
CITY OF WAYNESBORO, VIRGINIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

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DIDAWICK
& COMPANY^{PC}
Certified Public Accountants

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**CITY OF WAYNESBORO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

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INTRODUCTORY SECTION

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CITY OF WAYNESBORO, VIRGINIA
(As of June 30, 2018)

COUNCIL

Bruce Allen, Mayor
Terry Short Jr., Vice Mayor
Elzena Anderson
Jeffrey Freeman
Alvin Marks Jr
Julia Bortle, Clerk

OFFICIALS

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

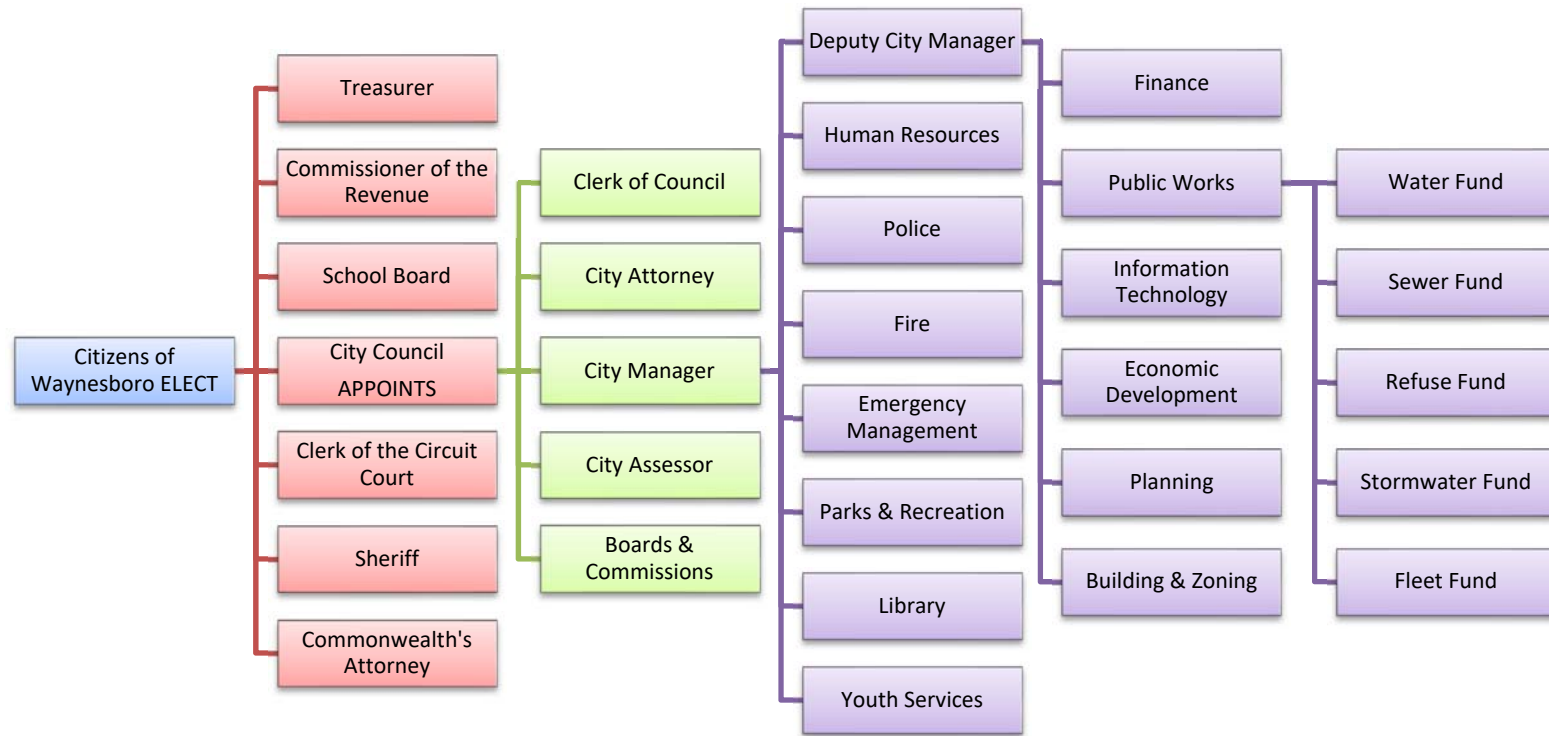
SCHOOL BOARD

Kathryn E. Maneval, Chair
William M. Foster, Jr.
Erika Smith
Harry Richard Wheeler, Jr.
Diana L. Williams
Vonda A. Hutchinson, Clerk

ECONOMIC DEVELOPMENT AUTHORITY

Perry Fridley, Chair
Mary Sullivan, Vice Chair
Gregory Hitchin, Secretary/Treasurer
James Hyson
Kris Krupa
Tami Radecke
George Reed
Tom Reider

FY18 City of Waynesboro Organizational Chart



BOARDS AND COMMISSIONS APPOINTED BY CITY COUNCIL

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

OTHER AGENCIES & BOARDS

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Augusta Regional Landfill, which represent 4.2%, 6.9%, and 5.6%, respectively, of the assets, net position, and revenues of the City's Business-type Activities - Enterprise Funds. The City's share of this undivided interest and joint venture component represents the entirety of the City's ACSA Joint Landfill Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Augusta Regional Landfill, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining funds information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, Schedule of Employer's Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions Net Pension Liability, Schedule of Employer's Share of Net Pension Liability VRS Teachers Retirement Plan, Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, and the Schedule of Employer Contributions Other Post-Employment Benefits Plan on pages 3a through 3j and 70 through 74, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Didawick & Company, P.C.

November 28, 2018

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, 2018. 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 \$72,361,601. Of this amount, \$8,917,530 (unrestricted net position) may be used to satisfy the primary government's obligations to citizens and creditors for business-type activities. *Refer to the Government-wide Financial Analysis on page 3c for further discussion of this highlight.*
- The City's total net position related to the primary government increased by \$2,276,311 compared to FY17.
- As of the end of FY18, the City's governmental funds reported a combined ending fund balance of \$41,083,721 – an increase of \$20,799,947 in comparison to the prior year. Of this amount, \$21,112,328 is shown as an increase to the fund balance of the General Fund, \$21,405 as a decrease to the fund balance of Self-funded Health Insurance Fund, and \$290,976 as a decrease to the fund balance of Other Governmental Funds.
- At the end of FY18, **unassigned** fund balance for the General Fund was \$9,511,888. The City established fiscal policy guidelines related to General Fund unassigned fund balances during this fiscal year. The policy states that the unassigned fund balance in the General Fund on June 30th of any fiscal year will be no less than 110% of two (2) months of regular operating expenditures. Accordingly, General Fund unassigned fund balance should be no less than \$8,085,406. As of the close of fiscal year 2018, the unrestricted fund balance in the General Fund exceeds the fiscal policy guideline by \$1,426,482.
- The unassigned fund balance in the General Fund of \$9,511,888 equals approximately 22% of the General Fund's total expenditures.
- The City's total long-term liabilities at the close of the FY18, including governmental and business type activities, were \$95,373,704. During fiscal year 2018, the city retired a total of \$7,370,756, predominantly through principal reductions. Over the same period, the City added a total of \$21,328,080 in new long-term obligations, due primarily to the issuance of bonds for the Waynesboro High School renovation project. At the close of the fiscal year, the amount of debt principal payments due within one year was \$3,644,543. (See Note 9 for relevant disclosures regarding the City's long-term debt.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waynesboro's basic financial statements which are comprised of three main components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparisons, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Condensed comparative information is provided this year and will continue to be added, the goal being to achieve a ten-year comparison for all information reported. (See pages 111-129).

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

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

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

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

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

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These two statements, read together, will give the reader a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has two major governmental funds--the General Fund and the Self-funded Health Insurance Fund, and nine non-major governmental funds. Fund financial statements immediately follow the government-wide financial statement section. Detailed statements of the non-major funds begin on page 75 of this report.
- **Proprietary funds.** The City of Waynesboro maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-like activities in the governmental-wide financial statements. The City of Waynesboro uses enterprise funds to account for water, sewer, refuse collection, 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. These funds include accounting for agencies such as the First Aid Crew and the Central Shenandoah Criminal Justice Training Academy. Fiduciary funds are accounted for on a full accrual basis; their financial statements can be found on pages 86-88 in the *combining statements* section of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. The notes can be found following the Basic Financial Statements section of this report beginning on page 19.

Government-Wide Financial Analysis

As noted earlier, a comparison of net position over several years can serve as a useful indicator of a government's financial position. In the case of the City, total primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,361,601 at the close of fiscal year 2018. Capital assets (e.g., land, buildings, machinery, and equipment) in FY18 comprise approximately 63% of total assets, which is slightly lower than FY17. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	51,041,708	33,024,016	12,250,595	13,040,125	63,292,303	46,064,141
Capital assets	41,989,750	42,617,776	65,673,884	66,930,220	107,663,634	109,547,996
Total assets	93,031,458	75,641,792	77,924,479	79,970,345	170,955,937	155,612,137
Deferred charges	367,914	429,711	773,056	849,714	1,140,970	1,279,425
Deferred losses	3,343,612	4,147,832	626,100	822,321	3,969,712	4,970,153
Total deferred outflows of resources	3,711,526	4,577,543	1,399,156	1,672,035	5,110,682	6,249,578
Current and other liabilities	2,970,930	7,035,121	1,244,568	4,255,738	4,215,498	11,290,859
Long-term liabilities outstanding	59,526,316	40,728,209	35,847,388	36,197,214	95,373,704	76,925,423
Total liabilities	62,497,246	47,763,330	37,091,956	40,452,952	99,589,202	88,216,282
Unearned revenue	630,501	1,582,470	-	-	630,501	1,582,470
Deferred gains	2,943,579	2,478,188	541,736	480,254	3,485,315	2,958,442
Total deferred inflows of resources	3,574,080	4,060,658	541,736	480,254	4,115,816	4,540,912
Net position:						
Invested in capital assets, net of related debt	33,980,786	33,791,619	32,772,413	31,859,390	66,753,199	65,651,009
Restricted	22,068,987	1,967,706	-	-	22,068,987	1,967,706
Unrestricted	(25,378,115)	(7,363,978)	8,917,530	8,849,784	(16,460,585)	1,485,806
Total net position	30,671,658	28,395,347	41,689,943	40,709,174	72,361,601	69,104,521

Summary of Net Position

As shown in the summary table above, it would appear that the primary government does not have the resources to meet its ongoing obligations to citizens and creditors because the negative value of its unrestricted assets is indicative of a deficit financial position. These numbers, however, are represented as such due to the dynamics of asset and liability reporting that exists between the governmental activities and the Schools, a Discrete Component Unit. Because Virginia School Boards do not have the authority to issue debt, the City is responsible for reporting all school-related debt which, at June 30, 2018, is \$35,798,109. Conversely, the holdings associated with this debt are reported by the Schools as part of its capital assets. If the debt related to the Schools was not included in the long-term liabilities of the primary government, the total net position for governmental activities would be \$66,469,767 and the total net position for the primary government would be \$108,159,710.

Approximately 72% of the governmental activities net position represents resources that are subject to external restrictions on how they may be used. Grants, donations, perpetual care funds, and cash set aside for capital projects comprise the restricted assets of the City. Grants and donations are normally designated for a specific purpose. The perpetual care funds are restricted in accordance with the *Code of the City of Waynesboro*, §26-6, Perpetual Care Trust Fund Reserve. The funds held for debt service are in accordance with City Council and School Board resolutions.

Overall, the City's net position increased by \$3,257,080 compared to FY17. This increase is the net effect of a \$980,769 increase in the net position of the business-type activities, and a \$2,276,311 increase in the net position of the governmental activities.

The table on the following page provides comparison information from FY17 to FY18 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 FY17, total revenues from Governmental Activities increased by \$103,052. While there were modest increases in property taxes, there was a large decrease in the amount received through capital grants and contributions (over \$1M). When compared to FY17, total expenditures of Governmental Activities increased by \$1,494,176; with modest increases and decreases across several categories. Overall, the change in the Governmental net position was an increase of \$2,276,311 after transfers of \$1,377,912 are taken into consideration.

