20,294,280
Compensated absences	937,136	857,812
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 47,026,055</u>	<u>\$ 30,743,163</u>

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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 \$2,002,038 and \$415,282 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Principal and lease repayments:	\$ 2,162,085	\$ 633,778
Lease and SBITA issuance:	(160,047)	(218,496)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net net position of governmental activities	<u>\$ 2,002,038</u>	<u>\$ 415,282</u>

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 \$1,031,929 and \$4,568,990 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (98,623)	\$ (122,208)
Accrued interest	26,886	2,807
Landfill post-closure care liability	(82,247)	-
(Increase)/decrease in net OPEB obligation	1,868,978	255,230
(Increase)/decrease in net pension liability	(3,225,753)	(4,545,944)
Increase/(Decrease) in deferred outflows	1,985,094	148,473
(Increase)/Decrease in deferred inflows	443,313	8,830,632
Amortization of issuance premium	135,871	-
Amortization of deferred charge on refunding	(21,590)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,031,929</u>	<u>\$ 4,568,990</u>

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP 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, 2023.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2023 the School Nutrition Fund and School Textbook Fund had expenditures that exceeded appropriations.

**C. Deficit Fund Balance**

At June 30, 2023, no funds had a deficit fund balance or net position.

**4. DEPOSITS AND INVESTMENTS**

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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, 2023, were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Quality Ratings</u>	
		<u>AAAm</u>	<u>Unrated</u>
<u>Primary Government</u>			
Local Government Investment Pool	\$ 1,630	\$ 1,630	\$ -
VA State Non-Arbitrage Program (SNAP)	347,165	347,165	-
Total Fair Value	<u>\$ 348,795</u>	<u>\$ 348,795</u>	<u>\$ -</u>

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

*Interest Rate Risk* – As of June 30, 2023, the City had investments with the following maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
<u>Primary Government</u>				
Local Government Investment Pool	\$ 1,630	\$ 1,630	\$ -	\$ -
VA State Non-Arbitrage Program (SNAP)	347,165	347,165	-	-
Total Fair Value	<u>\$ 348,795</u>	<u>\$ 348,795</u>	<u>\$ -</u>	<u>\$ -</u>

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

Amortized Costs:

The City categorizes its amortized cost measurements within the amortized cost hierarchy established by GAAP. The City has recurring amortized cost measurements as of June 30, 2023, for its Local Government Investment Pool, as Level 1 totaling \$1,630. The City's Local Government Investment Pool classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those securities at amortized costs.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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	\$ -	\$ 6,865
State sales taxes	-	673,485
Local sales taxes	1,259,345	-
Opioid Settlement Funds	489,393	-
Virginia Department of Transportation	314,000	-
Communications tax	142,958	-
Public assistance grants	54,302	-
Comprehensive Services Act funds	359,679	-
Other State funds	315,520	545,905
Total Due from the Commonwealth	<u>2,935,197</u>	<u>1,226,255</u>
Federal Government:		
Community Development Block Grant	122,887	-
Public assistance grants	62,506	-
Department of Transportation	196,515	-
Victim Witness	14,168	-
Other federal funds	175,500	1,575,065
Total Due from the Federal Government	<u>571,576</u>	<u>1,575,065</u>
Total Due from Other Governments	<u>\$ 3,506,773</u>	<u>\$ 2,801,320</u>

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

Inter-fund balances at June 30, 2023, consisted of the following:

Primary Government:

    Due to General Fund from:

Bond Fund	\$ 19,855
Non-major governmental funds	<u>150,759</u>

Total due to General Fund from other funds for cash advances	<u>\$ 170,614</u>
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Inter-fund balances are due to the fact that the general fund aided in funding the operations in various other funds.

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Inter-fund transfers for the year ended June 30, 2023 consisted of the following:

Primary Government:

Transfers to General Fund from:	
Non-major governmental funds	\$ 6,895
Internal Service Fund	191,000
Water Fund for operations	696,348
Sewer Fund for operations	603,990
Non-major enterprise funds for operations	548,713
Total transfers to General Fund	<u>\$ 2,046,946</u>
Transfers to Water Fund from:	
Sewer Fund for operations	\$ 79,660
Stormwater Fund for operations	17,000
Total transfers to Water Fund	<u>\$ 96,660</u>
Transfers to Capital Projects Fund from:	
General Fund for capital	<u>\$ 5,799,371</u>
Transfers to non-major governmental funds from:	
General Fund for welfare assistance	\$ 2,087,038
General Fund for Economic Development Authority	61,028
General Fund for debt service	3,285,612
Total transfers to non-major governmental funds	<u>\$ 5,433,678</u>
Component Unit School Board:	
Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 371,857</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.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**7. CAPITAL ASSETS**

PRIMARY GOVERNMENT

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

Capital assets, being depreciated

Buildings	16,423,021	627,443	-	17,050,464
Improvements other than buildings	5,853,532	2,704,177	-	8,557,709
Equipment	17,015,302	590,849	(299,338)	17,306,813
Infrastructure	58,440,482	98,922	-	58,539,404
Total capital assets being depreciated	<u>97,732,337</u>	<u>4,021,391</u>	<u>(299,338)</u>	<u>101,454,390</u>

Less accumulated depreciation for:

Buildings	(8,747,984)	(333,923)	-	(9,081,907)
Improvements other than buildings	(3,984,316)	(222,722)	-	(4,207,038)
Equipment	(12,570,532)	(1,158,551)	223,927	(13,505,156)
Infrastructure	<u>(43,545,426)</u>	<u>(1,027,797)</u>	<u>-</u>	<u>(44,573,223)</u>
Total accumulated depreciation	<u>(68,848,258)</u>	<u>(2,742,993)</u>	<u>223,927</u>	<u>(71,367,324)</u>
Total capital assets being depreciated, net	<u>28,884,079</u>	<u>1,278,398</u>	<u>(75,411)</u>	<u>30,087,066</u>

Lease assets:

Equipment	42,554	-	-	42,554
Buildings	98,229	160,047	(67,878)	190,398
Less: accumulated amortization	<u>(36,993)</u>	<u>(73,700)</u>	<u>67,878</u>	<u>(42,815)</u>
Total lease assets being amortized, net	<u>103,790</u>	<u>86,347</u>	<u>-</u>	<u>190,137</u>

Governmental activities capital assets, net	<u>\$ 41,146,821</u>	<u>\$ 5,756,474</u>	<u>\$ (2,532,221)</u>	<u>\$ 44,371,074</u>
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Depreciation and amortization expense were charged to functions/programs of the City's governmental activities as follows:

Governmental activities:

General government administration	\$ 558,521
Judicial administration	70,318
Public safety	569,323
Public works	1,282,539
Health and welfare	817
Parks, recreation, and cultural	281,463
Community development	<u>53,712</u>

Total depreciation expense – governmental activities	<u>\$ 2,816,693</u>
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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**7. CAPITAL ASSETS (continued)**

PRIMARY GOVERNMENT (continued)

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ 52,000	\$ -	\$ 438,268
Construction in progress	213,932	152,468	-	366,400
Total capital assets not being depreciated	<u>600,200</u>	<u>204,468</u>	<u>-</u>	<u>804,668</u>
Capital assets, being depreciated:				
Buildings	52,487,597	-	-	52,487,597
Improvements other than buildings	61,276,761	1,910,025	-	63,186,786
Equipment	6,924,878	256,217	(119,045)	7,062,050
Total capital assets being depreciated	<u>120,689,236</u>	<u>2,166,242</u>	<u>(119,045)</u>	<u>122,736,433</u>
Less accumulated depreciation for:				
Buildings	(14,934,543)	(1,029,235)	-	(15,963,778)
Improvements other than buildings	(41,732,183)	(2,168,390)	-	(43,900,573)
Equipment	(4,766,161)	(419,311)	119,045	(5,066,427)
Total accumulated depreciation	<u>(61,432,887)</u>	<u>(3,616,936)</u>	<u>119,045</u>	<u>(64,930,778)</u>
Total capital assets being depreciated, net	<u>59,256,349</u>	<u>(1,450,694)</u>	<u>-</u>	<u>57,805,655</u>
Business-type activities capital assets, net	<u>\$ 59,856,549</u>	<u>\$ (1,246,226)</u>	<u>\$ -</u>	<u>\$ 58,610,323</u>

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

Business-type activities:	
Water	\$ 880,253
Sewer	2,396,832
Refuse	77,105
Stormwater	<u>262,746</u>
Total depreciation expense – business-type activities	<u>\$ 3,616,936</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**7. CAPITAL ASSETS (continued)**

COMPONENT UNIT - SCHOOL BOARD

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

	Balance July 1, 2022	Increases	Decreases	Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 811,907	\$ -	\$ -	\$ -	\$ 811,907
Construction in progress	3,073,523	6,016,911	(3,681,359)	-	5,409,075
Total capital assets not being depreciated	<u>3,885,430</u>	<u>6,016,911</u>	<u>(3,681,359)</u>	<u>-</u>	<u>6,220,982</u>
Capital assets, being depreciated:					
Buildings	74,467,477	5,122,573	-	611,588	80,201,638
Improvements other than buildings	4,946,688	-	-	(611,588)	4,335,100
Equipment	4,727,100	1,533,098	(804,866)	-	5,455,332
Total capital assets being depreciated	<u>84,141,265</u>	<u>6,655,671</u>	<u>(804,866)</u>	<u>-</u>	<u>89,992,070</u>
Less accumulated depreciation for:					
Buildings	(22,219,913)	(1,814,709)	-	(48,507)	(24,083,129)
Improvements other than buildings	(3,852,705)	(113,149)	-	-	(3,965,854)
Equipment	(3,778,562)	(300,239)	804,866	48,507	(3,225,428)
Total accumulated depreciation	<u>(29,851,180)</u>	<u>(2,228,097)</u>	<u>804,866</u>	<u>-</u>	<u>(31,274,411)</u>
Total capital assets being depreciated, net	<u>54,290,085</u>	<u>4,427,574</u>	<u>-</u>	<u>-</u>	<u>58,717,659</u>
Lease assets:					
Equipment	2,494,505	-	-	-	2,494,505
Less: accumulated amortization	(331,572)	(224,308)	-	-	(555,880)
Total lease assets being amortized, net	<u>2,162,933</u>	<u>(224,308)</u>	<u>-</u>	<u>-</u>	<u>1,938,625</u>
SBITA:					
Subscriptions	-	218,476	-	-	218,476
Less: accumulated amortization	-	(33,096)	-	-	(33,096)
Total SBITA assets being amortized, net	<u>-</u>	<u>185,380</u>	<u>-</u>	<u>-</u>	<u>185,380</u>
School Board capital assets, net	<u>\$ 60,338,448</u>	<u>\$ 10,405,557</u>	<u>\$ (3,681,359)</u>	<u>\$ -</u>	<u>\$ 67,062,646</u>

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

Governmental activities:	
Education	<u>\$ 2,485,501</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**8. UNAVAILABLE REVENUE**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of fiscal year 2023, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Deferred Property Tax Revenue, representing uncollected tax billings at June 30, 2023 (General Fund)	\$ 1,727,535
Deferred Opioid Abatement Fund Revenue	<u>489,393</u>
Total unavailable revenue for governmental funds	<u>\$ 2,216,928</u>

**9. LONG-TERM DEBT**

PRIMARY GOVERNMENT

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

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Virginia Revolving Loans		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,134,784	\$ 1,105,921	\$ 37,481	\$ -	\$ 53,568	\$ 4,177
2025	9,706,751	889,181	37,482	-	48,658	2,874
2026	1,783,059	676,913	37,482	-	44,310	1,699
2027	1,646,920	591,449	37,482	-	44,348	637
2028	1,612,071	514,077	37,482	-	-	-
2029-2033	5,628,769	1,817,333	187,408	-	-	-
2034-2038	6,270,000	815,630	149,924	-	-	-
2039-2043	1,390,000	24,673	-	-	-	-
	<u>\$ 30,172,354</u>	<u>\$ 6,435,177</u>	<u>\$ 524,741</u>	<u>\$ -</u>	<u>\$ 190,884</u>	<u>\$ 9,387</u>

Year Ending June 30	Business-Type Activities					
	General Obligation Bonds		Virginia Revolving Loans		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 791,448	\$ 472,578	\$ 380,415	\$ 44,930	\$ 1,669,127	\$ 43,971
2025	823,700	434,964	391,913	33,432	1,674,743	36,821
2026	854,448	395,688	403,759	21,586	1,685,367	29,278
2027	893,831	354,650	415,963	9,382	1,686,001	21,469
2028	933,051	319,753	-	-	1,696,645	14,894
2029-2033	3,569,126	1,160,361	-	-	4,520,672	17,004
2034-2038	3,650,000	445,900	-	-	47,524	536
	<u>\$ 11,515,604</u>	<u>\$ 3,583,894</u>	<u>\$ 1,592,050</u>	<u>\$ 109,330</u>	<u>\$ 12,980,079</u>	<u>\$ 163,973</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, 2023**

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

PRIMARY GOVERNMENT (continued)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2023:

Governmental Activities	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
General Obligation Bonds	\$ 32,223,272	\$ -	\$ 2,050,918	\$ 30,172,354	\$ 2,134,784
Unamortized Bond Premium	1,008,733	-	135,871	872,862	124,727
VRA Loan - Taxable G.O. Bond	642,551	-	47,219	595,332	46,647
Unamortized Bond Discount	(80,329)	-	(9,738)	(70,591)	(9,166)
Liability for Landfill Closure	1,790,284	82,247	-	1,872,531	-
Net OPEB Obligation	5,517,304	-	1,868,978	3,648,326	-
Net Pension Liability	5,093,300	3,225,753	-	8,319,053	-
Leases	104,523	160,047	73,686	190,884	53,568
Compensated Absences	838,513	98,623	-	937,136	52,000
Total Governmental Activities	<u>\$ 47,138,151</u>	<u>\$ 3,566,670</u>	<u>\$ 4,166,934</u>	<u>\$ 46,537,887</u>	<u>\$ 2,402,560</u>
Business-type Activities					
General Obligation Bonds	\$ 12,271,984	\$ -	\$ 756,380	\$ 11,515,604	\$ 791,448
Unamortized Bond Premium	799,523	-	113,585	685,938	103,415
VRA Loan - Taxable G.O. Bond	1,961,305	-	369,255	1,592,050	380,415
VRA Loan - Sewer Revenue Bond	14,643,600	-	1,663,521	12,980,079	1,669,127
Unamortized Bond Discount	(2,135,013)	-	(425,636)	(1,709,377)	(382,811)
Net OPEB Obligation	1,060,155	-	311,207	748,948	-
Net Pension Liability	891,475	701,327	-	1,592,802	-
Compensated Absences	164,458	21,905	9,393	176,970	16,598
Total Business-type Activities	<u>\$ 29,657,487</u>	<u>\$ 723,232</u>	<u>\$ 2,797,705</u>	<u>\$ 27,583,014</u>	<u>\$ 2,578,192</u>
Primary Government Totals	<u>\$ 76,795,638</u>	<u>\$ 4,289,902</u>	<u>\$ 6,964,639</u>	<u>\$ 74,120,901</u>	<u>\$ 4,980,752</u>

Details of Long-Term Indebtedness

Governmental   Business-type

General Obligation Bonds:

\$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 \$23,092.

\$ 1,807,643   \$ -

\$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%.

971,996   -

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

General Obligation Bonds: (continued)

	<u>Govern- mental</u>	<u>Business- type</u>
\$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%.	\$ 8,490,000	\$ -
\$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 \$82,358 for governmental activities and unamortized premium of \$638,969 for business-type activities.	1,593,963	11,012,363
\$19,860,000 General Obligation School Bonds – Series 2018A (WHS Renovation), issued May 1, 2018, maturing annually through July 15, 2038, bearing interest from 3.05% to 5.05% payable semiannually. The bonds are shown net of unamortized premiums of \$767,412 for governmental activities.	17,932,412	-
\$1,563,000 General Obligation Refunding Bonds – Series 2022 (General, Sewer, Stormwater) issued May 5, 2022, maturing annually Through February 1, 2031, bearing interest of 2.35% payable Semiannually.	<u>249,202</u>	<u>1,142,210</u>
Total General Obligation Bonds	<u>31,045,216</u>	<u>12,154,574</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.	-	1,592,050
\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$963,341 is based on imputed interest rate of 4.41%.	-	4,874,619
\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$706,300 is based on imputed interest rate of 3.55%.	-	4,778,021
\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$39,738 is based on imputed interest rate of 3.12%.	-	292,937

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

PRIMARY GOVERNMENT (continued)

Details of Long-Term Indebtedness (continued)

Virginia Revolving Loans: (continued)

\$1,295,000 Sewer Revenue Bond – Series 2015 issued April 28, 2015, maturing with annual installments beginning in 2019 through October 1, 2028, bearing interest from 3.125% through 5.125%. The bond is shown net of unamortized premium of \$46,969.

<u>Govern- mental</u>	<u>Business- type</u>
\$ -	\$ 886,969

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

- 485,125

\$749,630 General Obligation Public Improvement Bonds – Series 2015B issued June 8, 2015, maturing semi-annually through March 1, 2037. Unamortized discount of \$70,592 is based on imputed interest rate of 2.05%.

524,741 -

Total Virginia Revolving Loans

524,741 12,909,721

Liability for Municipal Solid Waste Landfill Closure

1,872,531 -

Net OPEB Obligation

3,648,326 748,948

Net Pension Liability

8,319,053 1,592,802

Leases

190,884 -

Compensated Absences

937,136 176,970

Total Primary Government Long-Term Debt

\$ 46,537,887 \$ 27,583,014

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

COMPONENT UNIT SCHOOL BOARD

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

Governmental Activities						
Year Ending	Financed Purchases		Leases		SBITA	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 329,666	\$ 13,391	\$ 222,298	\$ 90,802	\$ 80,305	\$ 3,025
2025	-	-	121,659	88,415	27,352	992
2026	-	-	63,701	84,544	13,960	318
2027	-	-	67,221	81,024	-	-
2028	-	-	70,935	77,310	-	-
2029-2033	-	-	417,977	323,247	-	-
2034-2038	-	-	546,931	194,293	-	-
2039-2043	-	-	432,976	38,764	-	-
	<u>\$ 329,666</u>	<u>\$ 13,391</u>	<u>\$ 1,943,698</u>	<u>\$ 978,399</u>	<u>\$ 121,617</u>	<u>\$ 4,335</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, 2023:

Governmental Activities	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
Financed purchase	\$ 642,257	\$ -	\$ 312,591	\$ 329,666	\$ 329,666
Net OPEB Obligation	7,448,360	-	255,230	7,193,130	-
Net Pension Liability	15,748,336	4,545,944	-	20,294,280	-
Leases	2,168,006	-	224,308	1,943,698	222,298
SBITA	-	218,496	96,879	121,617	80,305
Compensated Absences	735,604	122,208	-	857,812	72,746
Total Governmental Activities	<u>\$ 26,742,563</u>	<u>\$ 4,886,648</u>	<u>\$ 889,008</u>	<u>\$ 30,740,203</u>	<u>\$ 705,015</u>

Details of Long-Term Indebtedness

Capital Lease:

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

	\$ 329,666
Net OPEB Obligation	7,193,130
Net Pension Liability	20,294,280
Leases	1,943,698
SBITA	121,617
Compensated Absences	<u>857,812</u>
Total Component Unit School Board Long-Term Debt	<u>\$ 30,740,203</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**10. Leases and Subscription-Based Information Technology Arrangements (SBITA's)**

Lessee: The City is a lessee for noncancelable, leases of copiers, a postage machine and two buildings for administrative space. The School Board is the lessee for noncancelable leases of copiers, postage machines, and solar panels. The City and School Board recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more. The School Board recognizes a lease liability with an initial individual value of \$5,000 or more.

At the commencement of a lease, the City and School Board initially measure the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City and School Board determine (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City and School Board use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and School Board generally use its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City and School Board is reasonably certain to exercise.

The City and School Board monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancelable leases of access to cell towers. The School Board is lessor for noncancelable leases for cell towers. The City and School Board recognize a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City and School Board initially measure the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the City and School Board determine (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City and School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City and School Board monitor changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The School Board has issued into SBITA's for various student related software programs. SBITA's are recognized as fixed assets and debts and the aggregate amounts and future payment obligations in the footnotes seven and nine.

**11. CONTINGENT LIABILITIES**

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

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

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

Construction Commitments and Other Significant Commitments

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

	<u>Governmental</u>
Estimated project costs financed	\$ 19,860,000
Bond Premium (net of fees)	1,143,511
Interest Received	670,014
Costs incurred through 6-30-23	<u>(21,346,215)</u>
Estimated remaining costs	<u>\$ 327,310</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2023:

<u>Function</u>	<u>Assigned</u>
General government administration	\$ 262,319
Judicial administration	401
Public safety	712,277
Public works	2,990,846
Health and Welfare	16,269
Parks, recreation, and cultural	54,999
Community development	<u>22,741</u>
Total	<u>\$ 4,059,852</u>

Encumbrances in other funds at June 30, 2023, are as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ 2,040,441
Water Fund	621,355
Sewer Fund	87,944
Nonmajor Enterprise Funds	135,398
Internal Service Fund	<u>125,200</u>
Total	<u>\$ 3,010,338</u>

Blended Component Unit Commitments - Economic Development Authority

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



**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**13. DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

***Plan Description***

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

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

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**CITY OF WAYNESBORO, VIRGINIA**  
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**June 30, 2023**

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b>  Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b>  Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About the Hybrid Retirement Plan</b>  The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>

**CITY OF WAYNESBORO, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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# CITY OF WAYNESBORO, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS June 30, 2023

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

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# CITY OF WAYNESBORO, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

<p><b>Vesting</b></p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>
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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

<p><b>Calculating the Benefit</b></p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b></p> <p>See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b></p> <p><b><u>Defined Benefit Component:</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

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**CITY OF WAYNESBORO, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

<p><b>Service Retirement Multiplier VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non- hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier Defined Benefit Component:</b> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>
<p><b>Normal Retirement Age VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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**CITY OF WAYNESBORO, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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# CITY OF WAYNESBORO, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS June 30, 2023

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service . <b><u>Defined Contribution Component:</u></b> Not applicable.</p>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	305
Inactive, Non-Vested	127
Inactive members:	
Retirees and Beneficiaries	216
Retirees and Beneficiaries Elsewhere	138
Inactive, Vested	80
Inactive, Active Elsewhere in VRS	<u>161</u>
Total inactive members	595
Total covered employees	<u><u>1,027</u></u>

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

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	41
Inactive, Non-Vested	18
Inactive members:	
Retirees and Beneficiaries	32
Retirees and Beneficiaries Elsewhere	12
Inactive, Vested	7
Inactive, Active Elsewhere in VRS	<u>16</u>
Total inactive members	67
Total covered employees	<u><u>109</u></u>

***Contributions***

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

The City's contractually required contribution rate for the year ended June 30, 2023 was 13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2023 was 3.07% 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, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,866,036 and \$1,528,499 for the years ended June 30, 2023 and June 30, 2022, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$21,354 and \$23,218 for the years ended June 30, 2023 and June 30, 2022, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2023, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the school division were \$3,739,396 and \$3,211,350 for the years ended June 30, 2023 and June 30, 2022, respectively.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City and School Board's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

***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, 2021, 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, 2022.