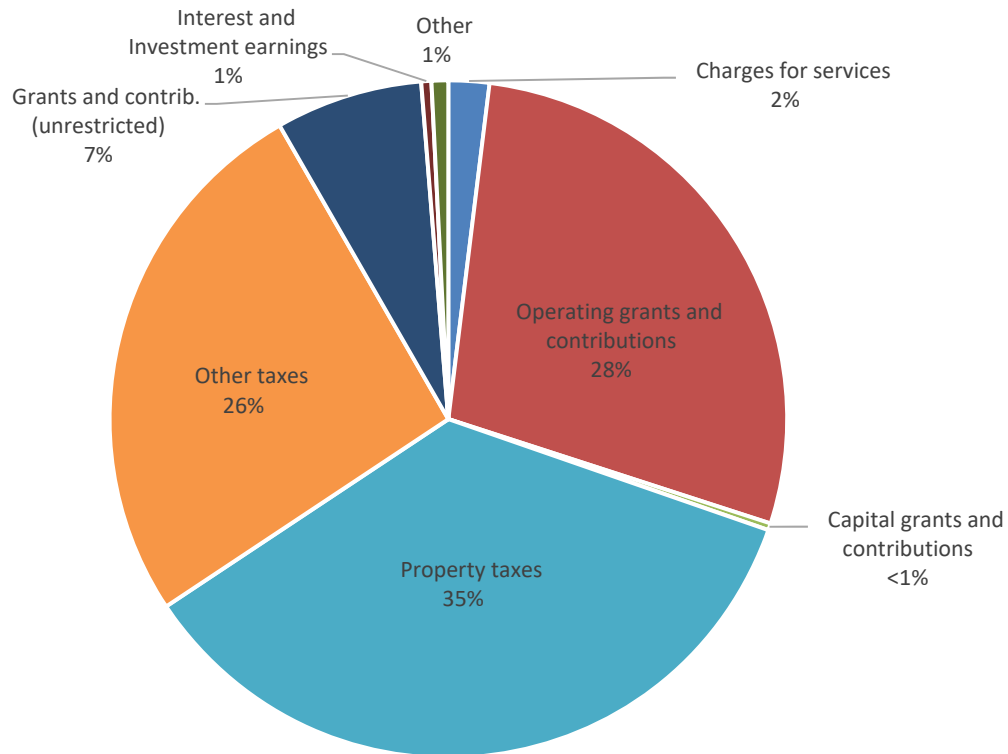
In comparison to FY17, Business-type revenues derived from charges for services increased in FY18 by \$439,525. Of the five business-type activity funds, the Landfill Operations Fund saw the largest increase in expenses over FY17 (\$237k). The Stormwater Fund had a small increase in expenses while the Water, Sewer, and Refuse Funds had decreases in expenses.

The City of Waynesboro, Virginia
Required Supplemental Information

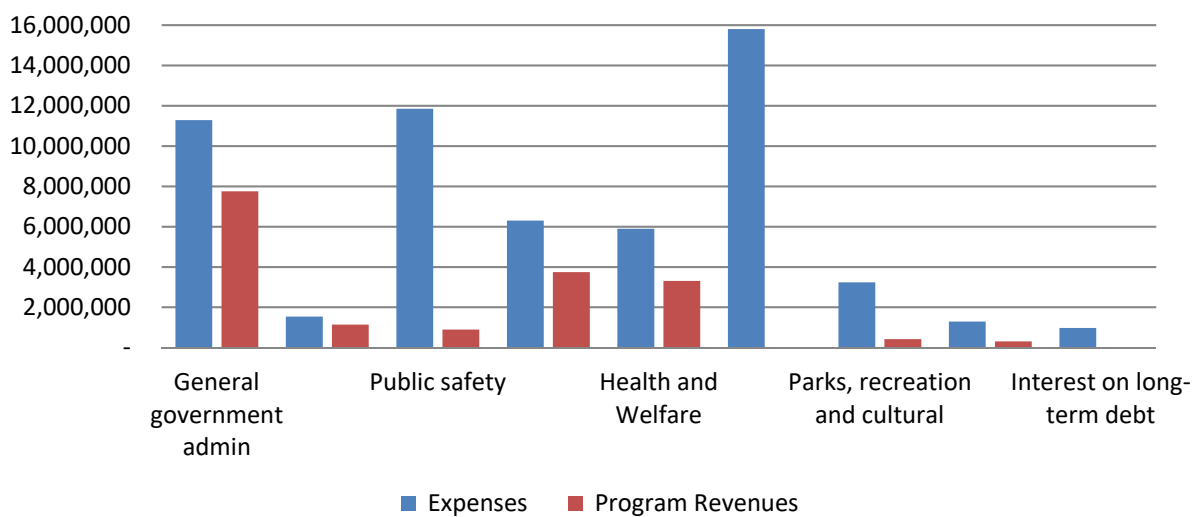
MANAGEMENT DISCUSSION & ANALYSIS
 June 30, 2018

City of Waynesboro, Virginia						
Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues by source:						
Program Revenues						
Charges for services	1,149,616	1,140,510	13,025,430	12,585,905	14,175,046	13,726,415
Operating grants and contributions	16,555,954	16,417,961	6,993	6,192	16,562,947	16,424,153
Capital grants and contributions	193,603	1,247,986	463,965	102,535	657,568	1,350,521
General Revenues						
Property taxes	20,882,667	20,084,623	-	-	20,882,667	20,084,623
Other taxes	15,366,066	14,990,687	-	-	15,366,066	14,990,687
Grants and contrib. (unrestricted)	4,147,046	4,190,347	-	-	4,147,046	4,190,347
Interest and Investment earnings	286,750	293,209	73,112	49,018	359,862	342,227
Other	469,830	583,157	49,991	35,331	519,821	618,488
Total Revenues	59,051,532	58,948,480	13,619,491	12,778,981	72,671,023	71,727,461
Expenses by activity:						
Governmental activity						
General government admin	11,283,368	10,482,872	-	-	11,283,368	10,482,872
Judicial administration	1,536,332	1,501,243	-	-	1,536,332	1,501,243
Public safety	11,847,803	11,404,402	-	-	11,847,803	11,404,402
Public works	6,299,523	7,233,241	-	-	6,299,523	7,233,241
Health and Welfare	5,890,677	5,455,336	-	-	5,890,677	5,455,336
Education	15,800,624	15,501,962	-	-	15,800,624	15,501,962
Parks, recreation and cultural	3,235,722	2,808,386	-	-	3,235,722	2,808,386
Community development	1,289,798	1,292,122	-	-	1,289,798	1,292,122
Interest on long-term debt	971,326	981,433	-	-	971,326	981,433
Business-type activities						
Water	-	-	3,631,173	3,792,452	3,631,173	3,792,452
Sewer	-	-	5,160,072	5,498,658	5,160,072	5,498,658
Landfill operations	-	-	988,762	751,715	988,762	751,715
Garbage	-	-	801,878	1,039,989	801,878	1,039,989
Stormwater	-	-	678,925	637,709	678,925	637,709
Total Expenses	58,155,173	56,660,997	11,260,810	11,720,523	69,415,983	68,381,520
Change in net assets before transfers	896,359	2,287,483	2,358,681	1,058,458	3,255,040	3,345,941
Contributions to permanent fund	2,040	3,120	-	-	2,040	3,120
Transfers	1,377,912	1,197,197	(1,377,912)	(1,197,197)	-	-
Increase (decrease) in net position	2,276,311	3,487,800	980,769	(138,739)	3,257,080	3,349,061
Net position - beginning as adjusted	28,395,347	24,907,547	40,709,174	40,847,913	69,104,521	65,755,460
Net position -ending	30,671,658	28,395,347	41,689,943	40,709,174	72,361,602	69,104,521

Revenues by Source - Governmental Activities

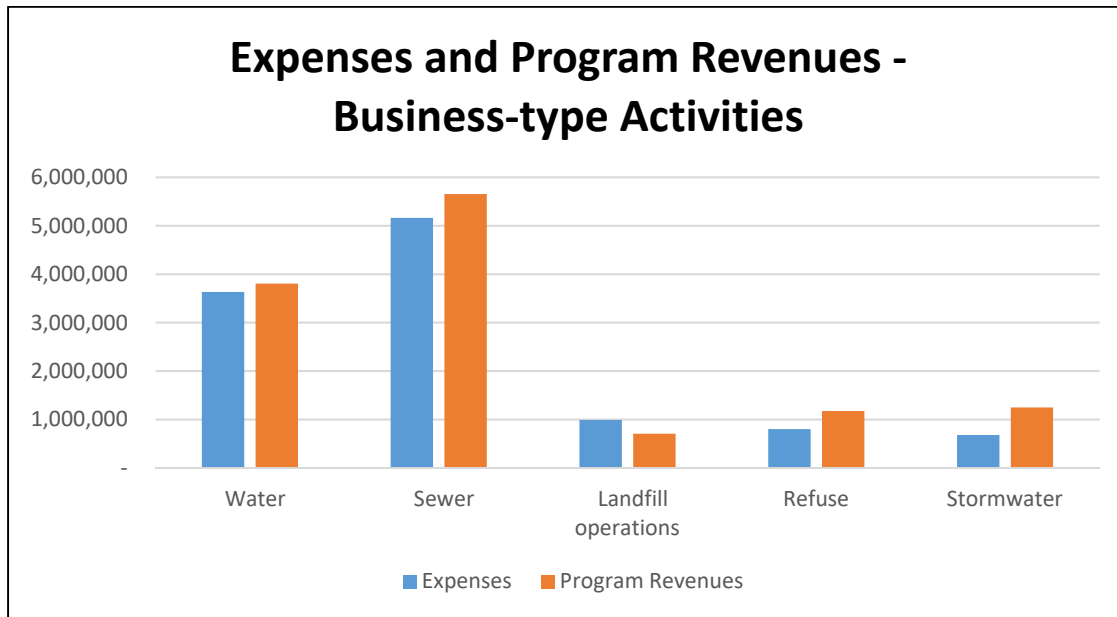


Expenses and Program Revenues - Governmental Activities



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 FY18 compared to the expenses incurred for governmental activities during FY18. 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 FY18 except for the joint Augusta County Service Authority Landfill Operations Fund. The Landfill Fund did not generate enough revenue during FY18 to cover operating costs and debt service.



Financial Analysis of the Government's Funds

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

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

As of the end of FY18, the City's governmental funds reported a combined ending fund balance of \$41,083,721, an increase of \$20,799,947 in comparison to the prior year. Approximately 24% of this total amount (\$9,511,888) constitutes unassigned fund balance, representing the portion of fund balance that has not been earmarked in some fashion by statute, outside body, or Council ordinance. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending. Major restrictions, commitments or assignments include funds for capital projects (\$22,201,816), community development (\$1,793,548), general governmental administration (\$1,137,337), and public works (\$929,361). Council took action during FY18 to commit \$1,281,018 of unassigned fund balance for several different purposes, mostly to fund future non-recurring expenditures. The fund balance commitments included Governmental Equipment Replacement, Capital Projects Reserve, Governmental Facility Maintenance, Technology Reserve, and Economic Development Reserve.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,511,888, while total fund balance was \$35,280,820. 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 22% of total fund expenditures, while total fund balance represents approximately 80% of the total fund expenditures.

The fund balance of the City's General Fund increased by \$21,112,328 during FY18. Further analysis reveals that the City budgeted for a net reduction of fund balance of \$1,778,106 in FY18, though that figure was not realized, as actual revenues (including bond proceeds and net transfers) exceeded the budgeted revenue amount by \$21,279,432, and actual expenditures were \$1,611,002 less than budgeted. By netting the difference between the excess of actual revenues over budgeted revenues (\$21,279,432) and actual expenses versus budgeted expenditures and net transfers (\$1,611,002), which totals \$22,890,434, with the budgeted decrease in fund balance (\$1,778,106), the actual increase in fund balance can be calculated as (\$21,112,328). This is an important concept in understanding the impact of budgeted & actual figures when considering changes in fund balance. (See exhibit 7 on page 12 for further details).

Self-funded Health Insurance Fund. The Self-funded Health Insurance Fund is the self-funded health insurance fund of the City. At the end of FY18, fund balance was \$2,371,292. The net change in fund balance was (\$21,405).

Other non-major funds. As of June 30, 2018, the fund balance for the other governmental funds was \$3,431,609. This fund balance amount represents 39% of the total of all other non-major fund expenditures. The net change in fund balance was a decrease of \$290,976. (See Exhibit 17 on page 76 for detailed information on other non-major funds' fund balances.)

Proprietary funds. At the end of FY18, the total net position of the enterprise funds was \$42,985,672. This figure represents an increase in net position of \$994,956 compared to FY17. The total net assets of the internal services fund at the end of FY18 were \$2,488,233 which represents an increase from FY17 of \$71,454. For a more detailed accounting of the activities of these funds, refer to the Exhibits beginning on page 13 of this report.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes revenues and annual appropriations for the proprietary funds as well as the accounts that comprise the general fund. The following points summarize the budgeting changes from the original to the final budget. Exhibit 7 on page 12 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 \$101,079 greater than originally budgeted revenues. The increase is comprised primarily of additional appropriations for revenues received from the state and miscellaneous revenues.
- General Fund final budgeted expenses were \$1,835,368 greater than originally budgeted expenses. The primary factors in the increase are additional transfers to the school fund for renovation costs associated with Waynesboro High School (\$1.17M), and adjustments made at the time FY17 encumbrances were rolled to the new fiscal year (\$484k).
- General Fund's actual revenues were \$44,393 greater than final budgeted revenues, representing a variance of approximately 0.09%.
- General Fund's actual expenditures were \$1,611,002 less than final budgeted expenditures, representing a variance of 3.6%. This variance is due to several factors, including general vacancy savings in salaries and fringe benefits, reduced expenses in Public Works, including street paving not completed during FY18.

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 \$107,663,634 for its governmental and business-type activities as of June 30, 2018.

Total capital assets attributed to governmental activities decreased by \$628,027, due primarily to a decrease in the total capital projects in progress. The total capital assets attributed to the business-type activities decreased by \$1,256,236, due to depreciation and retirements exceeding the amount of asset additions during FY18. (See note 7, which begins on page 32, for detailed information regarding the City's capital assets)

Major capital asset events during fiscal year 2018 included the following:

- The Chatham Stormwater Drainage Modification, Jefferson Park Stormwater and Basic Park projects were completed.
- The replacement of the Enterprise Software Planning System continued.
- Work continued on the South Corridor and expansion of the South River Greenway.
- New capital projects were started, including the A Street Culvert, Rosser Avenue/Lucy Lane Sidewalk, Sunset Park, and Florence Avenue Bridge projects.
- New vehicles were purchased for multiple departments, including a John Deere backhoe in the Water fund, a 2018 Freightliner in the Refuse fund, a John Deere tractor that is shared between the Stormwater and Fleet funds, and several vehicles for the Public Safety and Building & Zoning departments.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	8,989,196	8,989,196	386,268	386,268	9,375,464	9,375,464
Buildings	8,583,417	8,751,489	41,632,333	42,660,833	50,215,750	51,412,322
Improvements other than buildings	2,314,720	2,502,299	22,819,541	22,252,183	25,134,261	24,754,482
Machinery and equipment	2,672,478	2,873,216	699,450	1,494,644	3,371,928	4,367,860
Infrastructure	16,690,081	15,858,754	0	0	16,690,081	15,858,754
Construction in Progress	2,739,858	3,642,823	136,292	136,292	2,876,150	3,779,115
Total Capital Assets	41,989,750	42,617,777	65,673,884	66,930,220	107,663,634	109,547,997

Long-term debt. As of June 30, 2018, the City of Waynesboro held no ratings from Moody's Investor Service. The City has an AA-rating from Standard & Poor's Ratings Services. 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 \$184,148,219. See page 123 of this report for historic debt margin comparisons.

City of Waynesboro Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
GO bonds	43,433,163	25,363,711	12,575,263	13,007,540	56,008,426	38,371,251
Literary loans	500,000	750,000	0	0	500,000	750,000
Capital Leases	0	0	0	0	0	0
VA Revolving Loans	0	0	19,971,679	21,671,412	19,971,679	21,671,412
Total O/S Debt	43,933,163	26,113,711	32,546,942	34,678,952	76,480,105	60,792,663

The table above provides comparative information related to the City's long-term outstanding debt. The increase from 2017 to 2018 for total debt outstanding for the City is the result of new debt issued exceeding the amount of total debt retirements for FY18. As of June 30, 2018, the City had long-term debt outstanding of \$76,480,105; \$35,546,942 was for business-type activities and \$43,933,163 for governmental activities. The amount of debt principal payments due within one year for governmental activities is \$2,073,982, and \$1,570,561 for business-type activities. These debt payments were budgeted as expenditures in the FY 2019 annual appropriation ordinance. Of the total outstanding debt listed in the governmental activities' column, \$8,135,054 is related to general government capital projects. The remaining debt outstanding is related to School Board—component unit projects. (See Note 9, beginning on page 34, for relevant disclosures regarding the City's outstanding debt.)

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2019 general fund budget was adopted at \$51,398,534, an increase of \$1,752,229 over the FY18 budget.
- Real property tax rate was increased to \$0.93 on every \$100.00 of assessed value, an increase of \$0.06 for calendar year 2018.
- Personal property tax rate remained the same for FY19.
- The fiscal year 2019 budget included a 2% overall pay increase for most full-time City employees effective October 15, 2018, which was distributed as a merit increase based on the employees' final score on their performance evaluation. The Human Resources Department used various factors to determine how the increases would be distributed.
- The City's water base and usage fees were increased by 3.1% effective July 1, 2018; sewer base fee and usage fees were increased by 2.4% effective July 1, 2018.
- The original fiscal year 2019 budget called for the use of \$866,088 of fund balance in the general fund to balance the budget. In addition, \$484,512 of encumbrances were rolled from fiscal year 2018, bringing the total budgeted use of fund balance to \$1,350,600.
- According to the Virginia Employment Commission and the National Conference of State Legislatures, the unemployment rate for the City of Waynesboro as of October 2018 was 2.9%, a 17.1% decrease from October of 2017. This compares favorably to the national rate of 3.7% for the same period, and is the same as the Commonwealth's rate of 2.9%.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 20,049,814	\$ 8,302,065	\$ 28,351,879	\$ 2,884,552
Investments	20,179,155	-	20,179,155	56,168
Receivable (net of allowance for uncollectibles):				
Taxes, including penalties	598,894	-	598,894	-
Accounts	901,222	2,528,099	3,429,321	129,417
Notes	4,134,215	-	4,134,215	-
Interest	48,026	-	48,026	-
Due from external parties	12,372	-	12,372	-
Due from other governments	2,118,667	-	2,118,667	919,973
Due from component unit	216,151	-	216,151	-
Internal balances	1,295,729	(1,295,729)	-	-
Inventories	896,274	-	896,274	-
Restricted assets:				
Permanently restricted:				
Cash and cash equivalents	591,189	-	591,189	-
Investment in landfill joint venture	-	2,716,160	2,716,160	-
Capital assets not being depreciated:				
Land	8,989,196	386,268	9,375,464	274,493
Construction in progress	2,739,858	136,292	2,876,150	-
Capital assets, net of accumulated depreciation:				
Buildings and systems	8,583,417	41,632,333	50,215,750	33,941,014
Improvements other than buildings	2,314,720	22,819,541	25,134,261	1,066,301
Machinery and equipment	2,672,478	699,450	3,371,928	817,488
Infrastructure	16,690,081	-	16,690,081	-
Total assets	<u>93,031,458</u>	<u>77,924,479</u>	<u>170,955,937</u>	<u>40,089,406</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	367,914	773,056	1,140,970	-
Deferred outflow on OPEB obligation	90,148	34,397	124,545	215,331
Deferred outflow of resources VRS	3,253,464	591,703	3,845,167	3,723,004
Total deferred outflows of resources	<u>3,711,526</u>	<u>1,399,156</u>	<u>5,110,682</u>	<u>3,938,335</u>
LIABILITIES				
Accounts payable and other current liabilities	2,593,766	1,055,081	3,648,847	2,011,349
Accrued interest payable	352,617	189,487	542,104	15,664
Due to primary government	-	-	-	216,151
Unearned revenue	24,547	-	24,547	-
Noncurrent liabilities:				
Due within one year	2,121,482	1,603,605	3,725,087	336,784
Due in more than one year	57,404,834	34,243,783	91,648,617	36,391,989
Total liabilities	<u>62,497,246</u>	<u>37,091,956</u>	<u>99,589,202</u>	<u>38,971,937</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes receivable	630,501	-	630,501	-
Deferred inflow on OPEB obligation	-	1,411	1,411	-
Deferred inflow of resources VRS	2,943,579	540,325	3,483,904	4,182,293
Total deferred inflows of resources	<u>3,574,080</u>	<u>541,736</u>	<u>4,115,816</u>	<u>4,182,293</u>

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit 1 (cont'd)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
NET POSITION				
Net investment in capital assets	33,980,786	32,772,413	66,753,199	34,360,416
Restricted for:				
Judicial administration	116,432	-	116,432	-
Public safety	514,657	-	514,657	-
Public works	552,536	-	552,536	-
Parks, recreation and cultural	22,722	-	22,722	-
Community development	282	-	282	-
Capital projects	20,271,169	-	20,271,169	-
Perpetual care:				
Nonexpendable	591,189	-	591,189	-
Unrestricted	(25,378,115)	8,917,530	(16,460,585)	(33,486,905)
Total net position	<u>\$ 30,671,658</u>	<u>\$ 41,689,943</u>	<u>\$ 72,361,601</u>	<u>\$ 873,511</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, 2018

Exhibit 2

Program Revenues					Net (Expenses) Revenue and Changes in Net Position			Component Unit
					Primary Government		Total	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government administration	\$ 11,283,368	\$ 27,881	\$ 7,682,586	\$ -	\$ (3,572,901)		\$ (3,572,901)	
Judicial administration	1,536,332	135,752	975,818	-	(424,762)		(424,762)	
Public safety	11,847,803	361,045	588,946	-	(10,897,812)		(10,897,812)	
Public works	6,299,523	25,283	3,779,589	8,161	(2,486,490)		(2,486,490)	
Health and welfare	5,890,677	110,564	3,381,556	-	(2,398,557)		(2,398,557)	
Education	15,800,624	-	-	-	(15,800,624)		(15,800,624)	
Parks, recreation and cultural	3,235,722	259,539	147,459	21,126	(2,807,598)		(2,807,598)	
Community development	1,289,798	229,552	-	164,316	(895,930)		(895,930)	
Interest on long-term debt	971,326	-	-	-	(971,326)		(971,326)	
Total governmental activities	58,155,173	1,149,616	16,555,954	193,603	(40,256,000)		(40,256,000)	
Business-type activities:								
Water	3,631,173	4,035,430	-	127,765	-	\$ 532,022	532,022	
Sewer	5,160,072	5,871,019	-	336,200	-	1,047,147	1,047,147	
Landfill operations	988,762	728,729	-	-	-	(260,033)	(260,033)	
Garbage	801,878	1,189,772	6,993	-	-	394,887	394,887	
Stormwater	678,925	1,200,480	-	-	-	521,555	521,555	
Total business-type activities	11,260,810	13,025,430	6,993	463,965	-	2,235,578	2,235,578	
Total primary government	\$ 69,415,983	\$ 14,175,046	\$ 16,562,947	\$ 657,568	(40,256,000)	2,235,578	(38,020,422)	
Component units:								
School board	37,936,112	691,627	21,317,552	-				\$ (15,926,933)
Total component unit	\$ 37,936,112	\$ 691,627	\$ 21,317,552	\$ -				(15,926,933)
General revenues:								
Taxes:								
General property					20,882,667	-	20,882,667	-
Sales					5,610,549	-	5,610,549	-
Utility					1,044,069	-	1,044,069	-
Business license					2,232,450	-	2,232,450	-
Hotel and meals					5,192,580	-	5,192,580	-
Tobacco					336,686	-	336,686	-
Other					949,732	-	949,732	-
Miscellaneous					450,247	47,382	497,629	758,951
Payment from City of Waynesboro					-	-	-	15,765,278
Grants and contributions not restricted to specific program					4,147,046	-	4,147,046	-
Unrestricted investment earnings					286,750	73,112	359,862	18,857
Gain (loss) on disposal of capital assets					19,583	2,609	22,192	-
Contributions to permanent fund principal					2,040	-	2,040	-
Transfers					1,377,912	(1,377,912)	-	-
Total general revenues and transfers					42,532,311	(1,254,809)	41,277,502	16,543,086
Change in net position					2,276,311	980,769	3,257,080	616,153
Net position - beginning, as adjusted					28,395,347	40,709,174	69,104,521	257,358
Net position - ending					\$ 30,671,658	\$ 41,689,943	\$ 72,361,601	\$ 873,511