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

Mortality rates:

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

**Pre-Retirement:**

City - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

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

**Post-Retirement:**

City - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

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

**Post-Disablement:**

City - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

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

**Beneficiaries and Survivors:**

City- Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

City - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

**Pre-Retirement:**

City - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

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

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. DEFINED BENEFIT PENSION PLAN** (continued)

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

**Post-Retirement:**

City - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

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

**Post-Disablement:**

City - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

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

**Beneficiaries and Survivors:**

City- Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

City - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

***Largest 10 – Non-Hazardous Duty:***

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better-fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

***Actuarial Assumptions – Public Safety Employees***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

**Mortality rates:**

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

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

***Largest 10 – Hazardous Duty:***

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better-fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better-fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
<b>Total</b>	<b>100.00 %</b>		<b>5.33 %</b>
	<b>Inflation</b>		<b>2.50 %</b>
	<b>*Expected arithmetic nominal return</b>		<b>7.83 %</b>

\*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balance at June 30, 2021	\$ 89,007,259	\$ 83,005,510	\$ 6,001,749
Change for the year:			
Service cost	1,479,762		1,479,762
Interest	5,932,938		5,932,938
Change in benefit terms	0		0
Changes in assumptions	0		0
Difference between expected and actual experience	(1,394,396)		(1,394,396)
Contributions - employer		1,528,058	(1,528,058)
Contributions - employee		677,343	(677,343)
Net investment income		(42,107)	42,107
Benefit payments, including refunds of employee contributions	(5,183,286)	(5,183,286)	0
Pension Plan Administrative Expense		(52,222)	52,222
Other changes	<u>0</u>	<u>1,878</u>	<u>(1,878)</u>
Net Change	835,018	(3,070,336)	3,905,354
Balance at June 30, 2022	\$ 89,842,277	\$ 79,935,174	\$ 9,907,103

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balance at June 30, 2021	\$ 4,247,277	\$ 4,904,269	\$ (656,992)
Change for the year:			
Service cost	81,784		81,784
Interest	284,292		284,292
Change in benefit terms	0		0
Changes in assumptions	0		0
Difference between expected and actual experience	(5,128)		(5,128)
Contributions - employer		23,122	(23,122)
Contributions - employee		47,050	(47,050)
Net investment income		(3,516)	3,516
Benefit payments, including refunds of employee contributions	(234,645)	(234,645)	0
Pension Plan Administrative Expense		(3,104)	3,104
Other changes	<u>0</u>	<u>111</u>	<u>(111)</u>
Net Change	126,303	(170,982)	297,285
Balance at June 30, 2022	\$ 4,373,580	\$ 4,733,287	\$ (359,707)

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

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

	(5.75%)	Rate (6.75%)	(7.75%)
City's Net Pension Liability	\$21,348,774	\$9,907,103	\$541,160
School Board–Non-Professional Net Pension Liability (Asset)	\$138,047	\$(359,707)	\$(773,166)

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

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

	(5.75%)	Rate (6.75%)	(7.75%)
School Board – Professional Net Pension Liability	\$36,889,601	\$20,653,987	\$7,434,626

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

For the year ended June 30, 2023, the City recognized pension expense of \$1,410,790. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 140,678	\$ -
Changes in assumptions	601,398	834,398
Net difference between projected and actual earnings on plan investments	5,784,463	8,253,651
Employer contributions subsequent to the measurement date	<u>1,866,036</u>	<u>-</u>
Total	<u>\$ 8,392,575</u>	<u>\$ 9,088,049</u>

\$1,866,036 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions – City (continued)***

**Year ended June 30**

2024	\$ (763,097)
2025	(1,264,306)
2026	(1,642,662)
2027	1,108,555
2028	-
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, 2023, the School Board's non-professional pension plan recognized pension expense of \$3,987. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,849
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	144,234
Employer contributions subsequent to Measurement Date	<u>21,354</u>	<u>-</u>
Total	<u>\$ 21,354</u>	<u>\$ 147,083</u>

\$21,354 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, 2024. 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**

2024	\$ (57,800)
2025	(58,579)
2026	(96,486)
2027	65,782
2028	-
Thereafter	-

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

At June 30, 2023, Waynesboro Public Schools reported a liability of \$20,653,987 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Waynesboro Public Schools proportion of the Net Pension Liability was based on the Waynesboro Public Schools actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.21694% as compared to 0.21132% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension revenue of \$109,896. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,424,174
Change of assumptions	1,947,255	-
Net difference between projected and actual earnings on plan investments	-	2,692,847
Changes in proportion and differences between employer contributions and proportionate share of contributions	725,484	682,366
Employer contributions subsequent to the measurement date	<u>3,739,396</u>	<u>-</u>
Total	<u>\$ 6,412,135</u>	<u>\$ 4,799,387</u>

\$3,739,396 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, 2024. 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**

2024	\$(887,667)
2025	(964,125)
2026	(1,617,963)
2027	1,343,107
2028	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2022-annual-report.pdf](http://varetire.org/pdf/publications/2022-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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**CITY OF WAYNESBORO, VIRGINIA**  
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**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS**

The City and School Board provide OPEB for retirees through a single-employer defined benefit plan. The City has established a joint trust fund with the School Board to fund the cost of OPEB. The joint trust fund was established by the City and School Board with the Virginia Pooled OPEB Trust Fund (Trust), sponsored by the Virginia Municipal League and the Virginia Association of Counties. The Trust is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plans are segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan.

**Plan Description**

Medical insurance benefits are available to eligible City retirees, their spouses and dependents. Retirees are eligible to participate in the City's health insurance plan if they: a) meet VRS requirements for service retirement or disability retirement and will immediately be receiving a retirement annuity from VRS, b) currently participate in the City's health insurance program, and c) are under age 65 and not eligible for Medicare.

**Plan Membership-City**

Inactive members or their beneficiaries currently receiving benefits	24
Active members	<u>280</u>
Total covered employees	<u>304</u>

Medical insurance benefits are available to eligible School Board retirees, their spouses and dependents. Retirees are eligible to participate in the Board's health insurance plan if they: a) are eligible for VRS retirement with at least 10 years VRS experience, the last 5 years of which are with the Staunton City School Board, b) have participated in the Board's health insurance program for all of the 5 years immediately preceding retirement, and c) are under age 65.

**Plan Membership-School Board**

Inactive members or their beneficiaries currently receiving benefits	29
Active members	<u>249</u>
Total covered employees	<u>278</u>

**Funding Policy**

Current year health insurance claims are paid out of current Health Insurance Fund.

**City**

The contribution requirements of the City healthcare plan members and City are established and may be amended by the City Council. During fiscal year 2023, the City paid an average of 33% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

**School Board**

The contribution requirements of the School Board healthcare plan members and may be amended by the School Board. During fiscal year 2023, the School Board paid an average of 43% for the various types of health insurance coverage. The retiree is required to pay the remaining amount.

**Net OPEB Liability**

The City and School Board's total net OPEB liability of \$3,555,000 and \$3,206,000, respectively, was measured as of July 1, 2022, and was determined by an actuarial valuation performed as of July 1, 2022.

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS** (continued)

*Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including inflation	2.5%
Healthcare cost trend rates	5.75% for fiscal year-end 2023 decreasing .25% per year to an ultimate rate of 5.00%
Mortality rates	RP-2014 Mortality table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

***Discount Rate***

The discount rate used to measure the total OPEB liability for both the city and schools was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the equal to the actuarial determined contribution rates. Based on those assumption the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF WAYNESBORO, VIRGINIA**  
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**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS** (continued)

*Changes in Net OPEB Liability – City*

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/ (Asset) (a) – (b)</b>
<b>Balances at July 1, 2022</b>	\$ 5,709,000	\$ 0	\$ 5,709,000
<b>Changes for the year:</b>			
Service cost	305,000		305,000
Interest	114,000		114,000
Differences between expected and actual experience	(1,605,000)		(1,605,000)
Contributions – employer		137,000	(137,000)
Contributions – employee		0	0
Net investment income		0	0
Benefit payments	(137,000)	(137,000)	0
Changes of benefit terms	0	0	0
Administrative expense		0	0
Assumption changes	(831,000)	0	(831,000)
<b>Net changes</b>	<b>\$ (2,154,000)</b>	<b>\$ 0</b>	<b>\$ (2,154,000)</b>
<b>Balances at June 30, 2023*</b>	<b>\$ 3,555,000</b>	<b>\$ 0</b>	<b>\$ 3,555,000</b>

\*Measurement date is July 1, 2022

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS (continued)**

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

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/ (Asset) (a) – (b)</b>
<b>Balances at July 1, 2022</b>	\$ 3,526,000	\$ 0	\$ 3,526,000
<b>Changes for the year:</b>			
Service cost	372,000		372,000
Interest	71,000		71,000
Differences between expected and actual experience	(320,000)		(320,000)
Contributions – employer		411,000	(411,000)
Contributions – employee		0	0
Net investment income		0	0
Benefit payments	(411,000)	(411,000)	0
Changes of benefit terms	0	0	0
Administrative expense		0	0
Assumption changes	(32,000)	0	(32,000)
<b>Net changes</b>	<b>\$ (320,000)</b>	<b>\$ 0</b>	<b>\$ (320,000)</b>
<b>Balances at June 30, 2023*</b>	<b>\$ 3,206,000</b>	<b>\$ 0</b>	<b>\$ 3,206,000</b>

\*Measurement date is July 1, 2022

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

The following presents the City's and School Board's Other Post-employment Benefits Program net OPEB liability using the discount rate of 3.69%, as well as what the City's and School Board's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	<b>1.00% Decrease (2.69%)</b>	<b>Current Discount Rate (3.69%)</b>	<b>1.00% Increase (4.69%)</b>
<b>City's Net OPEB Liability</b>	<b>\$3,916,000</b>	<b>\$3,555,000</b>	<b>\$3,234,000</b>
<b>School Board's OPEB Liability</b>	<b>\$3,339,000</b>	<b>\$3,206,000</b>	<b>\$3,077,000</b>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS** (continued)

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

The following presents the net OPEB liability using the healthcare cost trends rate of 5.75% for both the City and Schools, as well as what the net OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	1.00% Decrease	Current Rate	1.00% Increase
City's Net OPEB Liability	\$3,170,000	\$3,555,000	\$3,234,000
School Board's OPEB Liability	\$2,988,000	\$3,206,000	\$3,446,000

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

For the year ended June 30, 2023, the City and School Board recognized Other Post-employment Benefits Program OPEB of \$(168,000) and \$115,000, respectively. At June 30, 2023, the City's and School Board's reported deferred outflows of resources and deferred inflows of resources related to the City's and School Board's Other Post-employment Benefits Program from the following sources:

<b>City's</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 36,000	\$ 2,348,000
Change in assumptions	455,000	832,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year-end	<u>434,000</u>	<u>-</u>
Total	<u>\$ 925,000</u>	<u>\$ 3,180,000</u>
 <b>School Board's</b>	 <b>Deferred Outflows of Resources</b>	 <b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 43,000	\$ 456,000
Change in assumptions	43,000	24,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year-end	<u>411,000</u>	<u>-</u>
Total	<u>\$ 497,000</u>	<u>\$ 480,000</u>

\$434,000 and \$411,000 reported as deferred outflows of resources related to the OPEB resulting from the City's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**14. OTHER POST-EMPLOYMENT BENEFITS – LOCAL PLANS** (continued)

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

***City's***

**Year ended June 30**

2024	\$(601,000)
2025	(601,000)
2026	(532,000)
2027	(468,000)
2028	(361,000)
2029	(126,000)
Thereafter	-

***School Board's***

**Year ended June 30**

2024	\$(243,000)
2025	(60,000)
2026	(87,000)
2027	(4,000)
Thereafter	-

**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS**

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City of Waynesboro (the "Political Subdivision" and the City of Waynesboro School Board (the "School Division") also participate in various cost-sharing and agent multiemployer other postemployment benefit plans described as follows.

**Plan Descriptions**

**Group Life Insurance Program**

All full-time teachers and employees of political subdivisions and public school divisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves, as well as the spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

**Teacher Employee Health Insurance Credit Program**

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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**CITY OF WAYNESBORO, VIRGINIA**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**Plan Descriptions (continued)**

Teacher Employee Health Insurance Credit Program (continued)

Specific information about the Teacher HIC is available at  
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program – School Division

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multiemployer agent plan. The School division non-professional employees are covered in this plan, but the political subdivision employees are not.

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<b>Number</b>
Active members	41
Inactive members:	
Retirees	2
Disabled	-
Inactive, vested	-
Inactive, active elsewhere in VRS	8
	<hr/>
Total inactive members	10
	<hr/>
Total covered employees	51
	<hr/> <hr/>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2022. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program-City

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$206,610
June 30, 2022 Contribution	\$77,043

Group Life Insurance Program-School Division

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$135,152
June 30, 2022 Contribution	\$114,632

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2023 Contribution	\$286,161
June 30, 2022 Contribution	\$245,781

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

General Employee Health Insurance Credit Program – School Division

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.21% of covered employee compensation.
June 30, 2023 Contribution	\$8,962
June 30, 2022 Contribution	\$6,642

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-City

June 30, 2023 proportionate share of liability	\$789,768
June 30, 2022 proportion	.06559%
June 30, 2021 proportion	.06952%
June 30, 2023 expense	\$224,960

Group Life Insurance Program-School Division Professional employees

June 30, 2023 proportionate share of liability	\$1,124,385
June 30, 2022 proportion	.09338%
June 30, 2021 proportion	.09127%
June 30, 2023 expense	\$26,922

Group Life Insurance Program-School Division Non-professional employees

June 30, 2023 proportionate share of liability	\$59,482
June 30, 2022 proportion	.00494%
June 30, 2021 proportion	.00451%
June 30, 2023 expense	\$7,607

Teacher Health Insurance Credit Program

June 30, 2023 proportionate share of liability	\$2,722,172
June 30, 2022 proportion	.21794%
June 30, 2021 proportion	.21288%
June 30, 2023 expense	\$199,777

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

**CITY OF WAYNESBORO, VIRGINIA**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS** (continued)

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2021	\$ 81,322	\$ 6,562	\$ 74,760
Changes for the year:			
Service cost	953	-	953
Interest	5,477	-	5,477
Benefit changes	-	-	-
Differences between expected and actual experience	(6,031)	-	(6,031)
Assumption changes	12,458	-	12,458
Contributions – employer	-	6,642	(6,642)
Net investment income (loss)	-	(94)	94
Benefit payments	(2,268)	(2,268)	-
Administrative expenses	-	(22)	22
Other changes	-	-	-
Net changes	10,589	4,258	6,331
Balances at June 30, 2022	\$ 91,911	\$ 10,820	\$ 81,091

The School Division recognized OPEB expense of \$3,705 related to the General Employee Health Insurance Credit Program.

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**CITY OF WAYNESBORO, VIRGINIA**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS** (continued)

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**  
**(continued)**

General Employee Health Insurance Credit Program – School Division (continued)

At June 30, 2023, the City and School Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program- City

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 62,540	\$ 31,684
Change in assumptions	29,457	76,926
Net difference between projected and actual earnings on OPEB plan investments	-	49,347
Changes in proportion	11,662	67,001
Employer contributions subsequent to the measurement date	206,620	-
Total	<u>\$ 310,279</u>	<u>\$ 224,958</u>

Group Life Insurance Program-Teachers

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 89,037	\$ 45,108
Change in assumptions	41,938	109,520
Net difference between projected and actual earnings on OPEB plan investments	-	70,258
Changes in proportion	41,295	48,266
Employer contributions subsequent to the measurement date	127,647	-
Total	<u>\$ 299,917</u>	<u>\$ 273,152</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB (continued)**

Group Life Insurance Program-Non-Professional

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,710	\$ 2,386
Change in assumptions	2,219	5,794
Net difference between projected and actual earnings on OPEB plan investments	-	3,717
Changes in proportion	6,310	8
Employer contributions subsequent to the measurement date	7,505	-
Total	<u>\$ 20,744</u>	<u>\$ 11,905</u>

Teacher Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 110,960
Change in assumptions	79,529	6,952
Net difference between projected and actual earnings on OPEB plan investments	-	2,732
Changes in proportion	80,347	109,236
Employer contributions subsequent to the measurement date	288,161	-
Total	<u>\$ 448,037</u>	<u>\$ 229,880</u>

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

General Employee Health Insurance Credit Program – School Division

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,922
Change in assumptions	11,886	-
Net difference between projected and actual earnings on OPEB plan investments	170	-
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	8,962	-
Total	<u>\$ 21,018</u>	<u>\$ 4,922</u>

The deferred outflows of resources related to OPEB resulting from the political subdivision and school division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program-City

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2024	\$ (28,683)
2025	(23,516)
2026	(48,504)
2027	(5,592)
2028	(15,004)
Thereafter	-

Group Life Insurance Program-School Division Teachers

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2024	\$ (29,559)
2025	(25,468)
2026	(57,543)
2027	15,206
2028	(3,518)
Thereafter	-

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

Group Life Insurance Program-School Division Non-Professional

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2024	\$ 518
2025	342
2026	(1,703)
2027	1,623
2028	554
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (26,081)
2025	(24,806)
2026	(20,389)
2027	(1,977)
2028	1,467
Thereafter	1,782

School General Employee Health Insurance Credit Program

Year Ending June 30,	Increase to OPEB Expense
2024	\$ 1,745
2025	1,745
2026	1,743
2027	1,379
2028	522
Thereafter	-

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**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS** (continued)

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 13.

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>
Total OPEB liability	\$ 3,672,085	\$ 1,470,891
Plan fiduciary net position	\$ 2,467,988	\$ 221,845
Employers' net OPEB liability	\$ 1,204,097	\$ 1,249,046
Plan fiduciary net position as a percentage of total OPEB liability	67.21%	15.08%

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**Long-Term Expected Rate of Return**

**Group Life Insurance and Health Insurance Credit Programs**

The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
Inflation		2.50 %	
*Expected arithmetic nominal return		7.83 %	

\* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**15. OTHER POST-EMPLOYMENT BENEFITS – VIRGINIA RETIREMENT SYSTEM PLANS (continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability-political subdivision	\$ 1,149,203	\$ 789,768	\$ 499,293
GLI Net OPEB liability-School division professional	\$ 1,636,112	\$ 1,124,385	\$ 710,840
GLI Net OPEB liability-School division non-professional	\$ 86,554	\$ 59,482	\$ 37,605
Teacher HIC Net OPEB liability	\$ 3,067,919	\$ 2,722,172	\$ 2,429,091
General Employee HIC Net OPEB liability – School Division	\$ 89,389	\$ 81,091	\$ 73,937

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2022-annual-report.pdf](http://varetire.org/pdf/publications/2022-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the OPEB Plan**

At June 30, 2023, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Group Life Insurance-political subdivision	\$ 17,920
Group Life Insurance-school division	979
Group Life Insurance-school divisions-professional	5,933
Teacher Employee Health Insurance Credit	5,357
General Employee Health Insurance Credit	468

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**16. SUMMARY OF PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

A summary of pension and other postemployment benefit (OPEB) related financial statement elements is as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total Primary Government</b>	<b>Component Unit (School Board)</b>
Deferred outflows of resources – Pension				
VRS-Political Subdivision	\$ 7,047,296	\$ 1,345,279	\$ 8,392,575	\$ -
Augusta Regional Landfill	-	64,286	64,286	-
VRS-School Non-professional	-	-	-	21,354
VRS-School Professional	-	-	-	6,412,135
Total deferred outflow of resources - Pensions	<u>\$ 7,047,296</u>	<u>\$ 1,409,565</u>	<u>\$ 8,456,861</u>	<u>\$ 6,433,489</u>
Deferred outflows of resources - OPEB				
OPEB Local Health plan	\$ 776,728	\$ 148,272	\$ 925,000	\$ 497,000
Net OPEB outflow from Augusta Regional Landfill	-	11,586	11,586	-
VRS Group Life plan	260,558	49,721	310,279	320,661
VRS HIC Plan - Professional	-	-	-	448,037
VRS HIC Plan - Non-professional	-	-	-	21,018
Total deferred outflow of resources - OPEB	<u>\$ 1,037,286</u>	<u>\$ 209,579</u>	<u>\$ 1,246,865</u>	<u>\$ 1,286,716</u>
Net pension liability (asset)				
VRS-Political Subdivision	\$ 8,319,053	\$ 1,588,050	\$ 9,907,103	\$ -
Net Pension Liability Augusta Regional Landfill	-	4,752	4,752	-
VRS-School Non-professional	-	-	-	(359,707)
VRS-School Professional	-	-	-	20,653,987
Total net pension liability	<u>\$ 8,319,053</u>	<u>\$ 1,592,802</u>	<u>\$ 9,911,855</u>	<u>\$ 20,294,280</u>
Net OPEB Liability				
OPEB Local Health plan	\$ 2,895,154	\$ 569,846	\$ 3,555,000	\$ 3,206,000
Net OPEB Liability from Augusta Regional	-	52,507	52,507	-
VRS Group Life plan	663,172	126,596	789,768	1,183,867
VRS HIC Plan- Professional	-	-	-	2,722,172
VRS HIC Plan - Non-professional	-	-	-	81,091
Total net OPEB Liability	<u>\$ 3,648,326</u>	<u>\$ 748,948</u>	<u>\$ 4,397,275</u>	<u>\$ 7,193,130</u>
Deferred inflows of resources –Pension				
VRS-Political Subdivision	\$ 7,631,289	\$ 1,456,760	\$ 9,088,049	\$ -
Net deferred inflow from August Regional Landfill	-	77,033	77,033	-
VRS-School Non-professional	-	-	-	147,083
VRS-School Professional	-	-	-	4,799,387
Total deferred inflow of Resources - Pensions	<u>\$ 7,631,289</u>	<u>\$ 1,533,793</u>	<u>\$ 9,165,082</u>	<u>\$ 4,946,470</u>
Deferred inflows of resources - OPEB				
Augusta Regional Landfill	\$ -	\$ 16,514	\$ 16,514	\$ -
OPEB Local Health plan	2,670,265	509,735	3,180,000	480,000
VRS Group Life plan	188,900	36,058	224,958	285,057
VRS HIC Plan - Professional	-	-	-	229,880
VRS HIC Plan - Non-Professional	-	-	-	(4,922)
Total deferred inflow of resources - OPEB	<u>\$ 2,859,165</u>	<u>\$ 562,307</u>	<u>\$ 3,421,472</u>	<u>\$ 990,015</u>

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**17. 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 2023. All claims are paid in full at the time of damage. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended desired levels.

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

During 2015, the City established a self-funded health insurance fund to account for health insurance claims for employees and retirees. The fund is reported as an internal service 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 \$4,187,423 to pay out future health insurance claims. The City has an individual stop-loss limit of \$125,000.