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

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FUND FINANCIAL STATEMENTS

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit 3

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,341,463	\$ 2,805,089	\$ 2,881,871	\$ 19,028,423
Investments	20,141,964	-	37,191	20,179,155
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	598,894	-	-	598,894
Accounts	761,280	-	124,539	885,819
Due from other funds	1,479,400	-	-	1,479,400
Due from component unit - School Board	216,151	-	-	216,151
Due from external parties	12,372	-	-	12,372
Due from other governments	1,527,181	-	591,486	2,118,667
Restricted assets:				
Cash and cash equivalents	-	-	591,189	591,189
Total assets	\$ 38,078,705	\$ 2,805,089	\$ 4,226,276	\$ 45,110,070
LIABILITIES				
Accounts payable	492,796	433,797	444,328	1,370,921
Accrued payroll	982,137	-	45,798	1,027,935
Retainage payable	-	-	43,605	43,605
Due to other funds	-	-	260,936	260,936
Amounts held for others	90,904	-	-	90,904
Unearned revenues	24,547	-	-	24,547
Compensated absences	1,146	-	-	1,146
Total liabilities	\$ 1,591,530	\$ 433,797	\$ 794,667	\$ 2,819,994
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - taxes receivable	\$ 1,206,355	\$ -	\$ -	\$ 1,206,355
FUND BALANCES				
Nonspendable:				
Permanent fund principal	-	-	591,189	591,189
Restricted for:				
Judicial administration	116,432	-	-	116,432
Public safety	177,940	-	-	177,940
Public works	552,536	-	-	552,536
Parks, recreation and cultural	22,722	-	-	22,722
Community development	282	-	-	282
Shenandoah Valley Animal Center	-	-	336,717	336,717
Capital projects	20,140,465	-	203,772	20,344,237
Committed to:				
General government administration	1,084,303	-	-	1,084,303
Public works	350,000	-	-	350,000
Health and welfare	55,865	-	-	55,865
Parks, recreation and cultural	2,770	-	-	2,770
Community development	1,763,384	-	-	1,763,384
EDA revolving loans	-	-	48,353	48,353
Capital projects	-	-	1,857,579	1,857,579
Revenue stabilization	500,000	-	-	500,000
Education	33,864	-	-	33,864

cont'd

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit 3 (cont'd)

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES (cont'd)				
Assigned to:				
General government administration	\$ 53,034	\$ -	\$ -	\$ 53,034
Judicial administration	2,413	-	-	2,413
Public safety	314,339	-	-	314,339
Public works	26,825	-	-	26,825
Parks, recreation and cultural	34,108	-	-	34,108
Community development	29,882	-	-	29,882
Youth and family services	-	-	299,055	299,055
CAPSAW	-	-	122,171	122,171
Self-funded health insurance	-	2,371,292	-	2,371,292
Economic Development Authority	-	-	240,008	240,008
Debt service	-	-	4,405	4,405
Unassigned:				
School Board	507,768	-	-	507,768
General	9,511,888	-	(271,640)	9,240,248
Total fund balances	\$ 35,280,820	\$ 2,371,292	\$ 3,431,609	\$ 41,083,721
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,078,705	\$ 2,805,089	\$ 4,226,276	\$ 45,110,070

CITY OF WAYNESBORO, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

		Exhibit 4
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	41,083,721
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		39,950,750
Receivables, including interest receivable, are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		4,182,241
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		4,232,044
Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		3,783,962
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(59,667,546)
Other long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(2,893,514)</u>
Net position of governmental activities	\$	<u>30,671,658</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Exhibit 5

	General Fund	Self-Funded Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 20,604,501	\$ -	\$ -	\$ 20,604,501
Other local taxes	15,366,066	-	-	15,366,066
Permits, privilege fees and regulatory licenses	182,714	-	-	182,714
Fines and forfeitures	123,413	-	-	123,413
Revenue from use of money and property	288,162	29,912	14,229	332,303
Charges for services	338,547	-	11,532	350,079
Miscellaneous	731,907	7,465,628	194,210	8,391,745
Recovered costs	90,525	-	689,455	779,980
Intergovernmental:				
Commonwealth	9,228,185	-	2,491,103	11,719,288
Federal	221,059	-	1,204,058	1,425,117
Total revenues	47,175,079	7,495,540	4,604,587	59,275,206
EXPENDITURES				
Current:				
General government administration	4,382,650	7,516,945	-	11,899,595
Judicial administration	1,553,616	-	-	1,553,616
Public safety	11,096,635	-	1,047,238	12,143,873
Public works	4,757,034	-	896,142	5,653,176
Health and welfare	583,176	-	5,334,291	5,917,467
Education	15,800,624	-	-	15,800,624
Parks, recreation, and cultural	3,238,316	-	-	3,238,316
Community development	891,713	-	460,122	1,351,835
Debt service:				
Principal retirement	1,322,583	-	717,965	2,040,548
Interest and fiscal charges	436,939	-	529,840	966,779
Bond issuance costs	38,926	-	-	38,926
Total expenditures	44,102,212	7,516,945	8,985,598	60,604,755
Excess (deficiency) of revenues over (under) expenditures	3,072,867	(21,405)	(4,381,011)	(1,329,549)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	34,688	-	-	34,688
Bonds issued	19,860,000	-	-	19,860,000
Premiums on bonds issued	1,182,437	-	-	1,182,437
Transfers in	1,418,103	-	4,125,650	5,543,753
Transfers out	(4,455,767)	-	(35,615)	(4,491,382)
Total other financing sources and uses	18,039,461	-	4,090,035	22,129,496
Net change in fund balances	21,112,328	(21,405)	(290,976)	20,799,947
Fund balance - beginning	14,168,492	2,392,697	3,722,585	20,283,774
Fund balance - ending	\$ 35,280,820	\$ 2,371,292	\$ 3,431,609	\$ 41,083,721

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, 2018

	Exhibit 6
Net change in fund balances - total governmental funds (Exhibit 5)	\$ 20,799,947
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 depreciation (1,713,425) exceeded capital outlay (1,282,890) in the current period.	(430,535)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(275,905)
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.	(19,001,889)
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.	1,099,052
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>85,641</u>
Change in net position of governmental activities	<u>\$ 2,276,311</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	Exhibit 7			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 21,471,906	\$ 21,471,906	\$ 20,604,501	\$ (867,405)
Other local taxes	14,893,141	14,893,141	15,366,066	472,925
Permits, privilege fees and regulatory licenses	207,739	207,739	182,714	(25,025)
Fines and forfeitures	185,487	185,487	123,413	(62,074)
Revenue from use of money and property	195,130	195,130	288,162	93,032
Charges for services	290,706	299,196	338,547	39,351
Miscellaneous	682,630	726,131	731,907	5,776
Recovered costs	20,433	26,933	90,525	63,592
Intergovernmental:				
Commonwealth	9,082,435	9,123,413	9,228,185	104,772
Federal	-	1,610	221,059	219,449
	<u>47,029,607</u>	<u>47,130,686</u>	<u>47,175,079</u>	<u>44,393</u>
EXPENDITURES				
Current:				
General government administration	4,754,585	4,897,356	4,382,650	514,706
Judicial administration	1,583,990	1,593,517	1,553,616	39,901
Public safety	11,356,938	11,481,318	11,096,635	384,683
Public works	5,390,165	5,611,335	4,757,034	854,301
Health and welfare	538,872	538,872	583,176	(44,304)
Education	14,354,360	15,524,796	15,800,624	(275,828)
Parks, recreation and cultural	3,288,303	3,365,876	3,238,316	127,560
Community development	874,819	964,330	891,713	72,617
Debt service:				
Principal retirement	1,285,139	1,285,139	1,322,583	(37,444)
Interest and fiscal charges	450,675	450,675	436,939	13,736
Bond issuance costs	-	-	38,926	(38,926)
	<u>43,877,846</u>	<u>45,713,214</u>	<u>44,102,212</u>	<u>1,611,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,151,761</u>	<u>1,417,472</u>	<u>3,072,867</u>	<u>1,655,395</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	11,824	40,436	34,688	(5,748)
Issuance of debt	-	-	19,860,000	19,860,000
Premium on bonds issued	-	-	1,182,437	1,182,437
Transfers in	1,415,708	1,415,708	1,418,103	2,395
Transfers out	(4,050,671)	(4,651,722)	(4,455,767)	195,955
	<u>(2,623,139)</u>	<u>(3,195,578)</u>	<u>18,039,461</u>	<u>21,235,039</u>
Net change in fund balances	528,622	(1,778,106)	21,112,328	22,890,434
Fund balance - beginning	<u>(528,622)</u>	<u>1,778,106</u>	<u>14,168,492</u>	<u>12,390,386</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,280,820</u>	<u>\$ 35,280,820</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Exhibit 8

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,440,357	\$ 4,022,753	\$ 1,838,955	\$ 8,302,065	\$ 1,021,391
Accounts receivable (net of allowance for uncollectibles)	715,091	980,050	832,958	2,528,099	15,403
Inventory	-	-	-	-	896,274
Total current assets	<u>3,155,448</u>	<u>5,002,803</u>	<u>2,671,913</u>	<u>10,830,164</u>	<u>1,933,068</u>
Noncurrent assets:					
Equity interest in joint venture	-	-	2,716,160	2,716,160	-
Capital assets:					
Land	342,088	44,180	-	386,268	-
Buildings	9,019,357	43,318,078	113,453	52,450,888	-
Improvements other than buildings	19,036,656	35,506,284	-	54,542,940	-
Machinery and equipment	1,080,395	2,195,831	1,676,854	4,953,080	7,865,823
Construction in progress	-	136,292	-	136,292	-
Less accumulated depreciation	<u>(14,307,074)</u>	<u>(31,489,327)</u>	<u>(999,183)</u>	<u>(46,795,584)</u>	<u>(5,826,823)</u>
Total capital assets (net of accumulated depreciation)	<u>15,171,422</u>	<u>49,711,338</u>	<u>791,124</u>	<u>65,673,884</u>	<u>2,039,000</u>
Total noncurrent assets	<u>15,171,422</u>	<u>49,711,338</u>	<u>3,507,284</u>	<u>68,390,044</u>	<u>2,039,000</u>
Total assets	<u>18,326,870</u>	<u>54,714,141</u>	<u>6,179,197</u>	<u>79,220,208</u>	<u>3,972,068</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	644,580	128,476	-	773,056	-
Deferred outflow on OPEB obligation	7,816	19,569	7,012	34,397	-
Deferred outflow or resources VRS	190,065	211,878	189,760	591,703	55,336
Total deferred outflows of resources	<u>842,461</u>	<u>359,923</u>	<u>196,772</u>	<u>1,399,156</u>	<u>55,336</u>
LIABILITIES					
Current liabilities:					
Accounts payable	39,277	301,146	218,649	559,072	39,616
Retainage payable	-	34,781	-	34,781	-
Accrued payroll	65,350	72,603	106,847	244,800	19,639
Accrued interest payable	115,145	74,342	-	189,487	-
Deposits payable	214,726	-	1,702	216,428	-
Due to other funds	-	-	-	-	1,218,464
Compensated absences	7,400	10,100	15,544	33,044	200
General obligation bonds - current	403,697	289,277	-	692,974	-
Revenue bonds payable - current	-	877,587	-	877,587	-
Total current liabilities	<u>845,595</u>	<u>1,659,836</u>	<u>342,742</u>	<u>2,848,173</u>	<u>1,277,919</u>
Noncurrent liabilities:					
Compensated absences	38,435	24,968	38,124	101,527	12,295
Net OPEB obligation	197,412	211,203	178,572	587,187	58,311
Net pension liability	482,860	538,276	429,967	1,451,103	140,581
General obligation bonds payable (net of unamortized premium and deferred amount on refunding)	10,950,462	5,078,243	-	16,028,705	-
Revenue bonds payable	-	16,075,261	-	16,075,261	-
Total noncurrent liabilities	<u>11,669,169</u>	<u>21,927,951</u>	<u>646,663</u>	<u>34,243,783</u>	<u>211,187</u>
Total liabilities	<u>12,514,764</u>	<u>23,587,787</u>	<u>989,405</u>	<u>37,091,956</u>	<u>1,489,106</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow on OPEB obligation	-	-	1,411	1,411	-
Deferred inflow of resources VRS	171,961	191,697	176,667	540,325	50,065
Total deferred outflows of resources	<u>171,961</u>	<u>191,697</u>	<u>178,078</u>	<u>541,736</u>	<u>50,065</u>

cont'd

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities - Enterprise Funds				Exhibit 8 (cont'd) Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
NET POSITION					
Net investment in capital assets	4,461,843	27,519,446	791,124	32,772,413	2,039,000
Unrestricted	2,020,763	3,775,134	4,417,362	10,213,259	449,233
Total net position	<u>\$ 6,482,606</u>	<u>\$ 31,294,580</u>	<u>\$ 5,208,486</u>	42,985,672	<u>\$ 2,488,233</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(1,295,729)</u>	
Net position of business-type activities				<u>\$ 41,689,943</u>	