**18. LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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

In fiscal year 2008, the City began post-closure care on the old City landfill site. The \$1,872,532 reported as landfill closure and post-closure care liability at June 30, 2023, represents the cumulative amount reported to date based on the estimated costs of post-closure care for the old City landfill. This amount is based on what it would cost to perform all closure and post-closure care from 2008 through 2023 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.

**19. 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, 2023, the outstanding balance of the notes was \$22,473.

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, 2023, the outstanding balance of the note was \$1,230,688.



**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**20. TAX ABATEMENTS/REBATES**

The City enters into property tax abatements/rebate agreements with local businesses under the Code of Virginia Section 15.2-953. Under the Code, localities may grant property tax abatements/rebates to spur economic development within the City to benefit the city and its citizens. For the fiscal year ended June 30, 2023, the City abated/rebated no property taxes.

**21. SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 21, 2023, which is the date the financial statements were available to be issued.

**22. NEW ACCOUNTING STANDARDS**

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF WAYNESBORO, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

Exhibit 10

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 26,925,423	\$ 27,355,423	\$ 28,466,369	\$ 1,110,946
Other local taxes	17,272,787	17,522,787	20,656,196	3,133,409
Permits, privilege fees, and regulatory licenses	259,201	259,201	287,540	28,339
Fines and forfeitures	96,780	96,780	132,826	36,046
Revenue from use of money and property	366,238	366,238	1,807,450	1,441,212
Charges for services	184,802	184,802	190,167	5,365
Miscellaneous	679,532	721,234	829,338	108,104
Recovered costs	63,751	105,789	150,848	45,059
Intergovernmental:				
Commonwealth	9,414,795	9,474,808	10,564,975	1,090,167
Federal	78,326	118,326	127,342	9,016
Total revenues	<u>55,341,635</u>	<u>56,205,388</u>	<u>63,213,051</u>	<u>7,007,663</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	6,134,036	7,741,344	5,425,803	2,315,541
Judicial administration	2,101,828	2,153,557	1,895,165	258,392
Public safety	13,650,835	15,120,332	14,463,736	656,596
Public works	6,245,541	7,149,573	5,283,758	1,865,815
Health and welfare	606,837	606,837	642,421	(35,584)
Education	17,476,475	17,973,475	17,960,975	12,500
Parks, recreation and cultural	3,458,043	3,998,016	3,802,666	195,350
Community development	1,097,422	1,198,118	1,243,206	(45,088)
Total expenditures	<u>50,771,017</u>	<u>55,941,252</u>	<u>50,717,730</u>	<u>5,223,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,570,618</u>	<u>264,136</u>	<u>12,495,321</u>	<u>12,231,185</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	39,733	75,776	36,043
Transfers in	1,860,720	11,453,653	2,046,946	(9,406,707)
Transfers out	(6,431,338)	(11,757,522)	(11,233,049)	524,473
Total other financing sources and uses	<u>(4,570,618)</u>	<u>(264,136)</u>	<u>(9,110,327)</u>	<u>(8,846,191)</u>
Net change in fund balances	-	-	3,384,994	3,384,994
Fund balance - beginning	<u>28,654,404</u>	<u>28,654,404</u>	<u>28,654,404</u>	<u>-</u>
Fund balance - ending	<u>\$ 28,654,404</u>	<u>\$ 28,654,404</u>	<u>\$ 32,039,398</u>	<u>\$ 3,384,994</u>

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

**CITY OF WAYNESBORO, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Year Ended June 30, 2023**

**PRIMARY GOVERNMENT**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	Exhibit 11
<b>Total pension liability</b>										
Service cost	\$ 1,479,762	\$ 1,461,246	\$ 1,464,316	\$ 1,292,003	\$ 1,322,862	\$ 1,395,692	\$ 1,418,197	\$ 1,364,584	\$ 1,410,687	
Interest	5,932,938	5,472,445	5,271,535	5,168,415	5,042,241	4,893,349	4,735,848	4,846,873	4,674,679	
Changes in assumptions		2,914,466	-	2,221,521	-	(83,704)	-	-	-	
Differences between expected and actual experience	(1,394,396)	681,752	1,078,839	(11,925)	(429,534)	(93,408)	133,586	(3,886,254)	-	
Benefit payments, including refunds of employee contributions	(5,183,286)	(5,191,823)	(4,484,666)	(4,330,724)	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)	
Net change in total pension liability	835,018	5,338,086	3,330,024	4,339,290	2,000,112	2,077,595	2,246,721	(1,456,438)	2,616,107	
Total pension liability - beginning	89,007,259	83,669,173	80,339,149	75,999,859	73,999,747	71,922,152	69,675,431	71,131,869	68,515,762	
Total pension liability ending (a)	89,842,277	89,007,259	83,669,173	80,339,149	75,999,859	73,999,747	71,922,152	69,675,431	71,131,869	
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,528,058	\$ 1,540,700	\$ 1,343,918	\$ 1,273,875	\$ 1,337,978	\$ 1,340,789	\$ 1,802,969	\$ 1,747,952	\$ 1,694,304	
Contributions - employee	677,343	678,542	709,714	649,479	660,993	663,517	683,362	635,125	637,148	
Net investment income (loss)	(42,107)	18,230,288	1,307,645	4,382,921	4,720,235	7,119,980	1,009,564	2,660,724	8,097,319	
Benefit payments, including refunds of employee contributions	(5,183,286)	(5,191,823)	(4,484,666)	(4,330,724)	(3,935,457)	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)	
Administrative expense	(52,222)	(47,033)	(45,826)	(44,903)	(41,590)	(42,294)	(37,703)	(37,243)	(44,224)	
Other	1,878	1,703	(1,529)	(2,753)	(4,161)	(6,285)	(435)	(557)	427	
Net change in plan fiduciary net position	(3,070,336)	15,212,357	(1,170,744)	1,927,895	2,727,998	5,041,373	(583,153)	1,224,360	6,915,715	
Plan fiduciary net position - beginning	83,005,510	67,793,153	68,963,897	67,036,002	64,308,004	59,266,631	59,849,784	58,625,424	51,709,709	
Plan fiduciary net position - ending (b)	79,935,174	83,005,510	67,793,153	68,963,897	67,036,002	64,308,004	59,266,631	59,849,784	58,625,424	
City of Waynesboro's net pension liability - ending (a) - (b)	\$ 9,907,103	\$ 6,001,749	\$ 15,876,020	\$ 11,375,252	\$ 8,963,857	\$ 9,691,743	\$ 12,655,521	\$ 9,825,647	\$ 12,506,445	
Add Net Pension Liability from Augusta Regional Landfill	4,752	(16,972)	69,009	29,060	18,109	24,811	56,324	34,011	27,750	
Total Net Pension Liability Ending	9,911,855	5,984,777	15,945,029	11,404,312	8,981,966	9,716,554	12,711,845	9,859,658	12,534,195	
Plan fiduciary net position as a percentage of the total pension liability	88.97%	93.26%	81.03%	85.84%	88.21%	86.90%	82.40%	85.90%	82.42%	
Covered payroll	\$ 14,274,063	\$ 14,438,074	\$ 14,540,807	\$ 13,567,153	\$ 13,153,451	\$ 13,071,409	\$ 13,085,870	\$ 12,629,097	\$ 12,405,040	
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	69.41%	41.57%	109.18%	83.84%	68.15%	74.14%	96.71%	77.80%	100.82%	

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	
<b>Total pension liability</b>										
Service cost	\$ 81,784	\$ 74,616	\$ 79,976	\$ 86,193	\$ 80,698	\$ 76,422	\$ 101,863	\$ 106,501	\$ 103,795	
Interest	284,292	261,869	247,194	241,587	227,102	246,759	237,820	243,416	234,497	
Changes in assumptions	-	170,958	-	95,394	-	(6,561)	-	-	-	
Differences between expected and actual experience	(5,128)	(34,033)	109,117	(8,669)	79,724	(412,930)	(20,577)	(205,893)	-	
Benefit payments, including refunds of employee contributions	(234,645)	(211,338)	(226,418)	(180,834)	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)	
Net change in total pension liability	126,303	262,072	209,869	233,671	207,180	(284,984)	124,971	(109,785)	170,366	
Total pension liability - beginning	4,247,277	3,985,205	3,775,336	3,541,665	3,334,485	3,619,469	3,494,498	3,604,283	3,433,917	
Total pension liability ending (a)	4,373,580	4,247,277	3,985,205	3,775,336	3,541,665	3,334,485	3,619,469	3,494,498	3,604,283	
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 23,122	\$ 20,949	\$ 14,683	\$ 15,532	\$ 39,487	\$ 39,331	\$ 63,505	\$ 80,835	\$ 108,104	
Contributions - employee	47,050	41,411	41,727	40,348	37,880	37,355	35,593	45,591	48,472	
Net investment income (loss)	(3,516)	1,074,932	76,970	259,258	277,009	417,790	59,822	155,645	476,157	
Benefit payments, including refunds of employee contributions	(234,645)	(211,338)	(226,418)	(180,834)	(180,344)	(188,674)	(194,135)	(253,809)	(167,926)	
Administrative expense	(3,104)	(2,747)	(2,715)	(2,640)	(2,430)	(2,475)	(2,219)	(2,229)	(2,557)	
Other	111	101	(90)	(163)	(245)	(369)	(26)	(32)	25	
Net change in plan fiduciary net position	(170,982)	923,308	(95,843)	131,501	171,357	302,958	(37,460)	26,001	462,275	
Plan fiduciary net position - beginning	4,904,269	3,980,961	4,076,804	3,945,303	3,773,946	3,470,988	3,508,448	3,482,447	3,020,172	
Plan fiduciary net position - ending (b)	4,733,287	4,904,269	3,980,961	4,076,804	3,945,303	3,773,946	3,470,988	3,508,448	3,482,447	
City of Waynesboro's net pension liability (asset) - ending (a) - (b)	\$ (359,707)	\$ (656,992)	\$ 4,244	\$ (301,468)	\$ (403,638)	\$ (439,461)	\$ 148,481	\$ (13,950)	\$ 121,836	
Plan fiduciary net position as a percentage of the total pension liability	108.22%	115.47%	99.89%	107.99%	111.40%	113.18%	95.90%	100.40%	96.62%	
Covered payroll	1,127,094	914,084	919,921	863,024	800,684	783,810	1,128,679	1,439,930	1,020,815	
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	-31.91%	-71.87%	0.46%	-34.93%	-50.41%	-56.07%	13.16%	-0.97%	11.94%	

This schedule is intended to show information for 10 years; additional years will be included as they become available.

**CITY OF WAYNESBORO, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Year Ended June 30, 2023**

**CITY**

Exhibit 12

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2023	\$ 1,866,036	\$ 1,866,036	\$ -	\$ 15,413,995	12.11%
2022	1,528,499	1,528,499	-	14,274,063	10.71%
2021	1,540,699	1,540,699	-	14,438,074	10.67%
2020	1,343,906	1,343,906	-	14,540,807	9.24%
2019	1,274,194	1,274,194	-	13,567,153	9.39%
2018	1,338,443	1,338,443	-	13,153,451	10.18%
2017	1,340,706	1,340,706	-	13,071,409	10.26%
2016	1,805,158	1,805,158	-	13,085,870	13.79%
2015	1,747,904	1,747,904	-	12,629,097	13.84%
2014	1,689,566	1,689,566	-	12,405,040	13.62%

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

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2023	\$ 21,354	\$ 21,354	\$ -	\$ 1,127,094	1.89%
2022	23,218	23,218	-	1,127,094	2.06%
2021	20,949	20,949	-	914,084	2.29%
2020	14,683	14,683	-	919,321	1.60%
2019	15,563	15,563	-	863,024	1.80%
2018	39,487	39,487	-	800,684	4.93%
2017	39,131	39,131	-	783,810	4.99%
2016	42,664	42,664	-	1,128,679	3.78%
2015	126,426	126,426	-	1,439,930	8.78%
2014	113,413	113,413	-	1,020,815	11.11%

**SCHOOL BOARD COMPONENT UNIT (TEACHERS)**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2023	\$ 3,739,396	\$ 3,739,396	\$ -	\$ 23,855,158	15.68%
2022	3,211,350	3,211,350	-	20,355,654	15.78%
2021	2,989,862	2,989,862	-	18,446,160	16.21%
2020	2,769,156	2,769,156	-	18,440,722	15.02%
2019	2,762,944	2,762,944	-	18,220,562	15.16%
2018	2,878,665	2,878,665	-	18,071,133	15.93%
2017	2,598,021	2,598,021	-	18,019,016	14.42%
2016	2,151,749	2,151,749	-	22,649,987	9.50%
2015	3,267,648	3,267,648	-	22,535,503	14.50%
2014	2,299,687	2,299,687	-	19,722,871	11.66%
2013	1,978,240	1,978,240	-	16,966,037	11.66%

CITY OF WAYNESBORO, VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
VRS TEACHER RETIREMENT PLAN\*  
Year Ended June 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	Exhibit 13 2014
Employer's Proportion of the Net Pension Liability	0.2169%	0.2113%	0.2089%	0.2157%	0.2226%	0.2284%	0.2282%	0.2261%	0.2384%
Employer's Proportionate Share of Net Pension Liability	\$ 20,653,987	\$ 16,405,328	\$ 30,406,257	\$ 28,380,766	\$ 26,175,000	\$ 28,083,000	\$ 31,974,000	\$ 28,462,000	\$ 28,809,000
Employer's Covered Payroll	20,355,654	18,446,160	18,440,722	18,220,562	18,071,133	18,019,016	22,649,987	22,535,503	19,722,871
Employer's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	101.47%	88.94%	164.89%	155.76%	144.84%	155.85%	141.17%	126.30%	146.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

This schedule is intended to show information for 10 years; additional years will be included as they become available.

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

**CITY OF WAYNESBORO, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS**  
**Year Ended June 30, 2023**

<b>Primary Government - Local Plan</b>						Exhibit 14
	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>						
Service cost	\$ 305,000	\$ 262,000	\$ 254,000	\$ 96,000	\$ 130,000	\$ 127,000
Interest	114,000	131,000	194,000	105,000	130,000	128,000
Changes of benefit terms	-	-	55,000	2,710,000	-	-
Changes in assumptions	(831,000)	270,000	311,000	81,000	(427,000)	-
Differences between expected and actual experience	(1,605,000)	5,000	(1,569,000)	245,000	(431,000)	-
Benefit payments, including refunds of employee contributions	(137,000)	(99,000)	(100,000)	(96,000)	(157,000)	(208,000)
Net change in total OPEB liability	(2,154,000)	569,000	(855,000)	3,141,000	(755,000)	47,000
Total OPEB liability - beginning	5,709,000	5,140,000	5,995,000	2,854,000	3,609,000	3,562,000
Total OPEB liability ending (a)	3,555,000	5,709,000	5,140,000	5,995,000	2,854,000	3,609,000
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 137,000	\$ 99,000	\$ 100,000	\$ 96,000	\$ 157,000	\$ 208,000
Benefit payments, including refunds of employee contributions	(137,000)	(99,000)	(100,000)	(96,000)	(157,000)	(208,000)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 3,555,000	\$ 5,709,000	\$ 5,140,000	\$ 5,995,000	\$ 2,854,000	\$ 3,609,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	13,092,000	13,092,000	13,092,000	13,022,000	13,022,000	12,635,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	27.15%	43.61%	39.26%	46.04%	21.92%	28.56%
<b>SCHOOL BOARD COMPONENT UNIT - Local Plan</b>						
	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>						
Service cost	\$ 372,000	\$ 335,000	\$ 344,000	\$ 294,000	\$ 386,000	\$ 377,000
Interest	71,000	83,000	137,000	135,000	248,000	231,000
Changes of benefit terms	-	-	-	-	-	-
Changes in assumptions	(32,000)	71,000	81,000	75,000	(2,815,000)	-
Differences between expected and actual experience	(320,000)	97,000	(1,367,000)	226,000	(903,000)	-
Benefit payments, including refunds of employee contributions	(411,000)	(219,000)	(129,000)	(157,000)	23,000	(283,000)
Net change in total OPEB liability	(320,000)	367,000	(934,000)	573,000	(3,061,000)	325,000
Total OPEB liability - beginning	3,526,000	3,159,000	4,093,000	3,520,000	6,581,000	6,256,000
Total OPEB liability ending (a)	3,206,000	3,526,000	3,159,000	4,093,000	3,520,000	6,581,000
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 411,000	\$ 219,000	\$ 129,000	\$ 157,000	\$ (23,000)	\$ 283,000
Benefit payments, including refunds of employee contributions	(411,000)	(219,000)	(129,000)	(157,000)	23,000	(283,000)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-	-
City of Waynesboro's net OPEB liability - ending (a) - (b)	\$ 3,206,000	\$ 3,526,000	\$ 3,159,000	\$ 4,093,000	\$ 3,520,000	\$ 6,581,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	11,284,000	11,284,000	11,284,000	11,123,000	11,123,000	16,659,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	28.41%	31.25%	28.00%	36.80%	31.65%	39.50%

This schedule is intended to show information for 10 years; additional years will be included as they become available.



**CITY OF WAYNESBORO, VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS PLAN  
Year Ended June 30, 2023**

**Primary Government - Local Plan**

Exhibit 15

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ 434,000	\$ 434,000	\$ -	\$ 13,092,000	3.32%
2022	216,000	216,000	-	13,092,000	1.65%
2021	134,441	134,441	-	13,092,000	1.03%
2020	127,997	127,997	-	13,022,000	0.98%
2019	120,413	120,413	-	13,022,000	0.92%
2018	123,410	123,410	-	12,635,000	0.98%
2017	208,000	208,000	-	12,635,000	1.65%
2016	232,000	232,000	-	12,387,000	1.87%
2015	209,000	238,000	(29,000)	12,387,000	1.92%
2014	199,000	199,000	-	11,981,000	1.66%

**School Board Component Unit - Local Plan**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ 411,000	\$ 411,000	\$ -	\$ 11,284,000	3.64%
2022	219,900	219,900	-	11,284,000	1.95%
2021	100,872	100,872	-	11,284,000	0.89%
2020	111,681	111,681	-	11,123,000	1.00%
2019	93,373	93,373	-	11,123,000	0.84%
2018	215,331	215,331	-	16,659,000	1.29%
2017	283,000	283,000	-	16,659,000	1.70%
2016	260,000	260,000	-	17,785,000	1.46%
2015	232,000	232,000	-	17,785,000	1.30%
2014	317,000	317,000	-	17,260,000	1.84%

**School Board Component Unit - VRS Health Insurance Credit Non-Professional Plan<sup>\*</sup>**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ 8,962	\$ 8,962	\$ -	\$ 1,127,094	0.80%
2022	6,642	6,642	-	1,127,094	0.59%
2021	5,767	5,767	-	914,084	0.63%

<sup>\*</sup>Participation in this plan began during the FY21 ACFR reporting period

CITY OF WAYNESBORO, VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS  
SCHOOL BOARD COMPONENT UNIT  
Year Ended June 30, 2023

Exhibit 16

**VRS Health Insurance Credit - School Non-professional\***

	2022	2021	2020
<b>Total OPEB Liability</b>			
Service cost	\$ 953	\$ 1,238	\$ -
Interest	5,477	4,886	-
Changes in benefit terms	-	-	72,376
Difference between expected and actual experience	(6,031)	-	-
Changes in assumptions	12,458	2,822	-
Benefit payments, including refunds of employee contributions	(2,268)	-	-
Net change in total pension liability	10,589	8,946	72,376
<b>Total OPEB liability - beginning</b>	81,322	72,376	-
<b>Adjustment to beginning balance</b>	-	-	-
<b>Total OPEB liability - ending</b>	91,911	81,322	72,376
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	6,642	5,767	-
Net investment income (loss)	(94)	821	-
Benefit payments, including refunds of employee contributions	(2,268)	-	-
Administrative expenses	(22)	(26)	-
Net change in plan fiduciary net position	4,258	6,562	-
<b>Plan fiduciary net position - beginning</b>	6,562	-	-
<b>Adjustment to beginning balance</b>	-	-	-
<b>Plan fiduciary net position - ending</b>	10,820	6,562	-
<b>Total Net OPEB liability - ending</b>	<b>\$ 81,091</b>	<b>\$ 74,760</b>	<b>\$ 72,376</b>
Plan fiduciary net position as a percentage of total OPEB liability	11.77%	8.07%	0.00%
Covered employee payroll	<b>\$ 1,455,321</b>	<b>\$ 1,127,094</b>	<b>\$ 914,084</b>
Net OPEB liability as a percentage of covered employee payroll	5.57%	6.63%	7.92%

This schedule is intended to show information for 10 years; additional years will be included as they become available.

\*Participation in this plan began during the FY21 ACFR reporting period

**CITY OF WAYNESBORO, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS**  
**Year Ended June 30, 2023**

**EXHIBIT 17**

<b>Plan Year</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Primary Government</b>					
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2022	0.06559%	\$ 789,768	\$ 14,274,063	5.53%	67.21%
2021	0.06952%	809,401	14,438,074	5.61%	67.45%
2020	0.07069%	1,179,700	14,540,807	8.11%	52.64%
2019	0.06921%	1,126,231	13,567,153	8.30%	52.00%
2018	0.06937%	1,054,000	13,153,451	8.01%	51.22%
2017	0.07109%	1,070,000	13,071,409	8.19%	48.86%
<b>School Board Component Unit</b>					
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2022	0.21794%	\$ 2,722,172	\$ 26,512,718	10.27%	15.08%
2021	0.21288%	2,732,462	22,539,449	12.12%	13.35%
2020	0.21031%	2,743,528	20,974,075	13.08%	9.95%
2019	0.21668%	2,836,552	19,190,062	14.78%	8.97%
2018	0.22298%	2,831,000	19,151,598	14.78%	7.04%
2017	0.22810%	2,894,000	18,019,016	16.06%	7.04%
<b>Virginia Retirement System - Group Life Insurance - Schools</b>					
2022	0.00983%	\$ 1,183,867	\$ 27,968,039	4.23%	67.21%
2021	0.00958%	1,115,138	23,666,543	4.71%	67.45%
2020	0.00941%	1,571,069	21,904,170	7.17%	52.64%
2019	0.00974%	1,584,143	20,109,983	7.88%	52.00%
2018	0.00995%	1,512,000	20,070,330	7.53%	51.22%
2017	0.01022%	1,536,000	18,802,826	8.17%	48.86%

This schedule is intended to show information for 10 years; additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

**CITY OF WAYNESBORO, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - VRS PLANS**  
**June 30, 2023**

**EXHIBIT 18**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2023	\$ 206,620	\$ 206,620	\$ -	\$ 15,413,995	1.34%
2022	77,043	77,043	-	14,274,063	0.54%
2021	77,509	77,509	-	14,438,074	0.54%
2020	75,655	75,655	-	14,540,807	0.52%
2019	70,548	70,548	-	13,567,153	0.52%
2018	68,592	68,592	-	13,153,451	0.52%
2017	68,185	68,185	-	13,071,409	0.52%
2016	62,824	62,824	-	13,085,870	0.48%
<b>School Board Component Unit</b>					
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2023	\$ 288,161	\$ 288,161	\$ -	\$ 23,855,158	1.21%
2022	245,781	245,781	-	20,355,654	1.21%
2021	227,807	227,807	-	22,539,449	1.01%
2020	221,248	221,248	-	20,974,075	1.05%
2019	218,095	218,095	-	19,190,062	1.14%
2018	221,807	221,807	-	19,151,598	1.16%
2017	199,823	199,823	-	18,019,016	1.11%
2016	184,401	184,401	-	22,649,987	0.81%
<b>Virginia Retirement System - Group Life Insurance - Schools</b>					
2023	\$ 135,152	\$ 135,152	\$ -	\$ 24,982,252	0.54%
2022	114,632	114,632	-	21,482,748	0.53%
2021	106,781	106,781	-	23,666,543	0.45%
2020	100,722	100,722	-	21,904,170	0.46%
2019	99,235	99,235	-	20,109,983	0.49%
2018	98,408	98,408	-	20,070,330	0.49%
2017	97,917	97,917	-	18,802,826	0.52%
2016	87,350	87,350	-	23,778,666	0.37%

This schedule is intended to show information for 10 years; additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

## CITY OF WAYNESBORO, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

#### 1. CHANGES OF BENEFIT TERMS

##### Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

##### Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

#### 2. CHANGES ASSUMPTIONS

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

##### Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Notes Continued on Next Page)

**CITY OF WAYNESBORO, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2023**

**2. CHANGES ASSUMPTIONS (Continued)**

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

***OTHER SUPPLEMENTARY INFORMATION***

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

### **DEBT SERVICE FUNDS**

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

### **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, 2023**

Exhibit 19

	Special Revenue						Debt Service Debt Revenue Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Economic Development Authority Fund	Total			
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ 488,263	\$ 134,790	\$ 233,778	\$ 856,831	\$ 40,478	\$ -	\$ 897,309
Accounts receivable	-	-	39,870	-	30,670	70,540	-	-	70,540
Due from other governments	116,809	359,679	16,109	167,996	-	660,593	-	-	660,593
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	631,757	631,757
<b>Total assets</b>	<b>\$ 116,809</b>	<b>\$ 359,679</b>	<b>\$ 544,242</b>	<b>\$ 302,786</b>	<b>\$ 264,448</b>	<b>\$ 1,587,964</b>	<b>\$ 40,478</b>	<b>\$ 631,757</b>	<b>\$ 2,260,199</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	-	325,729	8,962	176,341	2,112	513,144	-	-	513,144
Accrued payroll	-	-	17,603	-	-	17,603	-	-	17,603
Due to other funds	116,809	33,950	-	-	-	150,759	-	-	150,759
<b>Total liabilities</b>	<b>116,809</b>	<b>359,679</b>	<b>26,565</b>	<b>176,341</b>	<b>2,112</b>	<b>681,506</b>	<b>-</b>	<b>-</b>	<b>681,506</b>
Fund Balances:									
Nonspendable:									
Permanent fund principal	-	-	-	-	-	-	-	631,757	631,757
Assigned to:									
Youth and family services	-	-	517,677	-	-	517,677	-	-	517,677
CAPSAW	-	-	-	126,445	-	126,445	-	-	126,445
Economic Development Authority	-	-	-	-	262,336	262,336	-	-	262,336
Debt service	-	-	-	-	-	-	40,478	-	40,478
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>517,677</b>	<b>126,445</b>	<b>262,336</b>	<b>906,458</b>	<b>40,478</b>	<b>631,757</b>	<b>1,578,693</b>
<b>Total liabilities and fund balances</b>	<b>\$ 116,809</b>	<b>\$ 359,679</b>	<b>\$ 544,242</b>	<b>\$ 302,786</b>	<b>\$ 264,448</b>	<b>\$ 1,587,964</b>	<b>\$ 40,478</b>	<b>\$ 631,757</b>	<b>\$ 2,260,199</b>

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 20

	Special Revenue						Debt Service Debt Revenue Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Economic Development Authority Fund	Total			
<b>REVENUES</b>									
Revenue from use of money and property	\$ -	\$ -	\$ 18,110	\$ 3,098	\$ 159	\$ 21,367	\$ -	\$ 22,310	\$ 43,677
Miscellaneous	-	-	17,125	2,206	29,860	49,191	-	-	49,191
Recovered costs	-	-	314,624	136,205	-	450,829	-	-	450,829
Intergovernmental:									
Commonwealth	744,341	1,833,652	117,385	257,311	105,908	3,058,597	-	-	3,058,597
Federal	675,638	44,736	62,332	366,209	47,300	1,196,215	-	-	1,196,215
Total revenues	1,419,979	1,878,388	529,576	765,029	183,227	4,776,199	-	22,310	4,798,509
<b>EXPENDITURES</b>									
Current:									
Public safety	-	-	621,090	-	-	621,090	-	-	621,090
Health and welfare	2,064,458	3,138,078	44,810	733,142	-	5,980,488	-	-	5,980,488
Community development	-	-	-	-	160,021	160,021	-	-	160,021
Debt service:									
Principal retirement	-	-	-	-	-	-	2,088,400	-	2,088,400
Interest and fiscal charges	-	-	-	-	-	-	1,197,648	-	1,197,648
Total expenditures	2,064,458	3,138,078	665,900	733,142	160,021	6,761,599	3,286,048	-	10,047,647
Excess (deficiency) of revenues over (under) expenditures	(644,479)	(1,259,690)	(136,324)	31,887	23,206	(1,985,400)	(3,286,048)	22,310	(5,249,138)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	644,479	1,259,690	182,869	-	61,028	2,148,066	3,285,612	-	5,433,678
Transfers out	-	-	(6,895)	-	-	(6,895)	-	-	(6,895)
Total other financing sources	644,479	1,259,690	175,974	-	61,028	2,141,171	3,285,612	-	5,426,783
Net change in fund balances	-	-	39,650	31,887	84,234	155,771	(436)	22,310	177,645
Fund balance - beginning	-	-	478,027	94,558	178,102	750,687	40,914	609,447	1,401,048
Fund balance - ending	\$ -	\$ -	\$ 517,677	\$ 126,445	\$ 262,336	\$ 906,458	\$ 40,478	\$ 631,757	\$ 1,578,693

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**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, 2023**

Exhibit 21

Virginia Public Assistance Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	910,258	910,258	744,341	(165,917)
Federal	690,853	690,853	675,638	(15,215)
Total revenues	1,601,111	1,601,111	1,419,979	(181,132)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Health and welfare	2,383,034	2,383,034	2,064,458	318,576
Total expenditures	2,383,034	2,383,034	2,064,458	318,576
Excess (deficiency) of revenues over (under) expenditures	(781,923)	(781,923)	(644,479)	137,444
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	825,099	825,099	644,479	(180,620)
Transfers out	-	-	-	-
Total other financing sources and uses	825,099	825,099	644,479	(180,620)
Net change in fund balances	43,176	43,176	-	(43,176)
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ 43,176	\$ 43,176	\$ -	\$ (43,176)
<b>Community Action Partnership of Staunton, Augusta and Waynesboro Fund</b>				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from use of money and property	\$ 19	\$ 19	\$ 3,098	\$ 3,079
Miscellaneous	-	-	2,206	2,206
Recovered costs	138,205	138,205	136,205	(2,000)
Intergovernmental:				
Commonwealth	161,200	257,311	257,311	-
Federal	314,590	474,549	366,209	(108,340)
Total revenues	614,014	870,084	765,029	(105,055)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	614,014	870,084	733,142	136,942
Total expenditures	614,014	870,084	733,142	136,942
Excess (deficiency) of revenues over (under) expenditures	-	-	31,887	31,887
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000	1,000	-	(1,000)
Net change in fund balances	1,000	1,000	31,887	30,887
Fund balance - beginning	59,594	59,594	94,558	34,964
Fund balance - ending	\$ 60,594	\$ 60,594	\$ 126,445	\$ 65,851

## Exhibit 21 (continued)

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)
\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ 2,200	\$ 18,110	\$ 15,910
-	-	-	-	800	14,900	17,125	2,225
-	-	-	-	325,455	325,455	314,624	(10,831)
2,173,750	2,173,750	1,833,652	(340,098)	117,385	117,385	117,385	-
-	-	44,736	44,736	115,205	117,284	62,332	(54,952)
2,173,750	2,173,750	1,878,388	(295,362)	561,045	577,224	529,576	(47,648)
-	-	-	-	701,928	715,107	621,090	94,017
3,750,000	3,750,000	3,138,078	611,922	55,582	58,582	44,810	13,772
3,750,000	3,750,000	3,138,078	611,922	757,510	773,689	665,900	107,789
(1,576,250)	(1,576,250)	(1,259,690)	316,560	(196,465)	(196,465)	(136,324)	60,141
1,482,500	1,482,500	1,259,690	(222,810)	182,869	182,869	182,869	-
-	-	-	-	(6,895)	(6,895)	(6,895)	-
1,482,500	1,482,500	1,259,690	(222,810)	175,974	175,974	175,974	-
(93,750)	(93,750)	-	93,750	(20,491)	(20,491)	39,650	60,141
-	-	-	-	447,726	478,027	478,027	-
\$ (93,750)	\$ (93,750)	\$ -	\$ 93,750	\$ 427,235	\$ 457,536	\$ 517,677	\$ 60,141

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 22

	Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES</b>				
Debt Service:				
Principal retirement	\$ 2,083,067	\$ 2,083,067	\$ 2,088,400	\$ (5,333)
Interest and fiscal charges	<u>1,202,545</u>	<u>1,202,545</u>	<u>1,197,648</u>	<u>4,897</u>
Total expenditures	<u>3,285,612</u>	<u>3,285,612</u>	<u>3,286,048</u>	<u>(436)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,285,612)</u>	<u>(3,285,612)</u>	<u>(3,286,048)</u>	<u>(436)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,285,612</u>	<u>3,285,612</u>	<u>3,285,612</u>	<u>-</u>
Total other financing sources and uses	<u>3,285,612</u>	<u>3,285,612</u>	<u>3,285,612</u>	<u>-</u>
Net change in fund balances	-	-	(436)	(436)
Fund balance - beginning	<u>295,503</u>	<u>295,503</u>	<u>40,914</u>	<u>(254,589)</u>
Fund balance - ending	<u>\$ 295,503</u>	<u>\$ 295,503</u>	<u>\$ 40,478</u>	<u>\$ (255,025)</u>



**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, 2023**

Exhibit 23

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Recovered Costs	\$ -	\$ 97,046	\$ 11,728	\$ (85,318)
Intergovernmental:				
Commonwealth	101,150	1,085,987	716,675	(369,312)
Federal	2,889,637	10,957,709	1,967,363	(8,990,346)
Total revenues	<u>2,990,787</u>	<u>12,140,742</u>	<u>2,695,766</u>	<u>(9,444,976)</u>
<b>EXPENDITURES</b>				
Projects:				
General government administration	568,000	551,900	23,086	528,814
Public Safety	3,092,649	12,858,034	1,490,164	11,367,870
Public Works	3,693,964	6,710,503	934,315	5,776,188
Parks, recreation, and cultural	3,650,187	11,646,601	2,642,136	9,004,465
Community development	2,348,953	3,375,502	338,361	3,037,141
Total expenditures	<u>13,353,753</u>	<u>35,142,540</u>	<u>5,428,062</u>	<u>29,714,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,362,966)</u>	<u>(23,001,798)</u>	<u>(2,732,296)</u>	<u>20,269,502</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,940,902	17,881,251	5,799,371	(12,081,880)
Total other financing sources and uses	<u>3,940,902</u>	<u>17,881,251</u>	<u>5,799,371</u>	<u>(12,081,880)</u>
Net change in fund balances	(6,422,064)	(5,120,547)	3,067,075	8,187,622
Fund balance - beginning	<u>9,059,761</u>	<u>9,059,761</u>	<u>9,059,761</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,637,697</u>	<u>\$ 3,939,214</u>	<u>\$ 12,126,836</u>	<u>\$ 8,187,622</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PERMANENT FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 24

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 22,310	\$ 18,310
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>22,310</u>	<u>18,310</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,000</u>	<u>4,000</u>	<u>22,310</u>	<u>18,310</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
Total other financing sources and uses	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	-	-	22,310	22,310
Fund balance - beginning	<u>609,447</u>	<u>609,447</u>	<u>609,447</u>	<u>-</u>
Fund balance - ending	<u>\$ 609,447</u>	<u>\$ 609,447</u>	<u>\$ 631,757</u>	<u>\$ 22,310</u>

## **NONMAJOR ENTERPRISE FUNDS**

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

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

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

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2023**

Exhibit 25

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,701,933	\$ 268,073	\$ 911,581	\$ 2,881,587
Accounts receivable (net of allowance for uncollectibles)	299,314	72,047	827,157	1,198,518
Total current assets	2,001,247	340,120	1,738,738	4,080,105
Noncurrent assets:				
Equity interest in joint venture	-	2,396,890	-	2,396,890
Capital assets:				
Land	-	-	52,000	52,000
Buildings	113,453	-	-	113,453
Improvements other than buildings	-	-	4,027,196	4,027,196
Machinery and equipment	1,595,233	-	784,358	2,379,591
Construction in progress	-	-	312,752	312,752
Less: accumulated depreciation	(1,388,028)	-	(2,212,107)	(3,600,135)
Total capital assets (net of accumulated depreciation)	320,658	-	2,964,199	3,284,857
Total noncurrent assets	320,658	2,396,890	2,964,199	5,681,747
Total assets	2,321,905	2,737,010	4,702,937	9,761,852
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	-	51,528	51,528
Deferred outflow on OPEB obligation	39,499	11,568	22,880	73,947
Deferred loss on VRS pension	268,354	64,286	155,444	488,084
Total deferred outflows of resources	307,853	75,854	229,852	613,559
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,854	76,980	266,466	347,300
Accrued payroll	21,339	69,258	14,760	105,357
Accrued interest payable	-	-	17,384	17,384
Deposits payable	2,783	-	-	2,783
Compensated absences	-	3,021	2,494	5,515
General obligation bonds - current	-	-	269,328	269,328
Total current liabilities	27,976	149,259	570,432	747,667
Noncurrent liabilities:				
Compensated absences	29,716	22,029	25,564	77,309
Net OPEB obligation	138,925	52,507	80,472	271,904
Net pension liability	316,782	4,752	183,496	505,030
General obligation bonds payable (net of unamortized deferred amount on refunding)	-	-	1,404,966	1,404,966
Total noncurrent liabilities	485,423	79,288	1,694,498	2,259,209
Total liabilities	513,399	228,547	2,264,930	3,006,876
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow on OPEB obligation	108,874	16,514	63,065	188,453
Deferred gain on VRS pension	290,592	77,033	168,325	535,950
Total deferred inflows of resources	399,466	93,547	231,390	724,403
<b>NET POSITION</b>				
Net investment in capital assets	320,658	2,149,189	1,289,905	3,759,752
Unrestricted	1,396,235	341,581	1,146,564	2,884,380
Total net position	\$ 1,716,893	\$ 2,490,770	\$ 2,436,469	\$ 6,644,132

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 26

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,661,477	\$ 898,472	\$ 1,724,002	\$ 4,283,951
Miscellaneous	-	-	554	554
Total operating revenues	<u>1,661,477</u>	<u>898,472</u>	<u>1,724,556</u>	<u>4,284,505</u>
<b>OPERATING EXPENSES</b>				
Personal services	821,241	-	435,230	1,256,471
Contractual services	33,944	582,987	172,414	789,345
Other supplies and expenses	177,045	-	89,942	266,987
Depreciation	77,105	-	262,746	339,851
Total operating expenses	<u>1,109,335</u>	<u>582,987</u>	<u>960,332</u>	<u>2,652,654</u>
Operating income	<u>552,142</u>	<u>315,485</u>	<u>764,224</u>	<u>1,631,851</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental:				
Commonwealth	8,963	-	-	8,963
Interest income	46,577	1,650	32,274	80,501
Interest and fiscal charges	-	-	(65,478)	(65,478)
Gain (loss) on equity interest	-	(550,038)	-	(550,038)
Total non-operating revenues (expenses)	<u>55,540</u>	<u>(548,388)</u>	<u>(33,204)</u>	<u>(526,052)</u>
Income (loss) before contributions and transfers	<u>607,682</u>	<u>(232,903)</u>	<u>731,020</u>	<u>1,105,799</u>
Capital contributions	-	-	47,520	47,520
Transfers out	<u>(247,968)</u>	<u>-</u>	<u>(317,745)</u>	<u>(565,713)</u>
Change in net position	359,714	(232,903)	460,795	587,606
Total net position - beginning	<u>1,357,179</u>	<u>2,723,673</u>	<u>1,975,674</u>	<u>6,056,526</u>
Total net position - ending	<u>\$ 1,716,893</u>	<u>\$ 2,490,770</u>	<u>\$ 2,436,469</u>	<u>\$ 6,644,132</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 27

	Refuse Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 1,620,398	\$ 901,395	\$ 1,740,501	\$ 4,262,294
Cash paid to suppliers	(211,586)	(611,865)	(9,642)	(833,093)
Cash paid to employees	(807,990)	(1,548)	(439,623)	(1,249,161)
Net cash provided (used) by operating activities	<u>600,822</u>	<u>287,982</u>	<u>1,291,236</u>	<u>2,180,040</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Subsidy from federal grant	8,963	-	-	8,963
Transfer to other funds	(247,968)	-	(317,745)	(565,713)
Net cash provided (used) by noncapital financing activities	<u>(239,005)</u>	<u>-</u>	<u>(317,745)</u>	<u>(556,750)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	-	(418,131)	(418,131)
Principal paid on capital debt	-	-	(235,329)	(235,329)
Interest paid on capital debt	-	-	(73,353)	(73,353)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(726,813)</u>	<u>(726,813)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	46,577	1,650	32,274	80,501
Cash paid to joint venture	-	(234,522)	-	(234,522)
Net cash provided (used) by investing activities	<u>46,577</u>	<u>(232,872)</u>	<u>32,274</u>	<u>(154,021)</u>
Net increase (decrease) in cash and cash equivalents	408,394	55,110	278,952	742,456
Cash and cash equivalents - beginning of year	<u>1,293,539</u>	<u>212,963</u>	<u>632,629</u>	<u>2,139,131</u>
Cash and cash equivalents - end of year	<u>\$ 1,701,933</u>	<u>\$ 268,073</u>	<u>\$ 911,581</u>	<u>\$ 2,881,587</u>
Cash and cash equivalents at end of year is composed of the following:				
Cash and cash equivalents	<u>\$ 1,701,933</u>	<u>\$ 268,073</u>	<u>\$ 911,581</u>	<u>\$ 2,881,587</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 552,142	\$ 315,485	\$ 764,224	\$ 1,631,851
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	77,105	-	262,746	339,851
(Increase) decrease in accounts receivable	(41,439)	2,923	15,945	(22,571)
(Increase) decrease in deferred outflow on OPEB	(29,657)	(367)	(15,985)	(46,009)
(Increase) decrease in deferred loss on VRS pension	(96,028)	(19,849)	(34,733)	(150,610)
Increase (decrease) in accounts payable	(597)	(28,878)	252,714	223,239
Increase (decrease) in accrued payroll	2,676	6,093	4,723	13,492
Increase (decrease) in net OPEB obligation	(47,301)	(6,551)	(10,017)	(63,869)
Increase (decrease) in net pension liability	144,605	21,724	62,888	229,217
Increase (decrease) in deferred inflow on OPEB	(26,768)	6,787	(53,982)	(73,963)
Increase (decrease) in deferred gain on VRS pension	56,692	(4,788)	36,892	88,796
Increase (decrease) in deposits payable	360	-	-	360
Increase (decrease) in compensated absences	9,032	(4,597)	5,821	10,256
Total Adjustments	<u>48,680</u>	<u>(27,503)</u>	<u>527,012</u>	<u>548,189</u>
Net cash provided (used) by operating activities	<u>\$ 600,822</u>	<u>\$ 287,982</u>	<u>\$ 1,291,236</u>	<u>\$ 2,180,040</u>
<b>Non-cash investing, capital, and financing activities:</b>				
Capital Contributions of stormwater assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,520</u>	<u>\$ 47,520</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 Nutrition Fund – to account for the operation and maintenance of the cafeterias of the seven City-owned schools. Financing is provided primarily from charges for services and federal and state lunch subsidies. Such funds are limited by federal and state law to expenditures for cafeteria operations and maintenance.

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

School Activity Fund – to account for all funds received by the schools in the school district from extracurricular school activities, such as entertainment, athletic contests, club dues, etc.

#### **Custodial Funds**

#### **Custodial Funds**

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

**CITY OF WAYNESBORO, VIRGINIA**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

Exhibit 28

	School Operating Fund	School Nutrition Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,641,729	\$ 683,819	\$ 795,801	\$ 467,366	\$ 7,588,715
Accounts receivable	13,711	38,055	-	-	51,766
Due from other governments	2,767,265	34,055	-	-	2,801,320
Leases receivable	49,078	-	-	-	49,078
Total assets	<u>\$ 8,471,783</u>	<u>\$ 755,929</u>	<u>\$ 795,801</u>	<u>\$ 467,366</u>	<u>\$ 10,490,879</u>
<b>LIABILITIES</b>					
Accounts payable	477,182	15,119	200,663	-	692,964
Accrued payroll	2,884,323	88,656	-	-	2,972,979
Retainage payable	253,715	-	-	-	253,715
Compensated absences	26,208	-	-	-	26,208
Total liabilities	<u>3,641,428</u>	<u>103,775</u>	<u>200,663</u>	<u>-</u>	<u>3,945,866</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases	<u>49,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,078</u>
<b>FUND BALANCES</b>					
Committed to:					
Education	4,781,277	-	-	-	4,781,277
Assigned to:					
Education	<u>-</u>	<u>652,154</u>	<u>595,138</u>	<u>467,366</u>	<u>1,714,658</u>
Total fund balances	<u>4,781,277</u>	<u>652,154</u>	<u>595,138</u>	<u>467,366</u>	<u>6,495,935</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,471,783</u>	<u>\$ 755,929</u>	<u>\$ 795,801</u>	<u>\$ 467,366</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.	67,062,646
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.	7,720,205
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(30,743,163)
Deferred inflows of resources related to the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,936,485)</u>
Net position of governmental activities	<u>\$ 44,599,138</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, 2023**

Exhibit 29

	School Operating Fund	School Nutrition Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from use of money and property	\$ 260,874	\$ -	\$ -	\$ -	\$ 260,874
Charges for services	71,635	85,539	-	516,540	673,714
Miscellaneous	161,042	17,201	30	-	178,273
Recovered costs	319,843	-	-	-	319,843
Intergovernmental:					
Local	17,925,629	-	-	-	17,925,629
Commonwealth	27,092,791	71,242	-	-	27,164,033
Federal	8,672,491	2,379,022	-	-	11,051,513
Total revenues	<u>54,504,305</u>	<u>2,553,004</u>	<u>30</u>	<u>516,540</u>	<u>57,573,879</u>
<b>EXPENDITURES</b>					
Current:					
Education	55,979,535	2,633,352	606,515	492,698	59,712,100
Debt Service:					
Principal retirement	312,591	-	-	-	312,591
Interest and fiscal charges	30,462	-	-	-	30,462
Total expenditures	<u>56,322,588</u>	<u>2,633,352</u>	<u>606,515</u>	<u>492,698</u>	<u>60,055,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,818,283)</u>	<u>(80,348)</u>	<u>(606,485)</u>	<u>23,842</u>	<u>(2,481,274)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	371,857	-	371,857
Transfers out	(371,857)	-	-	-	(371,857)
Total other financing sources and uses	<u>(371,857)</u>	<u>-</u>	<u>371,857</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,190,140)	(80,348)	(234,628)	23,842	(2,481,274)
Fund balance Beginning	<u>6,971,417</u>	<u>732,502</u>	<u>829,766</u>	<u>443,524</u>	
Fund balance - ending	<u>\$ 4,781,277</u>	<u>\$ 652,154</u>	<u>\$ 595,138</u>	<u>\$ 467,366</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 (\$2,485,501) was less than capital outlays (\$9,209,699)

6,724,198

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.