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

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CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 4,035,430	\$ 5,871,019	\$ 3,118,981	\$ 13,025,430	\$ 609,698
Miscellaneous	30,157	1,021	16,204	47,382	14,295
Total operating revenues	<u>4,065,587</u>	<u>5,872,040</u>	<u>3,135,185</u>	<u>13,072,812</u>	<u>623,993</u>
OPERATING EXPENSES					
Personal services	980,886	1,046,464	793,972	2,821,322	321,533
Contractual services	728,428	226,423	708,192	1,663,043	11,531
Other supplies and expenses	740,864	849,966	293,323	1,884,153	124,397
Depreciation	794,798	2,166,741	109,457	3,070,996	440,202
Total operating expenses	<u>3,244,976</u>	<u>4,289,594</u>	<u>1,904,944</u>	<u>9,439,514</u>	<u>897,663</u>
Operating income (loss)	<u>820,611</u>	<u>1,582,446</u>	<u>1,230,241</u>	<u>3,633,298</u>	<u>(273,670)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental:					
Commonwealth	-	-	6,993	6,993	-
Interest income	18,738	41,893	12,481	73,112	-
Gain (loss) on disposal of assets	2,609	-	-	2,609	19,583
Gain (loss) on equity interest	-	-	(489,348)	(489,348)	-
Interest and fiscal charges	(449,442)	(868,319)	-	(1,317,761)	-
Total nonoperating revenues (expenses)	<u>(428,095)</u>	<u>(826,426)</u>	<u>(469,874)</u>	<u>(1,724,395)</u>	<u>19,583</u>
Income before contributions and transfers	<u>392,516</u>	<u>756,020</u>	<u>760,367</u>	<u>1,908,903</u>	<u>(254,087)</u>
Capital contributions	127,765	336,200	-	463,965	-
Transfers in	13,095	9,603	35,712	58,410	325,541
Transfers out	(463,451)	(486,138)	(486,733)	(1,436,322)	-
Change in net position	69,925	615,685	309,346	994,956	71,454
Total net position - beginning, as adjusted	<u>6,412,681</u>	<u>30,678,895</u>	<u>4,899,140</u>		<u>2,416,779</u>
Total net position - ending	<u>\$ 6,482,606</u>	<u>\$ 31,294,580</u>	<u>\$ 5,208,486</u>		<u>\$ 2,488,233</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(14,187)
Change in net position of business-type activities					<u>\$ 980,769</u>

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds				Exhibit 10 Governmental Activities
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,953,805	\$ 5,761,790	\$ 3,018,990	\$ 12,734,585	\$ -
Cash received from interfund services provided	-	-	-	-	614,762
Cash paid to suppliers	(1,989,832)	(914,959)	(1,267,551)	(4,172,342)	(168,098)
Cash paid to employees	(1,082,709)	(1,205,170)	(582,393)	(2,870,272)	(313,546)
Other receipts (payments)	30,157	1,021	16,204	47,382	14,295
Net cash provided (used) by operating activities	911,421	3,642,682	1,185,250	5,739,353	147,413
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidy from state grant	-	-	6,993	6,993	-
Transfer from other funds	13,095	9,603	35,712	58,410	-
Transfer to other funds	(463,451)	(486,138)	(486,733)	(1,436,322)	-
Net cash provided (used) by noncapital financing activities	(450,356)	(476,535)	(444,028)	(1,370,919)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	2,609	-	-	2,609	19,583
Acquisition and construction of capital assets	(186,991)	(880,614)	(248,309)	(1,315,914)	(242,710)
Transfer from other funds	-	-	-	-	325,541
Principal paid on capital debt	(318,761)	(2,595,497)	-	(2,914,258)	-
Proceeds from capital debt	-	8,161	-	8,161	-
Interest paid on capital debt	(477,788)	(328,622)	-	(806,410)	-
Net cash provided (used) by capital and related financing activities	(980,931)	(3,796,572)	(248,309)	(5,025,812)	102,414
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	18,738	41,893	12,481	73,112	-
Cash paid to joint venture	-	-	(215,530)	(215,530)	-
Net cash provided (used) by investing activities	18,738	41,893	(203,049)	(142,418)	-
Net increase (decrease) in cash and cash equivalents	(501,128)	(588,532)	289,864	(799,796)	249,827
Cash and cash equivalents - beginning of year	2,941,485	4,611,285	1,549,091	9,101,861	771,564
Cash and cash equivalents - end of year	\$ 2,440,357	\$ 4,022,753	\$ 1,838,955	\$ 8,302,065	\$ 1,021,391
Cash and cash equivalents at end of year is composed of the following:					
Cash and cash equivalents	\$ 2,440,357	\$ 4,022,753	\$ 1,838,955	\$ 8,302,065	\$ 1,021,391

cont'd

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

CITY OF WAYNESBORO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Exhibit 11
	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$ 220,555
Accounts receivable	<u>6,757</u>
Total assets	<u>227,312</u>
LIABILITIES	
Accounts payable	1,591
Payroll taxes and fringes payable	194,554
Due to external parties	12,372
Amounts held for developer's escrow	<u>18,795</u>
Total liabilities	<u>\$ 227,312</u>

CITY OF WAYNESBORO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Unit:

The Waynesboro Economic Development Authority (the "Authority") was established under the Industrial Development and Revenue Bond Act of the *Code of Virginia* and has the responsibility to promote industry and develop trade by inducing manufacturing, industrial, and other commercial enterprises to locate or remain in the City. The City appoints all seven members of the Authority's Board of Directors. In fiscal year 2009, the Authority issued a \$6.25 million note payable to finance an incentive grant that will be payable solely from financial assistance made available by the City to the Authority. This note was refunded by the City in fiscal year 2015. Additionally, the Authority is authorized to issue revenue bonds upon application by qualified applicants for acquiring, constructing, equipping, and rehabilitating certain facilities as provided in Chapter 49 of the Industrial Development and Revenue Bond Act as set forth in the Code. Upon issuance, the proceeds of the bonds are loaned to the applicant, who then agrees to repay the bonds as set forth in the Loan Agreement executed, in connection, with the issuance of the bonds. Section 15.2-4909 of the Code specifically provides that the bonds shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bonds. Such bonds are payable solely from the revenues and moneys pledged for such purpose by the applicant, and are secured by a deed of trust, line of credit, and/or other pledge of the applicant's assets.

Separate financial statements of this component unit are not available.

Discretely Presented Component Unit:

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

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

Separate financial statements of this component unit are not available.

Undivided Interests and Joint Ventures:

The City, along with the City of Staunton and the County of Augusta, is a participant in the Augusta Regional Landfill (the "Landfill"). The Landfill, which has both an undivided interest component and joint venture component, was formed to develop regional refuse disposal, including the development of facilities and systems for recycling, waste reduction, and disposal alternatives with the 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 \$2,716,160 as of June 30, 2018. Complete financial statements of the Augusta Regional Landfill can be obtained from the entity's administrative offices by contacting the Augusta County Service Authority, P.O. Box 859, Verona, VA 24482-0859.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

A. Reporting Entity (cont'd)

Undivided Interests and Joint Ventures: (cont'd)

The City, in conjunction with the City of Staunton, City of Harrisonburg, County of Augusta, and the County of Rockingham, is a participant in the Middle River Regional Jail Authority, but has no equity interest in the venture. Capital and operating costs are allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. In accordance with the service agreement, the Authority has divided its charges to member jurisdictions into an operating and debt service component. The City paid the Jail Authority \$1,472,302 for fiscal year 2018.

The City, in conjunction with the City of Staunton and the County of Augusta, is a participant in a Regional Animal Shelter, with equity interest in the Regional Animal Shelter Land Trust. Capital and operating costs are allocated annually based on percentage of ownership for each locality. Activity is shown in a special revenue fund, named Shenandoah Valley Animal Service Center. The City transferred funds to the Regional Animal Shelter in the amount of \$121,630 for fiscal year 2018.

Excluded Organizations:

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

- Waynesboro Redevelopment Housing Authority

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as 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, Shenandoah Valley Animal Service Center Funds, Self-Funded Health Insurance Fund, and a blended component unit, Economic Development Authority. The Self-Funded Health Insurance Fund is considered a major fund for financial reporting purposes.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Debt service funds consist of the Debt Revenue Fund. The Debt Revenue Fund is considered a major fund for fiscal year 2015 financial reporting purposes.

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

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

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

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

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

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

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

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

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

1. *Deposits and Investments*

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

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

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

2. *Receivables and Payables*

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

3. *Inventories*

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

4. *Property Taxes*

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

5. *Allowance for Uncollectible Accounts*

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$586,260 at June 30, 2018, and consisted of the following:

General Fund – taxes	\$ 242,559
Water Fund – utility billings	161,781
Sewer Fund – utility billings	123,290
Garbage Fund – utility billings	34,586
Stormwater Fund – utility billings	24,044
Total	<u>\$ 586,260</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 \$591,189 in the Cemetery Care Fund, a permanent fund, are non-spendable and thus restricted. Only earnings may be used by the City to fund the cemetery maintenance costs.

8. *Capital Assets*

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

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present financial position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government has two items that qualify for reporting in this category. They are the deferred charge on refunding and deferred loss on VRS pension reported in the government-wide statement of net position and the enterprise funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt, or the new debt whichever is shorter. The City's net pension liability is calculated using a measurement date of June 30, 2017. Employer contributions made after this date are reported as deferred outflows of resources. The City's employer share of fiscal year 2018 VRS contributions will be reported as part of total pension expense in the next fiscal year.

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

10. Compensated Absences

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

11. *Long-term Obligations*

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

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

12. *Fund Equity*

Financial policies - For fiscal year 2017, a formal policy regarding the general fund's fund balance was adopted by the City. The City does not intend to use General Fund equity (unassigned fund balance) to finance current operations. The City will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the need for short term tax anticipation borrowing. Unassigned fund balance in the General Fund on June 30th of any fiscal year will be no less than 110% of two months of regular operating expenditures for that fiscal year. This calculation for fiscal year 2018, using Exhibit 5 expenditures totaled \$8,085,406. The General fund balance as of June 30, 2018 was \$10,019,656 which is in excess of the minimum balance. When an expenditure is incurred where multiple unrestricted categories could be used, the City follows the subsequent order of use: committed amounts are used first, followed by assigned amounts, then unassigned amounts.

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

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

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

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

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

13. *Net Position*

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

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

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

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

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any new property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. As of June 30, 2018, the City does not record the School Board's capital assets; they are reported as capital assets of the Component Unit – School Board.