415,282

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.

4,568,990

Change in net position of governmental activities

\$ 9,227,196

CITY OF WAYNESBORO, VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
 CUSTODIAL FUNDS  
 June 30, 2023

Exhibit 30

	Valley Academy	Total Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 190,207	\$ 190,207
Total assets	<u>190,207</u>	<u>190,207</u>
<b>LIABILITIES</b>		
Accounts payable	20,653	20,653
Payroll Payable	<u>35,970</u>	<u>35,970</u>
Total liabilities	<u>56,623</u>	<u>56,623</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations, and other governments	<u>\$ 133,584</u>	<u>\$ 133,584</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**CUSTODIAL FUND**  
**For the Year Ended June 30, 2023**

Exhibit 31

	Valley Academy	Total Custodial Funds
<b>ADDITIONS</b>		
Charges for services	\$ 519,949	\$ 519,949
Miscellaneous	1,500	1,500
Intergovernmental Commonwealth	<u>186,245</u>	<u>186,245</u>
Total additions	<u>707,694</u>	<u>707,694</u>
<b>DEDUCTIONS</b>		
Education	<u>754,519</u>	<u>754,519</u>
Total deductions	<u>754,519</u>	<u>754,519</u>
Change in net position	<u>(46,825)</u>	<u>(46,825)</u>
Net position - beginning	<u>180,409</u>	<u>180,409</u>
Net position - ending	<u>\$ 133,584</u>	<u>\$ 133,584</u>

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**MAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2023**

Exhibit 32

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 39,550	\$ 39,550	\$ 260,874	\$ 221,324
Charges for services	125,000	125,000	71,635	(53,365)
Miscellaneous	175,047	298,214	161,042	(137,172)
Recovered costs	410,000	410,000	319,843	(90,157)
Intergovernmental:				
Local	17,428,629	18,422,629	17,925,629	(497,000)
Commonwealth	28,591,162	30,456,173	27,092,791	(3,363,382)
Federal	10,010,735	10,897,323	8,672,491	(2,224,832)
Total revenues	<u>56,780,123</u>	<u>60,648,889</u>	<u>54,504,305</u>	<u>(6,144,584)</u>
<b>EXPENDITURES</b>				
Current:				
Education	57,509,104	64,543,027	55,979,535	8,563,492
Debt service:				
Principal retirement	312,591	312,591	312,591	-
Interest and fiscal charges	<u>30,462</u>	<u>30,462</u>	<u>30,462</u>	<u>-</u>
Total expenditures	<u>57,852,157</u>	<u>64,886,080</u>	<u>56,322,588</u>	<u>8,563,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,072,034)</u>	<u>(4,237,191)</u>	<u>(1,818,283)</u>	<u>2,418,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(399,973)</u>	<u>(399,973)</u>	<u>(371,857)</u>	<u>28,116</u>
Total other financing sources and uses	<u>(399,973)</u>	<u>(399,973)</u>	<u>(371,857)</u>	<u>28,116</u>
Net change in fund balances	(1,472,007)	(4,637,164)	(2,190,140)	2,447,024
Fund balance - beginning	<u>6,971,417</u>	<u>6,971,417</u>	<u>6,971,417</u>	<u>-</u>
Fund balance - ending	\$ 5,499,410	\$ 2,334,253	\$ 4,781,277	\$ 2,447,024

## Exhibit 32 (continued)

School Nutrition Fund				School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79,200	79,200	85,539	6,339	-	-	-	-
9,961	9,961	17,201	7,240	-	-	30	30
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
70,353	70,353	71,242	889	-	-	-	-
2,075,165	2,425,165	2,379,022	(46,143)	-	-	-	-
2,234,679	2,584,679	2,553,004	(31,675)	-	-	30	30
2,234,679	2,584,679	2,633,352	(48,673)	373,973	373,973	606,515	(232,542)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,234,679	2,584,679	2,633,352	(48,673)	373,973	373,973	606,515	(232,542)
-	-	(80,348)	(80,348)	(373,973)	(373,973)	(606,485)	(232,512)
-	-	-	-	373,937	373,973	371,857	(2,116)
-	-	-	-	-	-	-	-
-	-	-	-	373,937	373,973	371,857	(2,116)
-	-	(80,348)	(80,348)	(36)	-	(234,628)	(234,628)
732,502	732,502	732,502	-	829,766	829,766	829,766	-
\$ 732,502	\$ 732,502	\$ 652,154	\$ (80,348)	\$ 829,730	\$ 829,766	\$ 595,138	\$ (234,628)

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

**CITY OF WAYNESBORO, VIRGINIA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY\***  
**June 30, 2023**

Exhibit 33

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Leases	SBITA	Infrastructure	Total
<b>PRIMARY GOVERNMENT:</b>									
General government administration	\$ 4,923,193	\$ -	\$ 1,769,634	\$ 50,600	\$ 3,338,513	\$ 202,602	\$ -	\$ -	\$ 10,284,542
Judicial administration	-	-	3,396,648	55,638	157,011	-	-	-	3,609,297
Public safety	1,075,136	166,530	4,226,748	441,208	5,674,165	-	-	-	11,583,787
Public works	341,189	658,785	2,212,010	1,411,832	619,074	-	-	57,538,403	62,781,293
Health and welfare	-	-	451,060	208,400	-	-	-	-	659,460
Parks, recreation, and cultural	4,299	2,826,042	4,825,503	4,175,079	487,660	-	-	181,343	12,499,926
Community development	3,507,117	591,580	168,861	2,214,950	48,960	30,350	-	819,658	7,381,476
Total Primary Government	<u>\$ 9,850,934</u>	<u>\$ 4,242,937</u>	<u>\$ 17,050,464</u>	<u>\$ 8,557,707</u>	<u>\$ 10,325,383</u>	<u>\$ 232,952</u>	<u>\$ -</u>	<u>\$ 58,539,404</u>	<u>\$ 108,799,781</u>
<b>COMPONENT UNIT SCHOOL BOARD:</b>									
Schools:									
Education	<u>\$ 811,907</u>	<u>\$ 5,409,075</u>	<u>\$ 80,201,638</u>	<u>\$ 4,335,100</u>	<u>\$ 5,455,332</u>	<u>\$ 2,494,505</u>	<u>\$ 218,476</u>	<u>\$ -</u>	<u>\$ 98,926,033</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, 2023**

				Exhibit 34
	Governmental Funds Capital Assets			Governmental Funds Capital Assets
Function and Activity	June 30, 2022	Additions	Deductions	June 30, 2023
<b><u>PRIMARY GOVERNMENT:</u></b>				
General government administration	\$ 9,975,825	\$ 308,717	\$ -	\$ 10,284,542
Judicial administration	3,609,297	-	-	3,609,297
Public safety	10,073,061	1,510,726	-	11,583,787
Public works	61,350,805	1,430,488	-	62,781,293
Health and welfare	659,460	-	-	659,460
Parks, recreation, and cultural	9,771,435	2,728,491	-	12,499,926
Community development	<u>7,381,476</u>	<u>-</u>	<u>-</u>	<u>7,381,476</u>
 Total Primary Government	 <u>\$ 102,821,359</u>	 <u>\$ 5,978,422</u>	 <u>\$ -</u>	 <u>\$ 108,799,781</u>
<b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>				
Schools:				
Education	<u>\$ 88,640,260</u>	<u>\$ 10,285,773</u>	<u>\$ -</u>	<u>\$ 98,926,033</u>

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

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## ***SUPPLEMENTAL DATA***

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

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	\$ 19,015,524	\$ 19,015,524	\$ 19,444,342	\$ 428,818
Real and personal public service				
corporation property taxes	995,331	995,331	1,044,497	49,166
Personal property taxes	5,212,319	5,642,319	6,176,399	534,080
Mobile home taxes	5,489	5,489	5,787	298
Machinery and tools taxes	1,105,185	1,105,185	1,101,720	(3,465)
Rolling stock	80,858	80,858	75,351	(5,507)
Penalties	384,718	384,718	454,880	70,162
Interest	125,999	125,999	163,393	37,394
Total General Property Taxes	<u>26,925,423</u>	<u>27,355,423</u>	<u>28,466,369</u>	<u>1,110,946</u>
Other local taxes:				
Local sales and use tax	6,300,000	6,425,000	7,130,221	705,221
Consumers' utility taxes	1,050,393	1,050,393	1,055,263	4,870
Business license taxes	2,263,977	2,263,977	2,967,927	703,950
Motor vehicle licenses	412,718	412,718	459,519	46,801
Bank stock taxes	375,000	375,000	441,078	66,078
Taxes on recordation and wills	285,219	285,219	305,081	19,862
Lodging taxes	710,806	710,806	902,743	191,937
Restaurant food taxes	5,350,000	5,475,000	6,967,778	1,492,778
Tobacco taxes	494,793	494,793	423,143	(71,650)
Short-term rental taxes	881	881	3,443	2,562
Payments in lieu of tax	29,000	29,000	-	(29,000)
Total Other Local Taxes	<u>17,272,787</u>	<u>17,522,787</u>	<u>20,656,196</u>	<u>3,133,409</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	10,221	10,221	6,650	(3,571)
Permits and other licenses	<u>248,980</u>	<u>248,980</u>	<u>280,890</u>	<u>31,910</u>
Total Permits, Privilege Fees, and Regulatory Licenses	<u>259,201</u>	<u>259,201</u>	<u>287,540</u>	<u>28,339</u>
Fines and forfeitures:				
Parking fines	2,621	2,621	2,884	263
Fines and forfeitures	<u>94,159</u>	<u>94,159</u>	<u>129,942</u>	<u>35,783</u>
Total Fines and Forfeitures	<u>96,780</u>	<u>96,780</u>	<u>132,826</u>	<u>36,046</u>
Revenue from use of money and property:				
Revenue from use of money	312,140	312,140	1,750,797	1,438,657
Revenue from use of property	<u>54,098</u>	<u>54,098</u>	<u>56,653</u>	<u>2,555</u>
Total Revenue from Use of Money and Property	<u>366,238</u>	<u>366,238</u>	<u>1,807,450</u>	<u>1,441,212</u>
Charges for services:				
Commonwealth's attorney fees	2,200	2,200	3,425	1,225
Charges for court appointed attorney	4,575	4,575	6,966	2,391
Charges for maintenance of buildings and grounds	-	-	16,149	16,149
Charges for passport fees	10,805	10,805	24,815	14,010
Charges for planning services	47,522	47,522	22,983	(24,539)
Charges for recreation	105,000	105,000	83,016	(21,984)
Charges for library	5,981	5,981	7,238	1,257
Charges for miscellaneous services	<u>8,719</u>	<u>8,719</u>	<u>25,575</u>	<u>16,856</u>
Total Charges for Services	<u>184,802</u>	<u>184,802</u>	<u>190,167</u>	<u>5,365</u>
Miscellaneous revenue:				
Gifts and donations	9,605	26,927	31,696	4,769
Other revenue	<u>669,927</u>	<u>694,307</u>	<u>797,642</u>	<u>103,335</u>
Total Miscellaneous Revenue	<u>679,532</u>	<u>721,234</u>	<u>829,338</u>	<u>108,104</u>
Recovered Costs	<u>63,751</u>	<u>105,789</u>	<u>150,848</u>	<u>45,059</u>
Total Revenue from Local Sources	<u>45,848,514</u>	<u>46,612,254</u>	<u>52,520,734</u>	<u>5,908,480</u>

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 1 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 2,000	\$ 2,000	\$ 1,802	\$ (198)
Grantor tax	73,308	73,308	86,081	12,773
Sales tax on rental passenger vehicles	66,599	66,599	98,319	31,720
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	808,900	808,900	889,356	80,456
Rolling stock tax	14,650	14,650	11,047	(3,603)
Communications tax	951,420	951,420	900,345	(51,075)
Other	-	-	109,620	109,620
Total Non-categorical Aid	<u>3,638,334</u>	<u>3,638,334</u>	<u>3,818,027</u>	<u>179,693</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	453,008	455,068	514,681	59,613
Sheriff	329,977	329,977	334,729	4,752
Commissioner of the revenue	109,463	109,463	125,172	15,709
Treasurer	105,587	105,587	117,885	12,298
Clerk of circuit court	256,878	256,878	260,446	3,568
Registrar/Electoral board	43,733	43,733	72,776	29,043
Total Shared Expenses	<u>1,298,646</u>	<u>1,300,706</u>	<u>1,425,689</u>	<u>124,983</u>
Other categorical aid:				
Street and highway maintenance	4,087,964	4,087,964	4,718,998	631,034
Library	168,416	193,279	191,067	(2,212)
Virginia Arts	5,000	5,000	-	(5,000)
Fire Board funds	80,054	80,054	89,053	8,999
Drug seizure	-	-	886	886
Victim/witness	26,108	26,108	27,381	1,273
E-911 wireless	102,773	102,773	110,062	7,289
EMS grants	7,500	7,500	55,860	48,360
VEDP grants	-	25,000	25,000	-
Forestry grants	-	8,090	8,546	456
Other state funds	-	-	94,406	94,406
Total Other Categorical Aid	<u>4,477,815</u>	<u>4,535,768</u>	<u>5,321,259</u>	<u>785,491</u>
Total Categorical Aid	<u>5,776,461</u>	<u>5,836,474</u>	<u>6,746,948</u>	<u>910,474</u>
Total Revenue from the Commonwealth	<u>9,414,795</u>	<u>9,474,808</u>	<u>10,564,975</u>	<u>1,090,167</u>
Revenue from the Federal Government:				
Categorical aid:				
Victim/witness	78,326	78,326	63,887	(14,439)
CARES/ARPA funding	-	40,000	63,455	23,455
Total Categorical Aid	<u>78,326</u>	<u>118,326</u>	<u>127,342</u>	<u>9,016</u>
Total Revenue from the Federal Government	<u>78,326</u>	<u>118,326</u>	<u>127,342</u>	<u>9,016</u>
Total General Fund	<u>\$ 55,341,635</u>	<u>\$ 56,205,388</u>	<u>\$ 63,213,051</u>	<u>\$ 7,007,663</u>

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 1 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	\$ 910,258	\$ 910,258	\$ 744,341	\$ (165,917)
Virginia Public Assistance Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	690,853	690,853	675,638	(15,215)
Total Virginia Public Assistance Fund	1,601,111	1,601,111	1,419,979	(181,132)
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	2,173,750	2,173,750	1,833,652	(340,098)
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	-	-	44,736	44,736
Total Comprehensive Services Act Fund	\$ 2,173,750	\$ 2,173,750	\$ 1,878,388	\$ (295,362)
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	2,200	2,200	18,110	15,910
Miscellaneous revenue:				
Gifts and donations	300	300	3,022	2,722
Other revenue	500	14,600	14,103	(497)
Total Miscellaneous Revenue	800	14,900	17,125	2,225
Recovered Costs	325,455	325,455	314,624	(10,831)
Total Revenue from Local Sources	328,455	342,555	349,859	7,304
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	117,385	117,385	117,385	-
Total Revenue from the Commonwealth	117,385	117,385	117,385	-
Revenue from the Federal Government:				
Categorical aid:				
Other federal funds	115,205	117,284	62,332	(54,952)
Total Revenue from the Federal Government	115,205	117,284	62,332	(54,952)
Total Youth and Family Services Fund	\$ 561,045	\$ 577,224	\$ 529,576	\$ (47,648)
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	19	19	3,098	3,079
Miscellaneous revenue:				
Other revenue	-	-	2,206	2,206
Total Miscellaneous Revenue	-	-	2,206	2,206
Recovered Costs	138,205	138,205	136,205	(2,000)
Total Revenue from Local Sources	138,224	138,224	141,509	3,285
Revenue from the Commonwealth:				
Categorical aid:				
TANF grant	161,200	257,311	257,311	-
Total Revenue from the Commonwealth	161,200	257,311	257,311	-

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 1 (continued)
				Variance with
				Final Budget -
				Positive
				(Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (continued)				
Revenue from the Federal Government:				
Categorical aid:				
DHCD grant	\$ -	\$ 64,549	\$ 42,670	\$ (21,879)
CSBG grant	<u>314,590</u>	<u>410,000</u>	<u>323,539</u>	<u>(86,461)</u>
Total Revenue from the Federal Government	<u>314,590</u>	<u>474,549</u>	<u>366,209</u>	<u>(108,340)</u>
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 614,014</u>	<u>\$ 870,084</u>	<u>\$ 765,029</u>	<u>\$ (105,055)</u>
Total Special Revenue Funds	<u>\$ 4,949,920</u>	<u>\$ 5,222,169</u>	<u>\$ 4,592,972</u>	<u>\$ (629,197)</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Recovered Costs	<u>-</u>	<u>97,046</u>	<u>11,728</u>	<u>(85,318)</u>
Total Revenue from Local Sources	<u>-</u>	<u>97,046</u>	<u>11,728</u>	<u>(85,318)</u>
Revenue from the Commonwealth:				
Categorical Aid:				
VDOT grants	-	773,987	702,110	(71,877)
VA DEQ grants	<u>101,150</u>	<u>312,000</u>	<u>14,565</u>	<u>(297,435)</u>
Total Revenue from the Commonwealth	<u>101,150</u>	<u>1,085,987</u>	<u>716,675</u>	<u>(369,312)</u>
Revenue from the Federal and State Government:				
Categorical aid:				
VDOT grants	298,787	115,085	413,872	298,787
Other grants	2,415,850	10,341,075	1,301,452	(9,039,623)
CDBG grant	<u>175,000</u>	<u>501,549</u>	<u>252,039</u>	<u>(249,510)</u>
Total Revenue from the Federal Government	<u>2,889,637</u>	<u>10,957,709</u>	<u>1,967,363</u>	<u>(8,990,346)</u>
Total Capital Improvements Fund	<u>\$ 2,990,787</u>	<u>\$ 12,140,742</u>	<u>\$ 2,695,766</u>	<u>\$ (9,444,976)</u>
Total Capital Projects Funds	<u>\$ 2,990,787</u>	<u>\$ 12,140,742</u>	<u>\$ 2,695,766</u>	<u>\$ (9,444,976)</u>

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 1 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Primary Government: (continued)				
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 4,000	\$ 4,000	\$ 22,310	\$ 18,310
Total Revenue from Local Sources	4,000	4,000	22,310	18,310
Total Perpetual Care Fund	\$ 4,000	\$ 4,000	\$ 22,310	\$ 18,310
Total Permanent Funds	\$ 4,000	\$ 4,000	\$ 22,310	\$ 18,310
Grand Total - Revenues - Primary Government	\$ 63,286,342	\$ 73,572,299	\$ 70,524,099	\$ (3,048,200)
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	34,550	34,550	237,271	202,721
Revenue from use of property	5,000	5,000	23,603	18,603
Total Revenue from Use of Money and Property	39,550	39,550	260,874	221,324
Charges for services:				
Charges for education	125,000	125,000	71,635	(53,365)
Total Charges for Services	125,000	125,000	71,635	(53,365)
Miscellaneous revenue:				
Gifts and donations	650	650	3,000	2,350
Other revenue	174,397	297,564	158,042	(139,522)
Total Miscellaneous Revenue	175,047	298,214	161,042	(137,172)
Recovered Costs	410,000	410,000	319,843	(90,157)
Total Revenue from Local Sources	749,597	872,764	813,394	(59,370)
Revenue from Local Government:				
Contribution from City of Waynesboro	17,428,629	18,422,629	17,925,629	(497,000)
Revenue from the Commonwealth:				
Categorical Aid:				
Adult education	47,313	47,313	47,313	-
At risk	1,981,049	1,981,049	2,302,013	320,964
Basic school aid	9,249,094	9,249,094	8,613,012	(636,082)
Early intervention	179,344	179,344	181,704	2,360
English as a second language	249,881	249,881	238,348	(11,533)
Foster children	125,383	125,383	50,527	(74,856)
GED funding	16,772	16,772	16,405	(367)
Gifted and talented children	98,119	98,119	97,240	(879)
Group life	41,032	41,032	40,664	(368)
Operating costs	814,646	814,646	815,692	1,046
Primary class size	451,989	451,989	458,248	6,259
Race to GED expansion	100,928	100,928	100,928	-
Remedial education	594,478	594,478	593,735	(743)
Share of state sales tax	4,583,545	4,583,545	4,793,746	210,201
Social security	588,716	588,716	583,439	(5,277)
Special education	1,522,346	1,522,346	1,628,525	106,179
Standards of learning	55,138	55,138	52,662	(2,476)
Teacher retirement	1,371,886	1,371,886	1,359,590	(12,296)
Technology initiative	232,000	256,000	493,020	237,020

continued



**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 1 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Component Unit - School Board: (continued)				
Special Revenue Funds: (continued)				
School Operating Fund: (continued)				
Revenue from the Commonwealth: (continued)				
Textbook payments	\$ 236,164	\$ 236,164	\$ 234,048	\$ (2,116)
Vocational education	165,413	174,921	170,401	(4,520)
State Construction Funds	-	1,714,140	1,714,140	-
Other state funds	<u>5,885,926</u>	<u>6,003,289</u>	<u>2,507,391</u>	<u>(3,495,898)</u>
Total Revenue from the Commonwealth	<u>28,591,162</u>	<u>30,456,173</u>	<u>27,092,791</u>	<u>(3,363,382)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Adult literacy	726,041	735,775	811,712	75,937
CARES Funding	6,727,650	7,166,067	3,809,527	(3,356,540)
Title I	1,031,787	1,191,787	1,775,987	584,200
Title II - Teacher Quality	150,000	170,000	112,993	(57,007)
Title III	19,498	42,258	24,537	(17,721)
Title IV	73,000	153,000	-	(153,000)
Title VIB	893,527	1,004,634	925,072	(79,562)
Title VIB - Preschool grant	30,439	31,543	21,953	(9,590)
Title IXA - Homeless	266,293	309,759	227,774	(81,985)
Inclusive Practice Partnership	7,500	7,500	-	(7,500)
Vocational education	85,000	85,000	81,421	(3,579)
Other federal grants	<u>-</u>	<u>-</u>	<u>881,515</u>	<u>881,515</u>
Total Revenue from the Federal Government	<u>10,010,735</u>	<u>10,897,323</u>	<u>8,672,491</u>	<u>(2,224,832)</u>
Total School Operating Fund	<u>\$ 56,780,123</u>	<u>\$ 60,648,889</u>	<u>\$ 54,504,305</u>	<u>\$ (6,144,584)</u>
School Nutrition Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	<u>79,200</u>	<u>79,200</u>	<u>85,539</u>	<u>6,339</u>
Miscellaneous Revenue	<u>9,961</u>	<u>9,961</u>	<u>17,201</u>	<u>7,240</u>
Total Revenue from Local Sources	<u>89,161</u>	<u>89,161</u>	<u>102,740</u>	<u>13,579</u>
Revenue from the Commonwealth:				
School food programs	<u>70,353</u>	<u>70,353</u>	<u>71,242</u>	<u>889</u>
Revenue from the Federal Government:				
School food programs	<u>2,075,165</u>	<u>2,425,165</u>	<u>2,379,022</u>	<u>(46,143)</u>
Total School Nutrition Fund	<u>\$ 2,234,679</u>	<u>\$ 2,584,679</u>	<u>\$ 2,553,004</u>	<u>\$ (31,675)</u>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 30</u>
School Activity Fund:				
Revenue from local sources:				
Charges for services	<u>-</u>	<u>-</u>	<u>516,540</u>	<u>516,540</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,540</u>	<u>\$ 516,540</u>
Total Special Revenue Funds	<u>\$ 59,014,802</u>	<u>\$ 63,233,568</u>	<u>\$ 57,573,879</u>	<u>\$ (5,659,689)</u>
Grand Total - Revenues - Component Unit School Board	<u>\$ 59,014,802</u>	<u>\$ 63,233,568</u>	<u>\$ 57,573,879</u>	<u>\$ (5,659,689)</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, 2023**