15. *Component Unit – Open Lines of Credit*

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

16. *Pensions*

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this \$3,783,962 difference in the primary government are as follows:

Net position of the internal service funds	\$ 2,488,233
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	158,375
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>1,137,354</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,783,962</u>

Another element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of these \$59,667,546 and \$36,691,339 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

	Primary Government	Component Unit School Board
Bonds payable	\$ 44,057,930	\$ -
Less: Discount on bonds payable	(124,767)	-
Plus: Issuance premium	1,781,369	-
Capital leases payable	-	1,738,880
Landfill closure liability	1,722,673	-
Accrued interest payable	352,617	15,664
Net OPEB obligation	3,019,353	6,581,000
Net pension liability	8,124,870	27,643,539
Compensated absences	733,501	712,256
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 59,667,546</u>	<u>\$ 36,691,339</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these \$19,001,889 and \$239,598 differences in the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Debt issued or incurred:		
Issuance of general obligation bonds	\$ (19,860,000)	\$ -
Plus premiums	(1,182,437)	-
Principal repayments:	<u>2,040,548</u>	<u>239,598</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net net position of governmental activities	<u>\$ (19,001,889)</u>	<u>\$ 239,598</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$1,099,052 and \$989,128 differences for the primary government and discretely presented component unit-school board, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ 100,979	\$ 55,695
Accrued interest	(13,550)	2,158
Landfill post-closure care liability	24,585	-
(Increase)/decrease in net OPEB obligation	(213,774)	(611,000)
(Increase)/decrease in net pension liability	2,158,672	4,478,942
EDA revolving loans issued	30,000	-
Increase/(Decrease) in deferred outflows	(583,573)	(933,767)
(Increase)/Decrease in deferred inflows	(452,216)	(2,002,900)
Amortization of issuance premium	109,726	-
Amortization of deferred charge on refunding	(61,797)	-
Net adjustment to increase/decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,099,052</u>	<u>\$ 989,128</u>

Another element of that reconciliation states, "Internal service funds are used by management to charge the costs of supplies and equipment usage to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities." The details of this \$85,641 difference in the primary government are as follows:

Change in net position of the internal service funds	\$ 71,454
Add: Loss from costs in excess of charges to business-type activities	<u>14,187</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 85,641</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to March 30, the City Manager submits to City Council a proposed budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of a budget resolution.
4. The budget resolution places legal restrictions on expenditures at the function level (i.e. General Government Admin., Public Safety, etc.) The appropriations for each function can be revised only by the City Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budget data presented in the accompanying financial statements includes the original budget and the revised budget as of June 30, 2018.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2018, the Shenandoah Valley Animal Service Center Fund and the Capital Improvement Fund had expenditures exceeding appropriations.

C. Deficit Fund Balance

At June 30, 2018, the School Construction Fund had a deficit balance of \$139,880.

4. DEPOSITS AND INVESTMENTS

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

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

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

The City's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Investment Type	Amortized Cost	Fair Quality Ratings	
		AAAm	Unrated
Primary Government			
Local Government Investment Pool	\$ 1,500	\$ 1,500	\$ -
Total Fair Value	\$ 1,500	\$ 1,500	\$ -

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

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

Investment Type	Amortized Cost	Investment Maturities (in years)		
		Less than 1	1 - 5	6 - 10
Primary Government				
Local Government Investment Pool	\$ 1,500	\$ 1,500	\$ -	\$ -
Total Fair Value	\$ 1,500	\$ 1,500	\$ -	\$ -

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 categories its amortized cost measurements within the amortized cost hierarchy established by generally accepted accounting principles. The City has recurring amortized cost measurements as of June 30, 2018, for its Local Government Investment Pool, as Level 1 totaling \$1,500. 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.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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	\$ -	\$ 345,024
State sales taxes	-	442,601
Local sales taxes	1,089,066	-
Communications tax	190,522	-
Public assistance grants	106,851	-
Comprehensive Services Act funds	292,106	-
Other State funds	175,527	-
Total Due from the Commonwealth	<u>1,854,072</u>	<u>787,625</u>
Federal Government:		
Community Services Block Grant	27,037	-
Community Development Block Grant	17,487	-
Public assistance grants	93,781	-
Department of Health & Human Services	26,403	-
Victim Witness	69,749	-
Other federal funds	4,462	-
Total Due from the Federal Government	<u>238,919</u>	<u>-</u>
Total Due from Other Governments	<u>\$ 2,092,991</u>	<u>\$ 787,625</u>

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Inter-fund balances at June 30, 2018 consisted of the following:

Primary Government:

 Due to General Fund from:

Non-major governmental funds	\$ 260,936
Non-major Internal Service Fund	1,218,464
Total due to General Fund from other funds for cash advances	<u>\$ 1,479,400</u>

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

Inter-fund transfers for the year ended June 30, 2018 consisted of the following:

Primary Government:

 Transfers to General Fund from:

Non-major governmental funds	\$ 5,615
Water Fund for operations	452,712
Sewer Fund for operations	486,138
Non-major enterprise funds for operations	473,638
Total transfers to General Fund	<u>\$ 1,418,103</u>

 Transfers to Water Fund from:

Stormwater Fund for operations	\$ 13,095
Total transfers to Water Fund	<u>\$ 13,095</u>

 Transfers to Sewer Fund from:

General Fund for operations	\$ 2,401
Water Fund for operations	\$ 7,202
Total transfers to Sewer Fund	<u>\$ 9,603</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

Transfers to non-major governmental funds from:	
General Fund for welfare assistance	\$ 1,974,854
General Fund for Shenandoah Valley Animal Service Center	121,630
General Fund for Economic Development Authority	285,411
General Fund for debt service	1,247,805
General Fund for capital projects	<u>495,950</u>
Total transfers to non-major governmental funds	<u>\$ 4,125,650</u>

Transfers to non-major Internal Service Fund from:	
General Fund for equipment purchases	<u>\$ 325,541</u>

Transfers to non-major Enterprise Fund from:	
Capital Improvements Fund for operations	<u>\$ 30,000</u>

Component Unit School Board:

Transfers to School Textbook Fund from:	
School Operating Fund	<u>\$ 322,097</u>

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

7. CAPITAL ASSETS

PRIMARY GOVERNMENT

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 8,989,196	\$ -	\$ -	\$ 8,989,196
Construction in progress	<u>3,642,823</u>	<u>921,184</u>	<u>(1,824,149)</u>	<u>2,739,858</u>
Total capital assets not being depreciated	<u>12,632,019</u>	<u>921,184</u>	<u>(1,824,149)</u>	<u>11,729,054</u>
Capital assets, being depreciated				
Buildings	15,865,470	163,435	-	16,028,905
Improvements other than buildings	5,779,907	2,700	-	5,782,607
Equipment	12,270,655	440,981	(270,107)	12,441,529
Infrastructure	<u>55,290,570</u>	<u>1,821,449</u>	<u>-</u>	<u>57,112,019</u>
Total capital assets being depreciated	<u>89,206,602</u>	<u>2,428,565</u>	<u>(270,107)</u>	<u>91,365,060</u>
Less accumulated depreciation for:				
Buildings	(7,113,981)	(331,507)	-	(7,445,488)
Improvements other than buildings	(3,277,608)	(190,279)	-	(3,467,887)
Equipment	(9,397,439)	(641,719)	270,107	(9,769,051)
Infrastructure	<u>(39,431,816)</u>	<u>(990,122)</u>	<u>-</u>	<u>(40,421,938)</u>
Total accumulated depreciation	<u>(59,220,844)</u>	<u>(2,153,627)</u>	<u>270,107</u>	<u>(61,104,364)</u>
Total capital assets being depreciated, net	<u>29,985,758</u>	<u>274,938</u>	<u>-</u>	<u>30,260,696</u>
Governmental activities capital assets, net	<u>\$ 42,617,777</u>	<u>\$ 1,196,122</u>	<u>\$ (1,824,149)</u>	<u>\$ 41,989,750</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

7. CAPITAL ASSETS (cont'd)

PRIMARY GOVERNMENT (cont'd)

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

Governmental activities:	
General government administration	\$ 148,851
Judicial administration	70,891
Public safety	393,375
Public works	1,243,065
Health and welfare	817
Parks, recreation, and cultural	180,589
Community development	<u>119,039</u>
Total depreciation expense – governmental activities	<u>\$ 2,156,627</u>

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 386,268	\$ -	\$ -	\$ 386,268
Construction in progress	<u>136,292</u>	<u>-</u>	<u>-</u>	<u>136,292</u>
Total capital assets not being depreciated	<u>522,560</u>	<u>-</u>	<u>-</u>	<u>522,560</u>
Capital assets, being depreciated:				
Buildings	52,450,888	-	-	52,450,888
Improvements other than buildings	53,283,960	1,258,980	-	54,542,940
Equipment	<u>4,397,400</u>	<u>555,680</u>	<u>-</u>	<u>4,953,080</u>
Total capital assets being depreciated	<u>110,132,248</u>	<u>1,814,660</u>	<u>-</u>	<u>111,946,908</u>
Less accumulated depreciation for:				
Buildings	(9,790,055)	(1,028,500)	-	(10,818,555)
Improvements other than buildings	(31,031,777)	(691,622)	-	(31,723,399)
Equipment	<u>(2,902,756)</u>	<u>(1,350,874)</u>	<u>-</u>	<u>(4,253,630)</u>
Total accumulated depreciation	<u>(43,724,588)</u>	<u>(3,070,996)</u>	<u>-</u>	<u>(46,795,584)</u>
Total capital assets being depreciated, net	<u>66,407,660</u>	<u>(1,256,336)</u>	<u>-</u>	<u>65,151,324</u>
Business-type activities capital assets, net	<u>\$ 66,930,220</u>	<u>\$ (1,256,336)</u>	<u>\$ -</u>	<u>\$ 65,673,884</u>

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

Business-type activities:	
Water	\$ 794,798
Sewer	2,166,741
Garbage	89,100
Stormwater	<u>20,357</u>
Total depreciation expense – business-type activities	<u>\$ 3,070,996</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

7. CAPITAL ASSETS (cont'd)

COMPONENT UNIT - SCHOOL BOARD

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 274,493	\$ -	\$ -	\$ 274,493
Total capital assets not being depreciated	<u>274,493</u>	<u>-</u>	<u>-</u>	<u>274,493</u>
Capital assets, being depreciated:				
Buildings	52,012,462	-	-	52,012,462
Improvements other than buildings	4,335,100	-	-	4,335,100
Equipment	4,165,688	31,750	-	4,197,438
Total capital assets being depreciated	<u>60,513,250</u>	<u>31,750</u>	<u>-</u>	<u>60,545,000</u>
Less accumulated depreciation for:				
Buildings	(17,109,837)	(961,611)	-	(18,071,448)
Improvements other than buildings	(3,112,218)	(156,581)	-	(3,268,799)
Equipment	(3,196,126)	(183,824)	-	(3,379,950)
Total accumulated depreciation	<u>(23,418,181)</u>	<u>(1,302,016)</u>	<u>-</u>	<u>(24,720,197)</u>
Total capital assets being depreciated, net	<u>37,095,069</u>	<u>(1,270,266)</u>	<u>-</u>	<u>35,824,803</u>
School Board capital assets, net	<u>\$ 37,369,562</u>	<u>\$ (1,270,266)</u>	<u>\$ -</u>	<u>\$ 36,099,296</u>

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

Governmental activities:	
Education	<u>\$ 1,302,016</u>

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 2018, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Grant revenue received, but not spent by June 30, 2018 (General Fund)	\$ 24,547
Total deferred revenue for governmental funds	<u>\$ 24,547</u>

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

9. LONG-TERM DEBT

PRIMARY GOVERNMENT

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

	Governmental Activities					
			Virginia Revolving Loans			
Year Ending	General Obligation Bonds		Taxable G.O. Bonds		State Literary Loans	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,606,544	\$ 1,444,941	\$ 37,482	\$ -	\$ 250,000	\$ 15,000
2020	2,270,637	1,595,076	37,481	-	250,000	7,500
2021	2,353,988	1,494,385	37,481	-	-	-
2022	2,442,170	1,387,632	37,481	-	-	-
2023	2,275,683	1,282,175	37,481	-	-	-
2024-2028	18,206,991	4,014,276	187,408	-	-	-
2029-2033	5,905,000	1,834,924	187,408	-	-	-
2034-2038	6,270,000	815,630	149,926	-	-	-
2039-2043	1,390,002	24,672	-	-	-	-
	\$ 42,721,015	\$ 13,893,711	\$ 712,148	\$ -	\$ 500,000	\$ 22,500

	Business-Type Activities											
Year Ending	General Obligation Bonds		Virginia Revolving Loans									
			Taxable G.O Bonds		Sewer Revenue Bonds							
	June 30	Principal	Interest	Principal	Interest	Principal	Interest					
2019	\$	441,977	\$	549,316	\$	165,116	\$	47,557	\$	1,276,312	\$	73,936
2020		456,910		529,867		337,699		87,646		1,646,755		69,218
2021		485,957		510,187		347,906		77,439		1,652,335		63,829
2022		505,970		486,793		358,421		66,924		1,657,923		57,475
2023		530,000		462,311		369,255		56,090		1,663,521		50,855
2024-2028		3,074,449		1,885,942		1,592,050		109,330		8,411,883		146,432
2029-2033		3,430,000		1,177,088		-		-		4,520,672		17,004
2034-2038		3,650,000		445,900		-		-		47,523		535
2039-2043		-		-		-		-		-		-
	\$	12,575,263	\$	6,047,404	\$	3,170,447	\$	444,986	\$	20,876,924	\$	479,284

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.