	Schedule 2			
	Original	Final		Variance with
Fund, Function, Activity, and Elements:	Budget	Budget	Actual	Final Budget -
				Positive
				(Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 84,676	\$ 84,676	\$ 86,893	\$ (2,217)
Clerk of Council	75,700	75,700	76,732	(1,032)
Total Legislative	<u>160,376</u>	<u>160,376</u>	<u>163,625</u>	<u>(3,249)</u>
General and Financial Administration:				
Manager	587,295	504,127	496,320	7,807
City Attorney	160,450	160,450	204,459	(44,009)
Human Resources	949,831	1,331,999	419,537	912,462
Commissioner of Revenue	381,041	381,041	340,880	40,161
Assessor	351,604	397,889	360,127	37,762
Treasurer	398,787	398,787	339,996	58,791
Finance	1,013,422	1,970,498	1,029,380	941,118
Information Technology	1,338,084	1,516,027	1,348,059	167,968
Risk Management	482,790	482,790	418,074	64,716
Central Office	33,900	33,900	33,923	(23)
Total General and Financial Administration	<u>5,697,204</u>	<u>7,177,508</u>	<u>4,990,755</u>	<u>2,186,753</u>
Board of Elections:				
Electoral Board and Officials	<u>276,456</u>	<u>403,460</u>	<u>271,423</u>	<u>132,037</u>
Total General Government Administration	<u>6,134,036</u>	<u>7,741,344</u>	<u>5,425,803</u>	<u>2,315,541</u>
Judicial Administration:				
Courts:				
Circuit Court	106,152	106,152	114,984	(8,832)
General District Court	26,925	26,925	12,010	14,915
Court Services	900	900	911	(11)
Juvenile and Domestic Relations	11,400	11,497	6,976	4,521
Clerk of the Circuit Court	532,219	566,409	394,996	171,413
Sheriff	562,477	565,652	623,327	(57,675)
Victim/Witness Assistance	<u>119,752</u>	<u>129,052</u>	<u>98,761</u>	<u>30,291</u>
Total Courts	<u>1,359,825</u>	<u>1,406,587</u>	<u>1,251,965</u>	<u>154,622</u>
Commonwealth Attorney:				
Commonwealth Attorney	<u>742,003</u>	<u>746,970</u>	<u>643,200</u>	<u>103,770</u>
Total Commonwealth Attorney	<u>742,003</u>	<u>746,970</u>	<u>643,200</u>	<u>103,770</u>
Total Judicial Administration	<u>2,101,828</u>	<u>2,153,557</u>	<u>1,895,165</u>	<u>258,392</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	6,424,173	7,315,651	6,996,309	319,342
Animal Services Center	-	-	152,371	(152,371)
Total Law Enforcement and Traffic Control	<u>6,424,173</u>	<u>7,315,651</u>	<u>7,148,680</u>	<u>166,971</u>
Fire and Rescue Services:				
Fire Department	3,260,575	3,600,448	3,458,023	142,425
First Aid Crew	<u>75,000</u>	<u>145,000</u>	<u>145,000</u>	-
Total Fire and Rescue Services	<u>3,335,575</u>	<u>3,745,448</u>	<u>3,603,023</u>	<u>142,425</u>
Correction and Detention:				
Middle River Regional Jail	1,894,002	1,894,002	1,811,654	82,348
Juvenile Detention Home	<u>41,100</u>	<u>41,100</u>	<u>41,076</u>	<u>24</u>
Total Correction and Detention	<u>1,935,102</u>	<u>1,935,102</u>	<u>1,852,730</u>	<u>82,372</u>
Inspections:				
Inspector's Office	<u>720,323</u>	<u>780,544</u>	<u>672,015</u>	<u>108,529</u>

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 2 (continued)
	Original	Final		Variance with
Fund, Function, Activity, and Elements:	Budget	Budget	Actual	Final Budget -
				Positive
				(Negative)
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Other Protection:				
Emergency Operations Center	\$ 1,235,662	1,343,587	\$ 1,187,288	\$ 156,299
Total Other Protection	1,235,662	1,343,587	1,187,288	156,299
Total Public Safety	13,650,835	15,120,332	14,463,736	656,596
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	1,664,165	1,769,619	1,498,146	271,473
Public Works Operations Administration	397,395	457,395	430,359	27,036
Highways, Streets, Bridges, and Sidewalks	2,899,958	3,281,242	2,410,361	870,881
Traffic Engineering	991,429	1,251,160	692,402	558,758
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	5,952,947	6,759,416	5,031,268	1,728,148
Sanitation and Waste Removal:				
Landfill closure	190,160	275,297	185,872	89,425
Total Sanitation and Waste Removal	190,160	275,297	185,872	89,425
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	102,434	114,860	66,618	48,242
Total Public Works	6,245,541	7,149,573	5,283,758	1,865,815
Health and Welfare:				
Health:				
Supplement of Local Health Department	226,772	226,772	195,755	31,017
Contribution to VCSB	169,047	169,047	169,047	-
Other Contributions	-	-	-	-
Total Health	395,819	395,819	364,802	31,017
Welfare:				
Area Agency on Aging	31,250	31,250	31,250	-
Property Tax Relief-Elderly Handicapped	130,000	130,000	203,856	(73,856)
Other Contributions	49,768	49,768	42,513	7,255
Total Welfare	211,018	211,018	277,619	(66,601)
Total Health and Welfare	606,837	606,837	642,421	(35,584)
Education:				
Contributions to Community College	47,846	47,846	35,346	12,500
Contribution to City School Board	17,428,629	17,925,629	17,925,629	-
Other Contributions	-	-	-	-
Total Education	17,476,475	17,973,475	17,960,975	12,500
Parks, Recreation, and Cultural:				
Parks and Recreation:				
Administration	520,203	504,164	477,985	26,179
Municipal Parks	783,782	849,260	808,933	40,327
Municipal Pools	89,055	98,504	159,653	(61,149)
Recreation Programs	229,145	645,440	588,914	56,526
Custodial	661,003	687,253	711,309	(24,056)
Cemeteries	180,725	174,461	154,768	19,693
Total Parks and Recreation	2,463,913	2,959,082	2,901,562	57,520
Library:				
Library Administration	975,330	1,020,134	890,854	129,280

continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

	Schedule 2 (continued)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:				
Primary Government: (continued)				
General Fund: (continued)				
Parks, Recreation, and Cultural: (continued)				
Cultural Enrichment:				
Contributions	\$ 18,800	\$ 18,800	\$ 10,250	\$ 8,550
Total Parks, Recreation, and Cultural	<u>3,458,043</u>	<u>3,998,016</u>	<u>3,802,666</u>	<u>195,350</u>
Community Development:				
Planning and Community Development:				
City Planner	467,750	499,850	533,113	(33,263)
Economic Development	336,784	340,661	354,751	(14,090)
Tourism Department	246,836	311,555	257,534	54,021
Community Development	2,000	2,000	53,756	(51,756)
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	<u>1,097,422</u>	<u>1,198,118</u>	<u>1,243,206</u>	<u>(45,088)</u>
Total General Fund	<u>\$ 50,771,017</u>	<u>\$ 55,941,252</u>	<u>\$ 50,717,730</u>	<u>\$ 5,223,522</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	\$ 2,383,034	\$ 2,383,034	\$ 2,064,458	\$ 318,576
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	\$ 3,750,000	\$ 3,750,000	\$ 3,138,078	\$ 611,922
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	524,954	538,133	494,030	44,103
VJCCA Programs	176,974	176,974	127,060	49,914
Total Public Safety	<u>701,928</u>	<u>715,107</u>	<u>621,090</u>	<u>94,017</u>
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	55,582	58,582	44,810	13,772
Total Youth and Family Services Fund	<u>\$ 757,510</u>	<u>773,689</u>	<u>\$ 665,900</u>	<u>\$ 107,789</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	614,014	870,084	733,142	136,942
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 614,014</u>	<u>870,084</u>	<u>\$ 733,142</u>	<u>\$ 136,942</u>

Continued

**CITY OF WAYNESBORO, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

				Schedule 2 (continued)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
Special Revenue Funds: (continued)				
Total Special Revenue Funds	<u>\$ 7,504,558</u>	<u>\$ 7,776,807</u>	<u>\$ 6,601,578</u>	<u>\$ 1,175,229</u>
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	2,083,067	2,083,067	2,088,400	(5,333)
Interest and Fiscal Charges	<u>1,202,545</u>	<u>1,202,545</u>	<u>1,197,648</u>	<u>4,897</u>
Total Debt Service	<u>3,285,612</u>	<u>3,285,612</u>	<u>3,286,048</u>	<u>(436)</u>
Total Debt Service Fund	<u>\$ 3,285,612</u>	<u>\$ 3,285,612</u>	<u>\$ 3,286,048</u>	<u>\$ (436)</u>
Total Debt Service Funds	<u>\$ 3,285,612</u>	<u>\$ 3,285,612</u>	<u>\$ 3,286,048</u>	<u>\$ (436)</u>
Capital Projects Funds:				
Projects:				
General government administration	568,000	551,900	23,086	528,814
Public Safety	3,092,649	12,858,034	1,490,164	11,367,870
Public Works	3,693,964	6,710,503	934,315	5,776,188
Parks, recreation, and cultural	3,650,187	11,646,601	2,642,136	9,004,465
Community development	<u>2,348,953</u>	<u>3,375,502</u>	<u>338,361</u>	<u>3,037,141</u>
Total Projects	<u>13,353,753</u>	<u>35,142,540</u>	<u>5,428,062</u>	<u>29,714,478</u>
Total Capital Improvements Fund	<u>\$ 13,353,753</u>	<u>\$ 35,142,540</u>	<u>\$ 5,428,062</u>	<u>\$ 29,714,478</u>
Total Capital Improvements Funds	<u>\$ 13,353,753</u>	<u>\$ 35,142,540</u>	<u>\$ 5,428,062</u>	<u>\$ 29,714,478</u>
Grand Total - Expenditures - Primary Government	<u>\$ 74,914,940</u>	<u>\$ 102,146,211</u>	<u>\$ 66,033,418</u>	<u>\$ 36,112,793</u>
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	37,180,228	37,966,977	36,258,632	1,708,345
Administration, Attendance, and Health	<u>3,194,548</u>	<u>3,384,098</u>	<u>3,335,923</u>	<u>48,175</u>
Total Administration and Instruction of Schools	<u>40,374,776</u>	<u>41,351,075</u>	<u>39,594,555</u>	<u>1,756,520</u>
Operating Costs:				
Pupil Transportation	3,862,247	4,003,860	2,747,859	1,256,001
Operation and Maintenance of School Plant	11,690,146	17,542,825	12,139,195	5,403,630
Technology	<u>1,581,935</u>	<u>1,645,267</u>	<u>1,497,926</u>	<u>147,341</u>
Total Operating Costs	<u>17,134,328</u>	<u>23,191,952</u>	<u>16,384,980</u>	<u>6,806,972</u>
Total Education	<u>57,509,104</u>	<u>64,543,027</u>	<u>55,979,535</u>	<u>8,563,492</u>
Debt Service:				
Principal Retirement	312,591	312,591	312,591	-
Interest and Fiscal Charges	<u>30,462</u>	<u>30,462</u>	<u>30,462</u>	<u>-</u>
Total Debt Service	<u>343,053</u>	<u>343,053</u>	<u>343,053</u>	<u>-</u>
Total School Operating Fund	<u>\$ 57,852,157</u>	<u>\$ 64,886,080</u>	<u>\$ 56,322,588</u>	<u>\$ 8,563,492</u>

continued

CITY OF WAYNESBORO, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2023

				Schedule 2 (continued)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Component Unit - School Board: (continued)				
Special Revenue Funds: (continued)				
School Nutrition Fund:				
Education:				
Food Service	\$ 2,234,679	\$ 2,584,679	\$ 2,633,352	\$ (48,673)
School Textbook Fund:				
Education:				
Instructional Costs	373,973	373,973	606,515	(232,542)
School Activity Fund:				
Education:				
Instructional Costs	-	-	492,698	(492,698)
Total Special Revenue Funds	\$ 60,460,809	\$ 67,844,732	\$ 60,055,153	\$ 7,789,579
Grand Total - Expenditures - Component Unit - School Board	\$ 60,460,809	\$ 67,844,732	\$ 60,055,153	\$ 7,789,579

## ***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.

<b>Contents</b>	<u>Tables</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 - 4	112-115
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	5 - 8	116-119
<i>Debt Capacity</i> These schedules contain trend information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	9 - 13	120-124
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	14 - 15	125-126
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.	16 - 18	127-129

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

	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 31,133,091	\$ 30,091,461	\$ 31,418,630	\$ 33,791,619	\$ 33,980,786	\$ 34,787,121	\$ 39,102,605	\$ 38,890,208	\$ 37,514,787	\$ 41,437,151
Restricted	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,460,899	5,329,520	5,508,020	4,715,357	7,012,929
Unrestricted	(9,763,913)	(11,390,137)	(6,053,354)	(5,112,956)	(25,378,115)	(20,982,977)	(18,915,199)	(13,953,178)	(5,667,824)	1,111,834
Total governmental activities net position	<u>\$ 23,112,850</u>	<u>\$ 20,826,199</u>	<u>\$ 27,158,569</u>	<u>\$ 30,646,369</u>	<u>\$ 30,671,658</u>	<u>\$ 27,265,043</u>	<u>\$ 25,516,926</u>	<u>\$ 30,445,050</u>	<u>\$ 36,562,320</u>	<u>\$ 49,561,914</u>
<b>Business-type activities</b>										
Net investment in capital assets	32,955,974	32,895,991	32,896,027	31,859,390	32,772,413	32,528,272	33,116,043	32,605,658	32,877,670	34,028,168
Restricted	-	-	-	-	-	977	2,421	2,421	872	-
Unrestricted	9,752,065	7,933,035	8,340,522	9,238,420	8,917,530	9,693,985	9,775,330	10,998,429	13,719,843	16,233,573
Total business-type activities net position	<u>\$ 42,708,039</u>	<u>\$ 40,829,026</u>	<u>\$ 41,236,549</u>	<u>\$ 41,097,810</u>	<u>\$ 41,689,943</u>	<u>\$ 42,223,234</u>	<u>\$ 42,893,794</u>	<u>\$ 43,606,508</u>	<u>\$ 46,598,385</u>	<u>\$ 50,261,741</u>
<b>Primary government</b>										
Net investment in capital assets	64,089,065	62,987,452	64,314,657	65,651,009	66,753,199	67,315,393	72,218,648	71,495,866	70,392,457	75,465,319
Restricted	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987	13,461,876	5,331,941	5,510,441	4,716,229	7,012,929
Unrestricted	(11,848)	(3,457,102)	2,287,168	4,125,464	(16,460,585)	(11,288,992)	(9,139,869)	(2,954,749)	8,052,019	17,345,407
Total primary government net position	<u>\$ 65,820,889</u>	<u>\$ 61,655,225</u>	<u>\$ 68,395,118</u>	<u>\$ 71,744,179</u>	<u>\$ 72,361,601</u>	<u>\$ 69,488,277</u>	<u>\$ 68,410,720</u>	<u>\$ 74,051,558</u>	<u>\$ 83,160,705</u>	<u>\$ 99,823,655</u>
<b>School Board Component Unit</b>										
Net investment in capital assets	\$ 37,224,991	\$ 36,571,516	\$ 36,148,835	\$ 35,391,084	\$ 34,360,416	\$ 41,927,453	\$ 52,489,416	\$ 55,191,154	\$ 59,297,408	\$ 64,667,665
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(2,172,690)	(33,145,847)	(32,811,413)	(32,273,726)	(33,486,905)	(30,491,309)	(27,898,617)	(24,503,738)	(24,582,458)	(20,428,234)
Total governmental activities net position	<u>\$ 35,052,301</u>	<u>\$ 3,425,669</u>	<u>\$ 3,337,422</u>	<u>\$ 3,117,358</u>	<u>\$ 873,511</u>	<u>\$ 11,436,144</u>	<u>\$ 24,590,799</u>	<u>\$ 30,687,416</u>	<u>\$ 34,714,950</u>	<u>\$ 44,239,431</u>

Notes:

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

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

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,613,629	\$ 7,015,817	\$ 9,900,958	\$ 10,482,872	\$ 11,283,368	\$ 12,887,236	\$ 13,670,378	\$ 14,792,879	\$ 6,061,317	\$ 5,673,323
Judicial administration	1,530,639	1,478,788	1,393,274	1,501,243	1,536,332	1,608,858	1,966,048	2,037,824	1,880,301	1,841,772
Public safety	10,965,288	10,962,688	10,574,111	11,404,402	11,847,803	12,394,461	13,374,317	14,483,020	14,442,688	14,950,241
Public works	6,832,130	5,690,103	6,813,144	7,233,241	6,299,523	4,940,088	8,518,205	6,297,453	8,840,925	6,154,800
Health and welfare	4,852,442	5,375,620	5,325,427	5,455,336	5,890,677	7,047,841	6,792,298	6,798,799	6,714,783	6,584,601
Education	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,861,807	23,718,238	18,123,621	16,902,753	17,980,830
Parks, recreation, and culture	2,911,705	2,904,112	2,935,329	2,808,386	3,235,722	3,569,855	2,564,162	2,621,804	2,714,327	3,656,253
Community development	91,647	1,352,385	644,256	1,292,122	1,289,798	1,147,717	968,380	1,767,095	966,154	1,667,417
Interest on long-term debt	1,453,602	1,633,675	1,100,085	981,433	971,326	1,722,502	1,292,826	1,257,944	1,114,256	1,056,482
Total governmental activities expenses	45,693,322	50,258,508	51,962,566	56,660,997	58,155,173	69,180,365	72,864,852	68,180,439	59,637,504	59,565,719
Business-type activities:										
Water	3,297,434	3,101,533	2,946,249	3,792,452	3,631,173	3,866,372	3,883,766	3,656,690	2,844,395	4,047,466
Sewer	5,741,003	5,418,648	5,452,764	5,498,658	5,160,072	5,481,883	5,736,809	5,429,946	5,213,442	5,534,323
Landfill Operations	714,131	626,565	610,135	751,715	988,762	687,386	932,424	764,102	903,007	1,133,025
Refuse	1,070,287	1,085,308	909,655	1,039,989	801,878	866,285	1,132,911	1,076,380	961,129	1,109,335
Stormwater	-	-	917,556	637,709	678,925	826,700	1,283,252	1,154,476	953,548	1,025,810
Total business-type activities expenses	10,822,855	10,232,054	10,836,359	11,720,523	11,260,810	11,728,626	12,969,162	12,081,594	10,875,521	12,849,959
Total primary government expenses	\$ 56,516,177	\$ 60,490,562	\$ 62,798,925	\$ 68,381,520	\$ 69,415,983	\$ 80,908,991	\$ 85,834,014	\$ 80,262,033	\$ 70,513,025	\$ 72,415,678
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	30,922	22,921	12,239	13,226	27,881	8,022,179	9,366,492	9,421,024	14,810	50,838
Judicial administration	226,112	281,363	207,183	160,160	135,752	204,318	175,303	183,343	154,589	140,336
Public safety	327,960	305,586	377,559	363,657	361,045	445,647	420,720	503,425	562,359	137,505
Public works	18,052	53,749	14,083	18,651	25,283	25,093	19,221	9,256	9,639	16,149
Health and welfare	87,250	87,250	87,250	110,564	110,564	127,171	123,860	139,137	142,349	157,878
Parks, recreation, and culture	250,997	251,192	251,196	264,999	259,539	238,347	107,643	32,029	54,279	90,254
Community development	219,301	184,136	228,503	209,253	229,552	306,940	296,299	474,837	356,441	316,354
Operating grants and contributions	8,524,997	12,307,578	15,122,085	16,417,961	16,555,954	10,174,092	13,265,337	9,960,889	10,278,782	11,694,271
Capital grants and contributions	1,321,893	667,397	942,253	1,247,986	193,603	281,901	1,510,347	615,298	671,773	1,273,903
Total governmental activities revenues	11,007,484	14,161,172	17,242,351	18,806,457	17,899,173	19,825,688	25,285,222	21,339,238	12,245,021	13,877,488
Business-type activities:										
Charges for services:										
Water	3,595,736	3,602,682	3,573,258	3,802,813	4,035,430	3,875,205	4,244,688	4,245,642	4,484,297	4,734,292
Sewer	5,382,235	5,368,271	5,312,609	5,654,003	5,871,019	5,879,570	6,351,505	6,314,316	6,800,877	7,030,790
Landfill operations	626,250	690,095	731,978	706,647	728,729	773,356	677,513	689,173	757,391	898,472
Refuse	1,196,942	1,194,867	1,161,423	1,175,056	1,189,772	1,150,517	1,182,167	1,275,130	1,476,298	1,661,477
Stormwater	-	-	1,200,963	1,247,386	1,200,480	1,231,549	1,397,594	1,425,752	1,684,328	1,724,002
Operating grants and contributions	6,366	6,357	8,558	6,192	6,993	9,207	3,947	31,885	178,971	243,963
Capital grants and contributions	282,689	64,170	22,000	102,535	463,965	526,806	1,229,300	302,600	317,161	1,551,950
Total business-type activities revenues	11,090,218	10,926,442	12,010,789	12,694,632	13,496,388	13,446,210	15,086,714	14,284,498	15,699,323	17,844,946
Total primary government revenues	\$ 22,097,702	\$ 25,087,614	\$ 29,253,140	\$ 31,501,089	\$ 31,395,561	\$ 33,271,898	\$ 40,371,936	\$ 35,623,736	\$ 27,944,344	\$ 31,722,434
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (34,685,838)	\$ (36,097,336)	\$ (34,720,215)	\$ (37,854,540)	\$ (40,256,000)	\$ (49,354,677)	\$ (47,579,630)	\$ (46,841,201)	\$ (47,392,483)	\$ (45,688,231)
Business-type activities	267,363	694,388	1,174,430	974,109	2,235,578	1,717,584	2,117,552	2,202,904	4,823,802	4,994,987
Total primary government net expense	\$ (34,418,475)	\$ (35,402,948)	\$ (33,545,785)	\$ (36,880,431)	\$ (38,020,422)	\$ (47,637,093)	\$ (45,462,078)	\$ (44,638,297)	\$ (42,568,681)	\$ (40,693,244)

Table 2 (continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	18,864,334	19,228,131	19,577,555	20,084,623	20,882,667	22,384,195	24,780,249	24,763,521	27,708,213	28,500,072
Sales taxes	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887	5,604,128	6,358,170	6,890,032	7,130,221
Utility taxes	1,030,193	1,041,682	1,032,821	1,030,149	1,044,069	1,037,799	1,045,083	1,049,065	1,050,236	1,055,263
Business license taxes	1,997,600	2,068,303	2,206,222	2,130,404	2,232,450	2,081,665	2,283,334	2,435,582	2,833,854	2,967,927
Hotel and meals taxes	4,448,874	4,751,154	4,970,141	5,109,283	5,192,580	5,917,199	5,529,653	6,129,388	7,097,271	7,870,521
Communication sales taxes	-	-	-	-	-	-	-	-	-	-
Tobacco taxes	378,197	378,828	370,607	357,547	336,686	491,704	507,789	520,920	431,509	423,143
Other local taxes	853,752	908,019	905,552	966,863	949,732	1,114,924	1,114,833	1,200,302	1,212,523	1,209,121
Unrestricted grants and contributions	4,215,912	4,796,487	5,043,586	4,190,347	4,147,046	3,809,924	2,405,649	6,776,517	4,329,976	4,977,617
Payment from Component Unit School Board	200,000	200,000	-	-	-	-	-	-	-	-
Investment earnings	136,103	142,359	165,902	293,209	286,750	1,182,404	581,897	411,273	465,089	1,865,230
Miscellaneous	476,393	297,710	410,838	552,364	452,287	395,752	502,161	345,553	334,742	763,883
Gain(loss) on sale of capital assets	(10,564)	15,280	9,814	33,913	19,583	23,877	25,790	111,716	181,736	75,776
Special items	-	6,359,697	-	-	-	-	-	-	-	-
Transfers	855,795	678,000	865,986	1,197,197	1,377,912	1,436,507	1,450,947	1,667,318	1,803,059	1,849,051
Total governmental activities	<u>38,386,438</u>	<u>46,414,490</u>	<u>41,052,585</u>	<u>41,342,340</u>	<u>42,532,311</u>	<u>45,267,837</u>	<u>45,831,513</u>	<u>51,769,325</u>	<u>54,338,240</u>	<u>58,687,825</u>
Business-type activities:										
Investment earnings	39,093	38,771	46,249	49,018	73,112	130,733	121,763	68,732	97,255	503,229
Miscellaneous	26,572	185,139	52,611	21,862	47,382	16,742	18,484	42,696	14,670	11,355
Gain(loss) on sale of capital assets	90,530	10,342	219	13,469	2,609	12,332	(136,292)	65,900	6,780	2,836
Transfers	(855,795)	(678,000)	(865,986)	(1,197,197)	(1,377,912)	(1,436,507)	(1,450,947)	(1,667,318)	(1,803,059)	(1,849,051)
Total business-type activities	<u>(699,600)</u>	<u>(443,748)</u>	<u>(766,907)</u>	<u>(1,112,848)</u>	<u>(1,254,809)</u>	<u>(1,276,700)</u>	<u>(1,446,992)</u>	<u>(1,489,990)</u>	<u>(1,684,354)</u>	<u>(1,331,631)</u>
Total primary government	<u>\$ 37,686,838</u>	<u>\$ 45,970,742</u>	<u>\$ 40,285,678</u>	<u>\$ 40,229,492</u>	<u>\$ 41,277,502</u>	<u>\$ 43,991,137</u>	<u>\$ 44,384,521</u>	<u>\$ 50,279,335</u>	<u>\$ 52,653,886</u>	<u>\$ 57,356,194</u>
<b>Change in Net Position</b>										
Governmental activities	3,700,600	10,317,154	6,332,370	3,487,800	2,276,311	(4,086,840)	(1,748,117)	4,928,124	6,945,757	12,999,594
Business-type activities	(432,237)	250,640	407,523	(138,739)	980,769	440,884	670,560	712,914	3,139,448	3,663,356
Total primary government	<u>\$ 3,268,363</u>	<u>\$ 10,567,794</u>	<u>\$ 6,739,893</u>	<u>\$ 3,349,061</u>	<u>\$ 3,257,080</u>	<u>\$ (3,645,956)</u>	<u>\$ (1,077,557)</u>	<u>\$ 5,641,038</u>	<u>\$ 10,085,205</u>	<u>\$ 16,662,950</u>
<b>Expenses</b>										
School Board Component Unit:										
Education	<u>\$ 35,093,147</u>	<u>\$ 35,624,368</u>	<u>\$ 34,877,857</u>	<u>\$ 38,262,381</u>	<u>\$ 37,936,112</u>	<u>\$ 36,562,008</u>	<u>\$ 35,211,575</u>	<u>\$ 40,758,394</u>	<u>\$ 43,746,361</u>	<u>\$ 48,346,683</u>
Total School Board component unit expenses	<u>35,093,147</u>	<u>35,624,368</u>	<u>34,877,857</u>	<u>38,262,381</u>	<u>37,936,112</u>	<u>36,562,008</u>	<u>35,211,575</u>	<u>40,758,394</u>	<u>43,746,361</u>	<u>48,346,683</u>
<b>Program Revenues</b>										
School Board Component Unit:										
Charges for services:										
Education	478,999	577,445	870,221	743,310	691,627	668,260	775,552	681,733	998,918	993,557
Operating grants and contributions	19,255,186	20,289,940	20,462,618	21,239,894	21,317,552	21,836,971	23,276,690	27,685,138	33,926,091	38,215,546
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total School Board component unit revenues	<u>19,734,185</u>	<u>20,867,385</u>	<u>21,332,839</u>	<u>21,983,204</u>	<u>22,009,179</u>	<u>22,505,231</u>	<u>24,052,242</u>	<u>28,366,871</u>	<u>34,925,009</u>	<u>39,209,103</u>
<b>Net (Expense)/Revenue</b>										
School Board Component Unit	<u>(15,358,962)</u>	<u>(14,756,983)</u>	<u>(13,545,018)</u>	<u>(16,279,177)</u>	<u>(15,926,933)</u>	<u>(14,056,777)</u>	<u>(11,159,333)</u>	<u>(12,391,523)</u>	<u>(8,821,352)</u>	<u>(9,137,580)</u>
<b>General Revenues and Other Changes in Net Position</b>										
School Board Component Unit:										
Payment from City of Waynesboro	13,411,837	13,812,917	13,239,886	15,465,866	15,765,278	23,133,914	23,682,892	18,222,217	16,867,407	17,925,629
Investment earnings	33,719	35,232	37,293	32,233	18,857	35,102	44,458	37,789	63,370	260,874
Miscellaneous	<u>175,460</u>	<u>183,843</u>	<u>179,592</u>	<u>561,014</u>	<u>758,951</u>	<u>738,485</u>	<u>586,638</u>	<u>228,134</u>	<u>219,923</u>	<u>178,273</u>
Total School Board Component Unit	<u>13,621,016</u>	<u>14,031,992</u>	<u>13,456,771</u>	<u>16,059,113</u>	<u>16,543,086</u>	<u>23,907,501</u>	<u>24,313,988</u>	<u>18,488,140</u>	<u>17,150,700</u>	<u>18,364,776</u>
<b>Change in Net Position</b>										
School Board Component Unit	<u>\$ (1,737,946)</u>	<u>\$ (724,991)</u>	<u>\$ (88,247)</u>	<u>\$ (220,064)</u>	<u>\$ 616,153</u>	<u>\$ 9,850,724</u>	<u>\$ 13,154,655</u>	<u>\$ 6,096,617</u>	<u>\$ 8,329,348</u>	<u>\$ 9,227,196</u>

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

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,036	\$ 35,099
Restricted	1,089,914	1,358,725	938,389	920,956	21,010,377	1,382,290	1,489,399	3,940,141	3,772,848	6,053,862
Committed	4,190,258	3,900,782	4,155,703	3,621,574	3,790,186	9,474,173	9,491,903	9,976,510	10,429,778	11,220,586
Assigned	319,698	502,899	167,899	302,517	460,601	2,436,027	6,404,178	9,418,037	13,001,302	11,344,857
Unassigned	<u>9,054,972</u>	<u>9,761,313</u>	<u>11,058,122</u>	<u>9,323,445</u>	<u>10,019,656</u>	<u>2,463,499</u>	<u>1,478,341</u>	<u>1,375,629</u>	<u>1,406,440</u>	<u>3,384,994</u>
Total general fund	<u>\$ 14,654,842</u>	<u>\$ 15,523,719</u>	<u>\$ 16,320,113</u>	<u>\$ 14,168,492</u>	<u>\$ 35,280,820</u>	<u>\$ 15,755,989</u>	<u>\$ 18,863,821</u>	<u>\$ 24,710,317</u>	<u>\$ 28,654,404</u>	<u>\$ 32,039,398</u>
All Other Governmental Funds										
Nonspendable	561,049	582,549	586,029	589,149	591,189	594,429	599,469	604,029	609,447	631,757
Restricted	1,599,807	391,432	358,415	530,099	540,489	11,484,108	3,240,652	963,850	333,062	327,310
Committed	246,579	386,498	903,444	2,711,980	1,905,932	5,321,907	4,253,383	5,824,259	9,059,761	12,126,836
Assigned	1,036,474	1,894,804	2,574,832	3,193,323	3,036,931	2,230,222	3,230,282	4,228,587	791,601	946,936
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(909,269)</u>	<u>(271,640)</u>	<u>(36,912)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,443,909</u>	<u>\$ 3,255,283</u>	<u>\$ 4,422,720</u>	<u>\$ 6,115,282</u>	<u>\$ 5,802,901</u>	<u>\$ 19,593,754</u>	<u>\$ 11,323,786</u>	<u>\$ 11,620,725</u>	<u>\$ 10,793,871</u>	<u>\$ 14,032,839</u>

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

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
General property taxes	\$ 19,003,063	\$ 19,356,344	\$ 19,534,896	\$ 20,010,239	\$ 20,604,501	\$ 21,991,399	\$ 24,243,256	\$ 25,123,117	\$ 27,160,430	\$ 28,466,369
Sales taxes	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549	5,391,887	5,604,128	6,358,170	6,890,032	7,130,221
Other local taxes	8,708,616	9,147,986	9,469,518	9,610,071	9,755,517	10,643,291	10,480,692	11,335,257	12,625,393	13,525,975
Permits, privilege fees, and regulatory licenses	219,973	180,351	216,732	192,623	182,714	242,244	262,225	285,084	295,264	287,540
Fines and forfeitures	206,543	258,418	186,866	143,191	123,413	161,902	117,943	119,946	128,749	132,826
Revenues from use of money and property	181,754	196,296	223,189	337,182	332,303	1,100,168	581,897	411,273	465,089	1,865,230
Charges for services	304,491	343,875	320,243	331,122	350,079	378,648	221,997	168,128	235,490	190,167
Miscellaneous	373,154	5,157,768	8,186,878	8,431,437	8,391,745	8,945,085	10,333,482	10,305,366	922,933	878,529
Recovered costs	704,473	668,130	741,411	748,658	779,980	879,426	922,094	1,100,141	940,129	613,405
Intergovernmental	13,987,916	13,314,831	13,655,806	14,050,959	13,144,405	13,973,739	16,899,507	17,063,163	14,975,365	17,631,167
<b>Total revenues</b>	<b>48,629,832</b>	<b>54,172,839</b>	<b>58,029,100</b>	<b>59,251,923</b>	<b>59,275,206</b>	<b>63,707,789</b>	<b>69,667,221</b>	<b>72,269,645</b>	<b>64,638,874</b>	<b>70,721,429</b>
<b>Expenditures</b>										
General government administration	3,592,910	7,080,032	10,885,148	11,422,599	11,899,595	13,140,973	12,962,563	13,893,454	5,516,423	5,448,889
Judicial administration	1,455,629	1,453,153	1,493,599	1,474,245	1,553,616	1,601,912	1,641,324	1,842,714	1,914,512	1,895,165
Public safety	10,798,557	10,693,388	11,056,875	11,339,732	12,143,873	12,805,943	13,024,804	13,823,431	14,610,173	16,574,990
Public works	7,774,030	6,585,131	6,503,352	7,594,812	5,653,176	5,056,165	10,018,699	5,567,222	7,375,164	6,218,073
Health and welfare	4,843,683	5,395,565	5,410,066	5,467,008	5,917,467	7,041,555	6,878,187	6,763,730	5,967,237	6,622,909
Education (1)	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624	23,408,159	23,718,238	18,123,621	16,902,753	17,980,830
Parks, recreation, and culture	2,745,531	2,826,740	3,079,450	3,268,620	3,238,316	3,520,134	3,028,820	2,767,280	3,268,636	6,444,802
Community development	1,226,971	1,315,093	1,319,981	1,324,067	1,351,835	1,401,015	978,745	1,586,912	1,234,891	1,741,588
Capital projects	21,222	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	2,626,338	4,964,903	2,708,363	2,732,970	2,040,548	1,894,029	2,359,557	2,179,831	2,258,006	2,088,400
Interest and fiscal charges	1,540,320	2,360,894	1,136,227	1,056,435	966,779	1,462,448	1,495,334	1,396,049	1,307,395	1,197,648
Bond issuance costs	-	100,430	15,600	-	38,926	-	-	-	-	-
Redemption of debt	-	15,965,000	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>50,067,431</b>	<b>72,585,649</b>	<b>56,884,643</b>	<b>61,182,450</b>	<b>60,604,755</b>	<b>71,332,333</b>	<b>76,106,271</b>	<b>67,944,244</b>	<b>60,355,190</b>	<b>66,213,294</b>
Excess (Deficiency) of revenues over (under) expenditures	(1,437,599)	(18,412,810)	1,144,457	(1,930,527)	(1,329,549)	(7,624,544)	(6,439,050)	4,325,401	4,283,684	4,508,135

Table 4 (continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Other Financing Sources (Uses)</b>										
Insurance recoveries	79,009	56,302	36,644	95,628	34,688	110,120	25,790	111,716	181,736	75,776
Refunding bonds issued	-	16,389,513	-	-	19,860,000	-	-	-	-	-
Debt issued	-	2,225,219	216,083	533,547	-	-	-	-	-	-
Premium on debt	-	742,144	-	-	1,182,437	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	(271,574)	-
Transfers in	4,820,987	4,211,415	5,417,342	6,607,459	5,543,753	9,944,498	9,792,340	10,635,170	10,939,358	13,279,995
Transfers out	(4,365,553)	(4,531,532)	(4,850,695)	(5,765,166)	(4,491,382)	(8,834,704)	(8,541,288)	(8,928,852)	(9,013,298)	(11,239,944)
<b>Total other financing sources (uses)</b>	<b>534,443</b>	<b>19,093,061</b>	<b>819,374</b>	<b>1,471,468</b>	<b>22,129,496</b>	<b>1,219,914</b>	<b>1,276,842</b>	<b>1,818,034</b>	<b>2,116,155</b>	<b>2,115,827</b>
<b>Net change in fund balances</b>	<b>\$ (903,156)</b>	<b>\$ 680,251</b>	<b>\$ 1,963,831</b>	<b>\$ (459,059)</b>	<b>\$ 20,799,947</b>	<b>\$ (6,404,630)</b>	<b>\$ (5,162,208)</b>	<b>\$ 6,143,435</b>	<b>\$ 6,399,839</b>	<b>\$ 6,623,962</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.0%</b>	<b>33.2%</b>	<b>7.0%</b>	<b>6.5%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>6.1%</b>	<b>5.1%</b>

## 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				
2014	\$ 1,228,790,935	\$ 428,846,000	\$ 105,729,192	0.80	\$ 102,653,018	5.00	\$ 194,265	5.00	\$ 35,384,762	3.00	\$ 700,558	3.00	\$ 1,902,298,730	1.07	\$ 1,972,346,376	96.45%
2015	1,237,499,214	440,617,500	100,000,407	0.80	107,481,558	5.00	221,268	5.00	36,083,097	3.00	884,170	3.00	1,922,787,214	1.08	1,994,917,925	96.38%
2016	1,272,771,849	424,794,500	101,047,914	0.80	109,676,225	5.00	189,109	5.00	37,017,769	3.00	757,350	3.00	1,946,254,716	1.08	2,020,597,423	96.32%
2017	1,282,429,807	429,112,500	110,025,904	0.80	114,423,092	5.00	159,022	5.00	36,363,961	3.00	1,169,610	3.00	1,973,683,896	1.08	2,052,101,439	96.18%
2018	1,314,087,898	426,535,900	100,858,392	0.87	108,163,276	5.00	124,434	5.00	35,593,125	3.00	1,233,240	3.00	1,986,596,265	1.13	2,069,122,926	96.01%
2019	1,320,572,984	428,064,200	106,200,822	0.90	108,330,215	5.00	81,934	5.00	35,023,485	3.00	1,498,237	3.00	1,999,771,877	1.16	2,081,924,545	96.05%
2020	1,455,821,205	419,642,400	113,236,192	0.90	200,994,294	3.25	62,525	3.25	34,168,240	3.25	3,322,944	3.25	2,227,247,800	1.18	2,227,247,800	100.00%
2021	1,477,129,700	419,437,800	111,069,339	0.90	202,142,917	3.25	51,042	3.25	34,311,318	3.25	2,154,997	3.25	2,246,297,113	1.15	2,246,297,113	100.00%
2022	1,688,251,529	438,718,500	112,777,602	0.90	218,366,270	3.25	46,842	3.25	34,483,285	3.25	2,702,676	3.25	2,495,346,704	1.14	2,495,346,704	100.00%
2023	1,679,087,189	486,656,200	113,405,748	0.90	284,342,146	3.25	46,739	3.25	34,418,641	3.25	2,497,378	3.25	2,600,454,041	1.14	2,600,454,041	100.00%

Notes:

- (1) Property assessed at 100% of actual value. Tax rates are assessed per \$100 of assessed value.
- (2) Motor vehicles assessed at 50% of actual value through 2019 and 100% thereafter. Tax rates are assessed per \$100 of assessed value.
- (3) Assessed values include properties eligible for tax relief for the elderly.

Source:

City of Waynesboro, Assessor's Office



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

Table 6

Fiscal Year	City Direct Rates (2)			Total Direct Rate
	Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
2014	0.74	0.27	0.06	1.07
2015	0.74	0.28	0.06	1.08
2016	0.74	0.28	0.06	1.08
2017	0.74	0.29	0.06	1.09
2018	0.81	0.27	0.05	1.13
2019	0.83	0.27	0.05	1.15
2020	0.83	0.29	0.05	1.17
2021	0.80	0.29	0.05	1.15
2022	0.81	0.28	0.04	1.13
2023	0.81	0.28	0.04	1.14

Notes:

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

Source:

City of Waynesboro, Assessor's Office

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

Table 7

<u>Taxpayer</u>	<u>December 31, 2022</u>			<u>December 31, 2012</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Chicopee, Inc.	\$ 32,283,987	1	1.50%	\$ 14,714,600	9	0.78%
Invista/DuPont	15,587,133	2	0.72%	22,552,942	3	1.20%
Walmart	23,911,155	3	1.11%	18,819,781	5	1.00%
DuPont Community Credit Union	16,483,686	4	0.77%	11,228,676	6	0.60%
Waynesboro Town Center	27,946,800	5	1.30%	30,510,341	4	1.62%
Windigrove LLC	18,581,500	6	0.86%			
Lowe's Home Center	14,177,892	7	0.66%	14,638,495	7	0.78%
Target	12,970,827	8	0.60%	12,362,450	8	0.66%
Windigrove III LLC	15,127,000	9	0.70%			
Waynesboro Station LLC	14,930,900	10	0.69%			
Poly-Bond, Inc.	-	-	-	25,165,743	1	1.34%
Ntelos/CFW Communications	-	-	-	21,024,948	2	1.12%
Waynesboro Plaza LLC	-	-	-	12,466,400	10	0.66%
<b>Total</b>	<b>\$ 192,000,880</b>		<b>8.91%</b>	<b>\$ 183,484,376</b>		<b>9.76%</b>

Source:

City of Waynesboro, Commissioner of the Revenue

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 20,238,326	\$ (43,583)	\$ 20,194,743	\$ 19,814,287	97.90%	\$ 372,863	\$ 20,181,838	99.94%
2015	20,602,887	(27,715)	20,575,172	20,291,309	98.49%	288,752	20,567,894	99.96%
2016	20,926,459	(482)	20,925,977	20,634,703	98.61%	343,140	20,884,342	99.80%
2017	21,305,548	1,168	21,306,716	20,990,103	98.52%	303,616	21,232,893	99.65%
2018	22,424,812	(36,710)	22,388,102	21,982,776	98.03%	362,608	22,267,223	99.45%
2019	23,263,009	(49,430)	23,213,579	22,763,818	97.85%	394,224	22,980,819	98.99%
2020	25,862,973	3,899	25,866,872	24,994,172	96.64%	692,472	25,686,644	99.30%
2021	25,952,197	2,065	25,954,262	25,336,973	97.63%	405,031	25,742,004	99.18%
2022	28,568,151	12,831	28,580,982	27,715,005	97.01%	418,944	28,133,949	98.44%
2023	31,381,999	-	31,381,999	28,778,891	91.71%	-	28,778,891	91.71%

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			
2014	\$ 29,076,458	\$ 1,500,000	\$ 2,423,847	\$ 120,499	\$ 14,310,000	\$ 19,507,164	\$ 4,550,900	\$ 71,488,868	9.19%	\$ 3,362
2015	29,552,306	1,250,000	-	3,108	13,835,487	19,170,953	4,259,916	68,071,770	8.46%	3,186
2016	27,313,134	1,000,000	-	-	13,422,539	18,753,439	3,960,137	64,449,249	7.50%	2,999
2017	25,363,711	750,000	-	-	13,007,540	18,020,115	3,651,297	60,792,663	6.97%	2,778
2018	43,433,163	500,000	-	-	12,575,263	16,801,232	3,170,447	76,480,105	8.07%	3,425
2019	41,789,133	250,000	-	-	12,133,286	15,947,996	3,005,331	73,125,746	7.06%	3,232
2020	37,214,972	-	-	-	13,942,419	14,845,666	2,667,632	68,670,689	6.65%	3,034
2021	35,035,140	-	-	-	13,244,822	13,699,708	2,319,726	64,299,396	5.94%	2,841
2022	32,785,496	-	-	-	12,271,985	12,508,587	1,961,305	59,527,373	5.52%	2,640
2023	30,696,893	-	-	-	11,515,605	11,270,702	1,592,050	55,075,250	4.65%	2,415