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City and Blended Component Unit, Economic Development Authority for the year ended June 30, 2018:

	Balance July 1, 2017	Restatement (1)	Additions	Retirements	Balance June 30, 2018	Due within one year
<u>Governmental Activities</u>						
General Obligation Bonds	\$ 24,614,081	\$ -	\$ 19,860,000	\$ 1,753,066	\$ 42,721,015	\$ 1,606,544
Unamortized Bond Premium	708,658	-	1,182,437	109,726	1,781,369	179,956
VRA Loan - Taxable G.O. Bond	886,637	-	-	49,722	836,915	49,393
Unamortized Bond Discount	(137,007)	-	-	(12,240)	(124,767)	(11,911)
State Literary Loans	750,000	-	-	250,000	500,000	250,000
Liability for Landfill Closure	1,747,258	-	-	24,585	1,722,673	-
Net OPEB Obligation	609,169	2,251,022	217,473	-	3,077,664	-
Net Pension Liability	10,438,934	-	-	2,173,483	8,265,451	-
Compensated Absences	847,254	-	-	101,258	745,996	47,500
Total Governmental Activities	<u>\$ 40,464,984</u>	<u>\$ 2,251,022</u>	<u>\$ 21,259,910</u>	<u>\$ 4,449,600</u>	<u>\$ 59,526,316</u>	<u>\$ 2,121,482</u>
<u>Business-type Activities</u>						
General Obligation Bonds	\$ 13,007,540	\$ -	\$ -	\$ 432,277	\$ 12,575,263	\$ 441,977
Unamortized Bond Premium	1,241,592	-	-	114,006	1,127,586	110,233
VRA Loan - Taxable G.O. Bond	3,651,297	-	-	480,850	3,170,447	165,116
VRA Loan - Sewer Revenue Bond	22,869,894	-	-	1,992,970	20,876,924	1,276,312
Unamortized Bond Discount	(4,849,779)	-	-	(774,086)	(4,075,693)	(423,077)
Net OPEB Obligation	130,381	388,636	68,170	-	587,187	-
Net Pension Liability	2,079,313	-	-	628,210	1,451,103	-
Compensated Absences	181,500	-	-	46,929	134,571	33,044
Total Business-type Activities	<u>\$ 38,311,738</u>	<u>\$ 388,636</u>	<u>\$ 68,170</u>	<u>\$ 2,921,156</u>	<u>\$ 35,847,388</u>	<u>\$ 1,603,605</u>
Primary Government Totals	<u>\$ 78,776,722</u>	<u>\$ 2,639,658</u>	<u>\$ 21,328,080</u>	<u>\$ 7,370,756</u>	<u>\$ 95,373,704</u>	<u>\$ 3,725,087</u>

(1) Restatement is for GASB 75 OPEB accrual.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds, which totaled \$211,187 at June 30, 2018, are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

<u>Details of Long-Term Indebtedness</u>	<u>Govern- mental</u>	<u>Business- type</u>
General Obligation Bonds:		
\$4,341,667 General Obligation School Bonds – Series 2001A (Waynesboro High School), issued November 15, 2001, maturing annually through July 15, 2021, bearing interest from 3.10% to 5.35% payable semiannually.	\$ 972,257	\$ -

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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

General Obligation Bonds: (cont'd)

\$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 \$88,606.

<u>Govern- mental</u>	<u>Business- type</u>
\$ 3,514,459	\$ -

\$5,870,000 General Obligation Public Improvement Bonds – Series 2008 (General) issued November 21, 2008, maturing annually through October 1, 2018, bearing interest from 3.125% to 5.201% payable semiannually. The bond is shown net of unamortized premium of \$7,554.

282,554	-
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\$1,370,000 General Obligation Public Improvement Bonds – Taxable Build America Bonds, Series 2010A (General, Sewer) issued December 7, 2010, maturing annually through 2031.

410,000	960,000
---------	---------

\$1,925,000 General Obligation Public Improvement Bonds – Tax-Exempt Series 2010B (General City and Schools – Westwood Hills Elementary, Sewer) issued December 7, 2010, maturing annually through 2031. The bond is shown net of unamortized premium of \$6,853 for governmental activities and unamortized premium of \$16,053 for business-type activities.

321,854	756,053
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\$3,519,000 General Obligation Public Improvement Bonds - Series 2011 (General) issued October 31, 2011, maturing with monthly installments of \$25,955 through October 28, 2026, bearing an interest rate of 3.96%.

2,208,167	-
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\$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%.

10,725,000	-
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\$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 \$495,919 for governmental activities and unamortized premium of \$959,916 for business-type activities.

5,025,656	11,835,179
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\$19,860,000 General Obligation School Bonds – Series 2018A (WHS Renovation), issued May 1, 2018, maturing annually through July 15, 2038, bearing interest from 3.05% to 5.05% payable semiannually. The bonds are shown net of unamortized premiums of \$1,182,437 for governmental activities.

<u>21,042,437</u>	<u>-</u>
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Total General Obligation Bonds

<u>44,502,384</u>	<u>13,551,232</u>
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CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

Details of Long-Term Indebtedness (cont'd)

	<u>Govern- mental</u>	<u>Business- type</u>
State Literary Fund Loans:		
\$5,000,000 Literary Fund Loan (Schools – Westwood Hills Elementary) issued April 28, 2000, due in annual installments of \$250,000 through June 1, 2020 with interest payable annually at 3%.	500,000	-
Virginia Revolving Loans:		
\$6,245,039 General Obligation Public Improvement Bonds – Series 2006A (Sewer) issued March 17, 2006, maturing annually through January 1, 2027, bearing interest at a 3.0% fixed interest rate payable semiannually.	-	3,170,446
\$14,594,900 Sewer Revenue Bond – Series 2008 issued February 28, 2008, maturing semi-annually through January 1, 2031. Unamortized discount of \$2,166,744 is based on imputed interest rate of 4.41%.	-	6,955,068
\$2,125,000 Sewer Revenue Bond – Series 2008B issued November 21, 2008, maturing annually through October 1, 2018, bearing interest from 3.125% to 5.375% payable semiannually. The bond is shown net of an unamortized premium of \$403.	-	100,403
\$14,624,858 Sewer Revenue Bond – Series 2009 issued June 10, 2009, maturing semi-annually through December 1, 2030. Unamortized discount of \$1,810,147 is based on imputed interest rate of 3.55%.	-	7,330,390
\$845,260 Sewer Revenue Bond – Series 2014 issued June 23, 2014, maturing semi-annually through December 1, 2030. Unamortized discount of \$98,802 is based on imputed interest rate of 3.12%.	-	445,188
\$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 \$151,214.	-	1,441,214
\$808,932 Sewer Revenue Bond – Series 2015 issued June 18, 2015, maturing semi-annually through February 1, 2036.	-	680,586
\$749,630 General Obligation Public Improvement Bonds – Series 2015B issued June 8, 2015, maturing semi-annually through March 1, 2037. Unamortized discount of \$124,767 is based on imputed interest rate of 2.05%.	712,148	-
Total Virginia Revolving Loans	712,148	20,123,295
Liability for Municipal Solid Waste Landfill Closure	1,722,673	-
Net OPEB Obligation	3,077,664	587,187
Net Pension Liability	8,265,449	1,451,103
Compensated Absences	745,996	134,571
Total Primary Government Long-Term Debt	\$ 59,526,311	\$ 35,847,388

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

9. LONG-TERM DEBT (cont'd)

PRIMARY GOVERNMENT (cont'd)

COMPONENT UNIT SCHOOL BOARD

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

Year Ending June 30	Governmental Activities	
	Capital Leases	
	Principal	Interest
2019	\$ 252,686	\$ 90,366
2020	266,490	76,563
2021	281,047	62,005
2022	296,400	46,653
2023	312,591	30,462
2024	329,666	13,385
	<u>\$ 1,738,880</u>	<u>\$ 319,434</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, 2018:

Governmental Activities	Balance July 1, 2017	Restatement (1)	Additions	Retirements	Balance June 30, 2018	Due within one year
Capital Leases	\$ 1,978,478	\$ -	\$ -	\$ 239,598	\$ 1,738,880	\$ 252,686
Net OPEB Obligation	3,110,000	2,860,000	611,000	-	6,581,000	-
Net Pension Liability	32,122,481	-	-	4,478,942	27,643,539	-
Compensated Absences	771,730	-	46,722	53,098	765,354	84,098
Total Governmental Activities	<u>\$ 37,982,689</u>	<u>\$ 2,860,000</u>	<u>\$ 657,722</u>	<u>\$ 4,771,638</u>	<u>\$ 36,728,773</u>	<u>\$ 336,784</u>

COMPONENT UNIT SCHOOL BOARD

Details of Long-Term Indebtedness

Capital Lease:

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

\$ 1,738,880

Net OPEB Obligation

6,581,000

Net Pension Liability

27,643,539

Compensated Absences

765,354

Total Component Unit School Board Long-Term Debt

\$ 36,728,773

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

10. CAPITAL LEASES

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

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 343,052
2020	343,052
2021	343,052
2022	343,052
2023	343,052
Thereafter	<u>343,054</u>
Total minimum lease payments	\$ 2,058,314
Less: amount representing interest	<u>(319,435)</u>
Present value of minimum lease payments	<u>\$ 1,738,880</u>

11. CONTINGENT LIABILITIES

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

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

CITY OF WAYNESBORO, VIRGINIA
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12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments and Other Significant Commitments

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

	<u>Governmental</u>
Estimated project costs financed \$	8,043,726
Costs incurred through 6-30-18	<u>(7,289,773)</u>
Estimated remaining costs	<u>\$ 753,953</u>

In connection with the general obligation bonds issued in 2018, the City started major renovations to Waynesboro High School project.

	<u>Governmental</u>
Estimated project costs financed \$	19,860,000
Costs incurred through 6-30-18	<u>(1,646,642)</u>
Estimated remaining costs	<u>\$ 18,213,358</u>

The City has encumbered funds in the General Fund in the following categories, included in fund balance at June 30, 2018:

Function	Restricted	Assigned
General government administration	\$ -	\$ 53,034
Judicial administration	-	2,413
Public safety	-	334,859
Public works	23,911	26,825
Parks, recreation and cultural	-	34,108
Community development	-	<u>29,882</u>
Total	<u>\$ 23,911</u>	<u>\$ 481,121</u>

Encumbrances in other funds at June 30, 2018, are as follows:

Fund	Amount
Nonmajor Governmental Funds	\$ 623,543
Water Fund	68,313
Sewer Fund	457,922
Nonmajor Enterprise Funds	104,047
Internal Service Fund	<u>152,028</u>
Total	<u>\$ 1,405,853</u>

Blended Component Unit Commitments - Economic Development Authority

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

CITY OF WAYNESBORO, VIRGINIA
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13. DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions

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

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 Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

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

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
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<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions 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>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service Defined Benefit Component: Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions</u> <u>Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
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CITY OF WAYNESBORO, VIRGINIA
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<p>Vesting</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 creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u></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 creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u></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"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
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<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u>: See definition under Plan 1</p> <p><u>Defined Contribution Component</u>: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non- hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u>: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u>: Not applicable.</p>

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

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<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u></p> <ul style="list-style-type: none"> • For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. • For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u></p> <p><u>Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution</u></p> <p><u>Component:</u> Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>
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<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work- related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <input type="checkbox"/> Hybrid Retirement Plan members are ineligible for ported service.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

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13. DEFINED BENEFIT PENSION PLAN (cont'd)

Employees Covered by Benefit Terms - City

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	295
Inactive members:	
Vested inactive members	73
Non-vested inactive members	103
Inactive members active elsewhere in VRS	<u>153</u>
Total inactive members	329
Active members	305
Total covered employees	929

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

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	44
Inactive members:	
Vested inactive members	3
Non-vested inactive members	24
Inactive members active elsewhere in VRS	<u>15</u>
Total inactive members	42
Active members	33
Total covered employees	117

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the City and School Board by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2018 was 5.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The School Board's non-professional employee pension plan contractually required contribution rate for the year ended June 30, 2018 was 5.27% 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, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the City were \$1,338,443 and \$1,340,706 for the years ended June 30, 2018 and June 30, 2017, respectively. Contribution to the pension plan from the School Board's non-professional employees were \$39,487 and \$39,131 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

Contributions (cont'd)

Each school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the school division were \$2,878,665 and \$2,598,021 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The City and School Board's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2016, 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, 2017.