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

Notes:

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

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

Table 10

Fiscal Year	General Bonded Debt				Less: Amounts Available in Debt Service Fund	Net General Bonded Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	State Literary Loans	Notes Payable (3)	Total				
2014	\$ 29,076,458	\$ 1,750,000	\$ 3,201,542	\$ 34,028,000	\$ -	\$ 34,028,000	1.73%	\$ 1,600
2015	29,552,306	1,500,000	2,423,847	33,476,153	4,402	33,471,751	1.68%	1,567
2016	27,313,134	1,250,000	-	28,563,134	4,405	28,558,729	1.41%	1,329
2017	25,363,711	750,000	-	26,113,711	4,405	26,109,306	1.27%	1,193
2018	43,433,163	750,000	-	44,183,163	4,405	44,178,758	2.14%	1,979
2019	41,789,133	500,000	-	42,289,133	204,405	42,084,728	2.02%	1,860
2020	37,214,972	250,000	-	37,464,972	35,208	37,429,764	1.68%	1,654
2021	35,035,140	-	-	35,035,140	295,503	34,739,637	1.55%	1,535
2022	32,785,496	-	-	32,785,496	40,914	32,744,582	1.31%	1,452
2023	30,696,893	-	-	30,696,893	40,478	30,656,415	1.18%	1,344

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

Notes:

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

**CITY OF WAYNESBORO, VIRGINIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)**  
**As of June 30, 2023**

Table 11

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Waynesboro	Amount Applicable to City of Waynesboro
City of Waynesboro	\$ 30,696,893	100%	\$ 30,696,893

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 176,336,613	\$ 177,811,712	\$ 179,861,426	\$ 182,156,821	\$ 184,148,219	\$ 185,483,801	\$ 198,869,980	\$ 200,763,684	\$ 223,974,763	\$ 227,914,914
Total net debt applicable to limit	<u>51,861,205</u>	<u>48,893,307</u>	<u>45,691,405</u>	<u>42,768,143</u>	<u>59,674,468</u>	<u>56,973,345</u>	<u>53,789,815</u>	<u>50,304,185</u>	<u>46,977,872</u>	<u>43,764,070</u>
Legal debt margin	<u>\$ 124,475,408</u>	<u>\$ 128,918,405</u>	<u>\$ 134,170,021</u>	<u>\$ 139,388,678</u>	<u>\$ 124,473,751</u>	<u>\$ 128,510,456</u>	<u>\$ 145,080,165</u>	<u>\$ 150,459,499</u>	<u>\$ 176,996,891</u>	<u>\$ 184,150,844</u>
Total net debt applicable to the limit as a percentage of debt limit	29.41%	27.50%	25.40%	23.48%	32.41%	30.72%	27.05%	25.06%	20.97%	19.20%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed Value of Real Property	\$ 2,279,149,137
Debt Limit - 10%	227,914,914
Debt Applicable to Limit:	
General obligation debt	43,804,548
Less: Amount set aside for repayment of general obligation debt	<u>(40,478)</u>
Total net debt applicable to limit	<u>43,764,070</u>
Legal Debt Margin	<u>\$ 184,150,844</u>

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

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

Table 13

Fiscal Year	Sewer Revenue Bonds						
	Sewer Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2014	\$ 5,408,414	\$ 2,659,610	\$ 2,748,804	\$ 817,036	\$ 812,515	1.69	
2015	5,394,218	2,264,042	3,130,176	2,170,626	787,477	1.06	
2016	5,352,566	2,373,561	2,979,005	910,735	753,579	1.79	
2017	5,683,109	2,403,328	3,279,781	963,476	729,373	1.94	
2018	5,913,933	2,122,853	3,791,080	1,227,046	852,538	1.82	
2019	5,945,807	2,480,393	3,465,414	1,276,312	496,350	1.95	
2020	6,409,988	2,725,007	3,684,981	1,646,755	612,375	1.63	
2021	6,349,980	2,421,958	3,928,022	1,652,335	569,018	1.77	
2022	6,851,362	2,343,605	4,507,757	1,657,923	523,167	2.07	
2023	7,261,884	2,601,620	4,660,264	1,663,521	447,092	2.21	

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

Notes:

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



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

Table 14

Fiscal Year	Population <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per capita income <sup>(2)</sup>	Median age	Educational attainment <sup>(3)</sup>		School enrollment <sup>(4)</sup>	Unemployment rate <sup>(5)</sup>
					High School Graduate or higher	Bachelor's Degree or higher		
2014	21,263	\$ 778,163	\$ 36,597	38.8	82.2%	22.3%	3,024	5.5%
2015	21,366	804,730	37,664	38.8	83.6%	19.1%	3,048	5.3%
2016	21,491	859,645	40,000	38.8	84.6%	19.0%	3,033	4.0%
2017	21,887	872,320	39,856	*	84.9%	18.4%	3,013	4.2%
2018	22,327	947,429	42,434	*	86.3%	22.6%	2,967	3.6%
2019	22,628	1,035,718	45,772	*	85.8%	22.3%	2,868	3.0%
2020	22,630	1,033,234	45,658	*	86.6%	25.0%	2,817	8.7%
2021	22,630	1,081,578	47,794	*	86.1%	27.1%	2,914	4.5%
2022	22,550	1,077,755	47,794	*	87.1%	28.9%	3,022	3.1%
2023	22,808	1,185,218	51,965	*	87.7%	27.9%	3,043	2.9%

\* Median age info not available

Sources:

- (1) Population estimate @ July 1, 2022, per U.S. Census Bureau
- (2) Bureau of Economic Analysis (2021 data is most recent available)
- (3) U.S. Census Bureau - Data presented is percentage of persons 25 years or older attaining the described educational status 2017-2021
- (4) Virginia Department of Education
- (5) Virginia Employment Commission - data for the month of June 2023

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

Table 15

<u>Employer</u>	<u>2023 <sup>(1)</sup></u>			<u>2014 <sup>(1)</sup></u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Waynesboro School Board	500-999	1	5.25%	500-999	1	5.29%
Walmart	250-499	2	2.62%	250-499	5	2.64%
City of Waynesboro	250-499	3	2.62%	250-499	4	2.64%
A&AT LLC (Invista/Dupont)	100-249	4	1.05%	250-499	3	2.64%
Lumos	100-249	5	1.05%	250-499	6	2.64%
Virginia Panel Corporation	100-249	6	1.05%			
DuPont Community Credit Union	100-249	7	1.05%			
Lowes' Home Centers, Inc.	100-249	8	1.05%			
Mathers Construction Co.	100-249	9	1.05%			
Chicopee Incorporated	100-249	10	1.05%	100-249	8	1.06%
Ntelos/CFW Communication				250-499	2	2.64%
Adecco				100-249	7	1.06%
Augusta Lumber				100-249	9	1.06%
Kroger				100-249	10	1.06%
Total	<u>1,700</u>		<u>17.84%</u>	<u>2,150</u>		<u>22.73%</u>

Source: Virginia Employment Commission

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

Notes:

(1) Data is for January, February, and March of 2023 and 2014, respectively.

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

Table 16

	2014	2015	2016	2017	2018 *	2019 *	2020*	2021*	2022*	2023*
<b><u>Function/Program</u></b>										
General government administration	31.0	31.6	32.7	33.8	44	45	46	46	45	49
Judicial administration	9.2	8.9	9.7	9.5	20	22	25	26	26	27
Public safety:										
Police	63.8	65.7	65.9	67.8	68	72	72	77	76	76
Fire	35.5	38.1	38.5	37.4	34	34	34	35	36	35
Correction and detention	13.1	12.0	12.0	12.3	28	24	24	25	25	24
Building inspections	5.8	5.6	5.8	5.9	8	7	8	8	8	9
Emergency management	24.6	23.1	24.8	26.2	21	21	24	27	25	25
Animal control	8.3	8.3	9.3	10.8	9	8	8	14	0	
Public works:										
General engineering/administrative	40.9	40.9	21.0	24.7	43	46.87	45.37	49	48	51
Building and grounds	8.3	8.7	7.0	6.0	4	4	4	6	5	6
Equipment rental	6.8	7.2	7.2	6.4	7	7	7	7	7	7
Waterworks	29.6	27.8	27.9	29.5	22.5	23.5	26.5	17	32	26
Sewage/collection	35.3	35.5	36.0	31.9	27.5	26.5	27.5	27	27	26
Sanitation	29.0	31.4	28.7	29.0	15	15.5	15.5	17	18	17
Stormwater	N/A	N/A	8.2	7.2	8	10.63	10.13	11	8	8
Parks, recreation, and cultural:										
Parks	7.3	7.3	23.1	24.8	51	51	51	25	25	27
Library	14.8	14.5	14.5	14.5	22	22	22	22	22	22
Community development	6.2	6.2	5.9	5.9	7	7	7	9	8	10
CAPSAW	-	-	-	-	-	-	-	-	-	1
Schools	488.0	480.0	484.0	490.0	488.0	504.1	499.0	503.0	510.2	538.0
<b>Total</b>	<b>857.5</b>	<b>852.8</b>	<b>862.2</b>	<b>873.6</b>	<b>927.0</b>	<b>951.1</b>	<b>956.0</b>	<b>951.0</b>	<b>951.2</b>	<b>984.0</b>

Source: City and School Finance Departments

Notes:

\* FY18 through FY23 numbers for the City are the number of approved positions (Full-Time, Part-Time, and Seasonal), not the FTE, which inflates the total. The current software system is not set up to track FTE.

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

Table 17

Function	2011	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Building &amp; Zoning</b>												
Building permits issued (total)	730	968	875	874	957	955	778	1,122	1,184	1206	1,136	1,420
Building inspections conducted (total)	1,593	2,179	2,502	2,522	2,431	2,523	2,037	3,206	4,001	4,111	4,170	5,233
New residential construction	28	63	48	40	41	31	27	82	97	130	120	154
New commercial construction	2	12	4	8	5	5	6	7	3	3	12	15
Zoning permits issued	112	140	114	112	110	130	95	79	183	198	209	225
Zoning inspections conducted <sup>(1)</sup>	-	-	-	-	-	-	-	-	117	126	210	158
Property Maint/Code Enforcement Cases <sup>(2)</sup>	340	357	340	320	334	259	261	291	449	373	285	283
Property Maint/Code Enforcement Inspections <sup>(2)</sup>	667	865	776	654	676	523	569	555	731	903	521	496
Site Development Projects <sup>(1)</sup>	-	-	-	-	-	-	-	-	14	13	20	13
<b>Planning</b>												
Conditional use permits	5	5	2	4	2	1	4	3	5	4	1	3
Rezoning requests	0	2	2	2	2	1	2	2	1	9	6	3
Major subdivision reviews	1	1	1	0	1	4	4	2	1	5	7	4
Minor subdivision reviews	12	2	8	11	10	12	14	13	14	11	7	5
Vacate streets/alleys	3	0	1	1	1	0	1	1	2	2	0	1
<b>Public Safety</b>												
Arrests	2,099	2,134	2,051	1,651	2,364	1,938	2,463	2,232	2,060	2,265	1,980	2068
Parking violations	696	133	263	750	296	487	520	357	265	214	286	238
Traffic citations	1,700	1,800	1,920	2,269	1,368	986	1,222	1,246	923	496	542	802
<b>Judicial - Circuit Court</b>												
Civil and criminal cases	890	910	1,001	1,300	1,173	1,386	1,372	1,592	1,246	959	1,203	1,047
Deeds recorded	2,764	2,724	3,162	2,570	2,491	2,701	3,082	2,619	3,080	3,631	3,951	3,532
Judgments	958	943	974	993	842	830	840	873	951	691	734	782
Passports issued <sup>(3)</sup>	631	777	927	1,059	1,523	1,722	822	-	-	-	-	-
Concealed Handgun Permits <sup>(4)</sup>	-	-	259	258	253	252	280	295	321	547	269	298
<b>Library <sup>(5)</sup></b>												
Total collection	151,038	152,829	153,022	147,030	146,927	127,906	123,921	103,597	92,138	85,024	72,000	91,790
Total circulation	294,945	309,659	317,896	307,630	309,672	311,735	310,711	287,213	151,307	114,727	158,003	182,641
Visitors/patrons	215,458	167,314	183,023	172,459	162,191	158,200	151,694	135,327	97,861	17,644	55,661	73,393
<b>Public Works</b>												
Meters placed for new construction	48	43	51	58	46	29	46	59	102	113	137	187
Meters replaced	155	724	853	1,684	613	1,280	207	826	1,427	589	516	511
<b>Education</b>												
Number of teachers, Elementary (K-5)	179	179	169	161	160	164	162	151	151	158	183	181
Number of teachers, Secondary (6-12)	85	82	78	79	80	78	78	90	84	86	91	90
Number of teachers, District-Wide (K-12)	11	11	11	10	10	10	10	11	8	10	10	15
Number of students, District-Wide (K-12)	3,102	3,010	3,024	3,048	3,033	3,013	2,967	2,868	2,817	2,914	2826	2,863

Source: Various Departments in the City

Notes:

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

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

Table 18

<b>Function</b>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety													
Police Stations	1	1	1	1	1	1	1	1	1	1	1	1	1
Patrol units	12	10	13	10	10	10	10	10	10	10	15	19	23
Fire Stations	1	1	1	1	1	1	1	1	1	1	1	1	1
Public Works													
Streets (miles)	117.24	117.24	117.24	117.24*	119.15#	125.69	125.69	125.69	126.36	126.36	127.73	127.73	127.73
Water lines (miles)	117.4	117.4	117.4	117.4*	149.02#	149.02	149.11@	149.89	153.57	152.61	159.66	161.45	163.43
Fire hydrants	808	808	809	809*	729#	736	745	763	768	844	862	872	884
Waste water treatment plants	1	1	1	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	108.04	108.04	108.04	108.04*	130.72#	130.72	130.8@	129.01	129.65	129.65	131.63	133.07	134.38
Parks, Recreation, & Cultural													
Parks	5	5	5	5	5	5	6	6	6	6	6	6	6
Acreage	365	365	365	365	365	365	367	367	367	367	367	367	367

Source: Various Departments in the City

Notes:

(\*) Updated data not available for FY14

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

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

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## ***COMPLIANCE SECTION***

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

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

We have audited, 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 the *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 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, 2023, 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 21, 2023. Our report includes a reference to other auditors who audit the financial statements of the Augusta Regional Landfill, as described in our report of the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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



## Report on Internal Control over Financial Reporting (Continued)

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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.**

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 that are required to be reported under *Government Auditing Standards*.**

## 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
November 21, 2023

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

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

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

*Opinion 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 identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Waynesboro, Virginia, 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, 2023.

*Basis for Opinion on Each Major Federal Program*

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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Waynesboro, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City of Waynesboro, Virginia's compliance with the compliance requirements referred to above.

## **Report on Compliance for Each Major Federal Program (Continued)**

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Waynesboro, Virginia's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Waynesboro, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Waynesboro, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Waynesboro, Virginia's internal control over compliance Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
November 21, 2023

**CITY OF WAYNESBORO, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2023**

As more fully described in the 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*, 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 Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Sheriff Internal Controls

*State Agency Requirements*

Education

Urban Highway Maintenance

Stormwater Management Program

Fire Programs Aid to Localities

**FEDERAL COMPLIANCE MATTERS**

*Compliance Supplement for Single Audits of State and Local Governments*

Provisions and conditions of agreements related to federal program selected for testing.

**CITY OF WAYNESBORO, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2023**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program(s) tested as major were:

Name of Program	Assistance Listing Number
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Special Education Cluster	84.027
	84.173
COVID-19 – Elementary and Secondary School Emergency Relief	84.425D
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U
COVID-19 – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The City was **not** determined to be a **low-risk auditee**.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None noted.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None noted.

**D. FINDINGS – COMMONWEALTH OF VIRGINIA**

None noted.

**CITY OF WAYNESBORO, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2023**

**A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**2022-001: Major Program Determination**

*Condition:*

A single audit was not performed for a major program for the fiscal year ending June 30, 2021.

*Criteria:*

A single audit in accordance with the requirements set forth in the Uniform Guidance is required if total federal expenditures exceed \$750,000 in a fiscal year. Federal expenditures exceeded \$750,000 and the major program was a high-risk Type A program for the year ended June 30, 2021.

*Cause:*

A Type A high-risk program was not tested as major.

*Effect:*

The identified Type A high-risk program was not tested as major.

*Recommendation:*

Ensure management considers federal award compliance requirement and ensures that such requirements are satisfied each year.

*Current Status:*

Issue was not noted in current year.

**2022-002: Education Stabilization Fund Time and Effort Certifications**

*Condition:*

Certain employees with partial salaries charged to the program did not have time and effort certifications.

*Criteria:*

Time and effort certifications must be completed and maintained for employees who have partial salaries charged to the program.

*Cause:*

The City was unaware this was required for all employees.

**CITY OF WAYNESBORO, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2023**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT  
(Continued)**

**2022-002: Education Stabilization Fund Time and Effort Certifications (Continued)**

*Effect:*

Time and effort documentation is not available for all employees with salaries charged to the program.

*Perspective Information:*

Noted in 16 out of a sample of 17 employees with partial salaries charged to the program.

*Recommendation:*

Time and effort documentation should be maintained for all employees with salaries funded through the program.

*Current Status:*

Issue was not noted in current year.



**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Agriculture:				
Pass-Through Payments:				
Department of Education:				
National School Breakfast Program	10.553	202222N119941, 202323N119941	\$ 677,716	
National School Lunch program	10.555	202222N119941, 202323N119941	1,564,421	
National School Lunch program - Non-Cash Commodities	10.555	N/A	169,197	
Summer Food Service Program for Children	10.559	202221N119941	22,802	
Fresh Fruit and Vegetable Program	10.582	202221L163041	83,194	
Total Child Nutrition Cluster				\$ 2,517,330
Child and Adult Care Food Program	10.558	202222N119941, 202323N119941		9,329
National School Lunch Equipment Assistance Grant	10.579	N/A		18,424
Pandemic EBT Administrative Costs	10.649	N/A		3,135
Total Department of Agriculture				2,548,218
Office for Coastal Management				
Pass Through Payments:				
Department of Housing and Community Development:				
Infrastructure Investment and Jobs Act	11.473	N/A		42,670
Total Office for Coastal Management				42,670
Department of Housing and Urban Development:				
Direct Payments:				
Community Development Block Grants - Entitlement Grants	14.218	N/A	252,039	
Total CDBG Entitlement Grants Cluster				252,039
Total Department of Housing and Urban Development				252,039
Department of the Interior:				
Direct Payments:				
Natural Resource Damage Assessment and Restoration	15.658	N/A		137,609
Total Department of the Interior				137,609
Department of Justice:				
Direct Payments:				
Coronavirus Emergency Supplemental Funding	16.034	N/A		31,242
Pass Through Payments:				
Department of Criminal Justice Services:				
Juvenile Justice and Delinquency Prevention	16.540	N/A		55,099
Crime Victim Assistance	16.575	23-O1142VW19		63,887
Total Department of Justice				150,228
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	113684; 117325; 111425; 118077		421,106
Total Department of Transportation				421,106
Department of the Treasury:				
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A		1,877,038
Pass Through Payments:				
Virginia Tourism Corporation:				
COVID-19 - Coronavirus Relief Fund	21.027	N/A		30,000
Virginia Department of Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	SLFRP1026		297,071
Total Department of Treasury				2,204,109

(Continued)

**CITY OF WAYNESBORO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Cluster Amounts	Federal Expenditures
National Endowment for the Humanities: Pass Through Payments:				
The Library of Virginia:				
Grants to States	45.310	92410		2,212
Small Business Administration Direct Payments:				
Community Navigator Pilot Program	59.077	N/A		47,300
Total Small Business Administration				47,300
Environmental Protection Agency: Direct Payments:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A		67,710
Total Environmental Protection Agency				67,710
Department of Education: Pass Through Payments:				
Virginia Department of Education:				
Adult Education - Basic Grants to States	84.002	V002A210047,V002A220047		811,712
Title I Grants to Local Educational Agencies	84.010	S010A210046		1,775,987
Special Education-Grants to States	84.027	H027A200107, H027A210107	786,098	
Special Education-Grants to States	84.027x	H027X210107	144,106	
Special Education-Preschool Grants	84.173	H173A220112, H173X220112	17,876	
Total Special Education Cluster				948,080
Career and Technical Education - Basic Grants to States	84.048	V048A210046, V048A220046		81,421
School Safety National Activities	84.184	S184X190023		9,684
Education for Homeless Children and Youth	84.196	N/A		45,900
English Language Acquisition State Grants	84.365	S365A200046		24,537
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A:180044,190044,200044,210044		112,993
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008/S425D210008		3,586,295
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008		223,232
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	N/A		181,874
Total Department of Education				7,801,715
Department of Health and Human Services Direct Payments:				
Social Services Block Grant	93.667	N/A		44,736
Public Health Emergency Response	93.354	N/A		27,800
Pass Through Payments:				
Virginia Department of Social Services:				
Refugee and Entrant Assistance--State-Administered Programs	93.566	81901		6,249
Temporary Assistance for Needy Families	93.558	87201 & 87202		7,069
Temporary Assistance for Needy Families	93.558	87204 & 87211		2,083
Temporary Assistance for Needy Families	93.558	87207		14,744
Temporary Assistance for Needy Families	93.558	87212		303
Temporary Assistance for Needy Families	93.558	80801		(350)
Community Services Block Grant	93.569	N/A		323,539
Foster Care-Title IV-E	93.658	81107		9,998
Foster Care-Title IV-E	93.658	81108		18,162
Foster Care-Title IV-E	93.658	81110		47,674
Foster Care-Title IV-E	93.658	81112		11,029
Foster Care-Title IV-E	93.658	81113		5,434
Foster Care-Title IV-E	93.658	81114		96
Foster Care-Title IV-E	93.658	81401, 81403, 81404 & 81113		17,974
Adoption Assistance - Title IV-E	93.659	81201		305,968
Adoption Assistance - Title IV-E	93.659	81202		2,708
Adoption Assistance - Title IV-E	93.659	81203		206,703
Social Services Block Grant	93.667	83304		3,874

(Continued)

CITY OF WAYNESBORO, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023

<b>Federal Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Health and Human Services				
Pass Through Payments:				
Virginia Department of Social Services:				
Social Services Block Grant	93.667	89501		3,056
Elder Abuse Prevention Interventions Program	93.747	89601, 89801, 89805		12,865
Total Department of Health and Human Services				1,071,714
Total Expenditures of Federal Awards				\$ 14,746,630

**CITY OF WAYNESBORO, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AWARDS**  
**Year Ended June 30, 2023**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Waynesboro, Virginia and component unit, Waynesboro City School Board under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. 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 (ALN 66.458). At June 30, 2023, the outstanding loan balance under this program was \$1,326,708.

**4. INDIRECT COST RATE**

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

**5. FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.