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

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

Mortality rates:

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

Pre-Retirement:

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

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

Post-Retirement:

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

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

Post-Disablement:

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

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

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

Pre-Retirement:

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

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

Actuarial Assumptions – General Employees City & School Board (cont'd)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

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, 2016, 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, 2017.

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

13. DEFINED BENEFIT PENSION PLAN (cont'd)

Actuarial Assumptions – General Employees City & School Board (cont'd)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

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:

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13. DEFINED BENEFIT PENSION PLAN (cont'd)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%

Inflation	<u>2.50%</u>
* Expected arithmetic nominal return	<u>7.33%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the City's and School Board's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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13. DEFINED BENEFIT PENSION PLAN (cont'd)

Changes in Net Pension Liability – City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 71,922,152	\$ 59,266,631	\$ 12,655,521
Changes for the year:			
Service cost	1,395,692	-	1,395,692
Interest	4,893,349	-	4,893,349
Changes of assumptions	(83,704)	-	(83,704)
Differences between expected and actual expenses	(93,408)	-	(93,408)
Contributions - employer	-	1,340,790	(1,340,790)
Contributions - employee	-	663,517	(663,517)
Net investment income	-	7,119,980	(7,119,980)
Benefit payments, including refunds of employee contributions	(4,034,334)	(4,034,334)	-
Administrative expenses	-	(42,294)	42,294
Other changes	-	(6,285)	6,285
Net Changes	<u>2,077,595</u>	<u>5,041,374</u>	<u>(2,963,779)</u>
Balances at June 30, 2017	<u>\$ 73,999,747</u>	<u>\$ 64,308,005</u>	<u>\$ 9,691,742</u>

Changes in Net Pension Liability – School Board Non-professional

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 3,619,469	\$ 3,470,988	\$ 148,481
Changes for the year:			
Service cost	76,422	-	76,422
Interest	246,759	-	246,759
Changes of assumptions	(6,561)	-	(6,561)
Differences between expected and actual expenses	(412,930)	-	(412,930)
Contributions - employer	-	39,331	(39,331)
Contributions - employee	-	37,355	(37,355)
Net investment income	-	417,790	(417,790)
Benefit payments, including refunds of employee contributions	(188,674)	(188,674)	-
Administrative expenses	-	(2,475)	2,475
Other changes	-	(369)	369
Net Changes	<u>(284,984)</u>	<u>302,958</u>	<u>(587,942)</u>
Balances at June 30, 2017	<u>\$ 3,334,485</u>	<u>\$ 3,773,946</u>	<u>\$ (439,461)</u>

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

13. DEFINED BENEFIT PENSION PLAN (cont'd)

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

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

	(6.00%)	Rate (7.00%)	(8.00%)
City's Net Pension Liability	\$18,910,482	\$9,691,742	\$2,020,257
School Board–Non-Professional Net Pension Liability	\$(57,390)	\$(439,461)	\$(762,819)

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

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

	(6.00%)	Rate (7.00%)	(8.00%)
School Board – Professional Net Pension Liability	\$41,937,000	\$28,083,000	\$16,623,000

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

For the year ended June 30, 2018, the City's recognized pension expense of \$(228,093). At June 30, 2018, 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	\$ 44,824	\$ 59,317
Changes in assumptions	-	53,155
Net difference between projected and actual earnings on plan investments	-	907,437
Employer contributions subsequent to the measurement date	-	-
Total	\$ 44,824	\$ 1,019,907

\$1,338,443 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. 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

2019	\$ (629,479)
2020	247,188
2021	16,023
2022	(608,815)
2023	-
Thereafter	-

CITY OF WAYNESBORO, VIRGINIA
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June 30, 2018

13. DEFINED BENEFIT PENSION PLAN (cont'd)

***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, 2018, the School Board's non-professional pension plan recognized pension expense of \$(261,613). At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,012
Changes of assumptions	-	3,162
Net difference between projected and actual earnings on plan investments	-	53,267
Employer contributions subsequent to Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 261,441</u>

\$39,131 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, 2018. 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

2019	\$(243,798)
2020	17,421
2021	704
2022	(35,768)
2023	-
Thereafter	-

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

At June 30, 2018, the school division reported a liability of \$28,083,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.22835% as compared to 0.22816% at June 30, 2016.

For the year ended June 30, 2017, the school division recognized pension expense of \$1,853,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

CITY OF WAYNESBORO, VIRGINIA
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June 30, 2018

13. DEFINED BENEFIT PENSION PLAN (cont'd)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,989,000
Change of assumptions	410,000	-
Net difference between projected and actual earnings on plan investments	-	1,020,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	252,000	769,000
Employer contributions subsequent to the measurement date	<u>2,878,665</u>	<u>-</u>
Total	<u>\$ 3,540,665</u>	<u>\$ 3,778,000</u>

\$3,540,665 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, 2018. 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

2019	\$(132,000)
2020	(317,000)
2021	(453,000)
2022	(923,000)
Thereafter	(101,000)

Pension Plan Data and Fiduciary Net Position

Detailed information about the City's Retirement Plan and VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2018. All claims are paid in full at the time of damage. In addition, the City provides various surety bond coverage as required under regulations and at industry-recommended desired levels.

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

During 2015 the City established a self-funded health insurance fund to account for health insurance claims for employees and retirees. The fund is reported as a special revenue fund and revenues are from payroll deductions and retiree contributions. Claims are paid as they become due and the fund has generated a surplus of \$2,371,292 to pay out future health insurance claims. The City has an individual stop loss limit of \$100,000.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

15. SURETY BONDS

<u>Travelers Casualty and Surety Company of America – Surety</u>	<u>Amount</u>
Treasurer/Finance Director	\$ 500,000
Commissioner of the Revenue	3,000
Clerk of the Circuit Court	103,000
Sheriff/Jail Supervisor/Jail Officer	30,000
<u>Selective Insurance Company of America – Surety</u>	
Treasurer	20,000
<u>VML Insurance Program – Surety</u>	
All School Board employees – Blanket Bond	250,000

16. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Cities of Waynesboro and Staunton and the County of Augusta share the costs of landfill operations on a site operated by the Augusta Regional Landfill. State and federal laws and regulations require the regional landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City recognizes a portion of these closure and post-closure care costs as a component of its equity interest in the landfill joint venture. In fiscal year 2008, the City began post-closure care on the old City landfill site.

The \$1,722,673 reported as landfill closure and post-closure care liability at June 30, 2018, 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 2018 based upon a DEQ-approved inflation rate. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

17. OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

Other Post-employment Benefits Program

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

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

Plan Description

All full-time, salaried permanent employees of participating City and School Board are automatically covered by the VRS City and School Board Other Post-employment Benefits Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The Other Post-employment Benefits is a tax-free reimbursement in an amount set by the General Assembly for each year of

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Plan Description (Cont'd)

service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Plan Description (Cont'd)

Employees Covered by Benefit Terms - City

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees or their beneficiaries currently receiving benef	27
Inactive employees entitled to but not yet receiving benefits	-
Active employees	292
Total	319

Employees Covered by Benefit Terms – School Board

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees or their beneficiaries currently receiving benef	33
Inactive employees entitled to but not yet receiving benefits	-
Active employees	378
Total	411

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the City and School Board by the Virginia General Assembly. The City's and School Board's contractually required employer contribution rate for the year ended June 30, 2018 was 1.65% and 1.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City's and School Board's Other Post-employment Benefits Program were \$123,410 and \$215,331 for the year ended June 30, 2018 and \$208,000 and \$283,000 for the year ended June 30, 2017.

Net OPEB liability

The City's and School Board's net Other Post-employment Benefits OPEB liability was measured as of June 30, 2017. The total Other Post-employment Benefits OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
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17. OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

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

Actuarial Assumptions

The total OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation -	
Locality – general employees	3.5% - 5.35%
Locality – hazardous duty employees	3.5% - 5.35%
Investment rate of return	7%, net of investment expenses, including inflation*

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

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

(Notes Continued on Next Page)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Long-Term Expected Rate of Return

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

(Notes Continued on Next Page)

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation *		2.50%
	Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Changes in Net OPEB Liability - City

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 3,562,000	\$ -	\$ 3,562,000
Changes for the year			
Service cost	127,000	-	991,000
Interest	128,000	-	2,594,000
Contributions - employer	-	208,000	(208,000)
Net investment income	-	-	-
Benefit payments	(208,000)	208,000	-
Other changes	-	-	-
Net Changes	-	-	-
	47,000	-	47,000
Balances at June 30 2018	\$ 3,609,000	\$ -	\$ 17,596,000

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 6,256,000	\$ -	\$ 6,256,000
Changes for the year			
Service cost	377,000	-	377,000
Interest	231,000	-	231,000
Contributions - employer	-	283,000	(283,000)
Net investment income	-	-	-
Benefit payments	(283,000)	283,000	-
Other changes	-	-	-
Net Changes	325,000	-	325,000
Balances at June 30 2018	\$ 6,581,000	\$ -	\$ 6,581,000

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

Sensitivity of the City's and School Board 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 7.00%, as well as what the City's and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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, 2018, the City's and School Board's recognized Other Post-employment Benefits Program OPEB expense \$255,000 and \$611,000. At June 30, 2018, 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:

City's	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date But prior to fiscal year end	123,410	-
Total	\$ 123,410	\$ -
 School Board's	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date But prior to fiscal year end	215,331	-
Total	\$ 215,331	\$ -

\$123,410 and \$215,331 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, 2019. 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:

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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

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

City's

Year ended June 30

(2019)	\$ 123,410
(2020)	-
(2021)	-
(2022)	-
(2023)	-

School Board's

Year ended June 30

(2019)	\$ 215,331
(2020)	-
(2021)	-
(2022)	-
(2023)	-

Other Post-employment Benefits Program Plan Data

Information about the VRS City's and School Board's Other Post-employment Benefits Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

18. NOTES RECEIVABLE

The Blended Component Unit, Economic Development Authority, reports a note receivable related to revolving notes entered into with numerous local businesses. These notes were the result of USDA Rural Development grant funds received by the EDA to encourage small business growth in the City. The EDA matched the grant funds received from the USDA at 10% of each note. The revolving notes will be paid back to the EDA over three years with an annual interest rate of 3%. At June 30, 2018, the outstanding balance of the notes was \$48,353.

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, 2018, the outstanding balance of the note was \$4,085,862.

19. CONDUIT DEBT OBLIGATION

During fiscal year 2013, the Blended Component Unit, Economic Development Authority, issued a revenue bond for the purpose of constructing and rehabilitating facilities deemed to be in the public interest. The bond is payable solely from the revenues of the projects and the bond shall not be deemed to constitute debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the locality issuing the bond. All of the EDA's rights (other than indemnification and its fees) are assigned to a Trustee to administer the bond for the benefit of the bondholder. The EDA neither receives nor disburses funds related to the bond. The EDA does not retain either the benefit of asset ownership or the liability for bond liquidation. Accordingly, the EDA does not recognize associated assets, liabilities, income, or interest expense in the financial statements. The EDA will receive bond administration fees annually at a rate of 1/8th of 1% of the outstanding principal balance. At June 30, 2018, \$4,781,867 of such conduit bonds were outstanding.

CITY OF WAYNESBORO, VIRGINIA
Notes to Financial Statements
June 30, 2018

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, 2018, the City abated/rebated property taxes totaling \$246,201 under this program, including the following:

- PGI real estate taxes and machinery and tools taxes abated/rebates totaled \$234,029. This agreement was entered into on 6/14/2010 and the incentive is in effect until 2017. The incentive is incremental and based upon 80% of real estate and machinery and tools taxes.
- Wayne Theatre Alliance real estate taxes abated/rebates totaled \$12,172. This agreement was entered into on 1/28/2008 and the incentive is in effect until 2019.

21. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements which will be effective for the year ended June 30, 2019. Management has not yet evaluated the effects, if any, of adopting these standards:

GASB Statement No. 83, Certain Asset Retirement Obligations, will address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based upon this guidance. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for the AROs.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

22. CHANGE IN ACCOUNTING PRINCIPLES

In the current fiscal year, the City adopted the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75). The provisions of Statement No. 75 relevant to the City related to changes in the accounting and reporting of OPEB plan activities. Specifically, net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the OPEB plan are reported in the statement of net position. Statement No. 75 requires the liability for OPEB plans to be measured as the portion of the present value of the projected benefit payments to be provided through the OPEB plan to current active and inactive employees that is attributed to those employees' past periods of service. The net OPEB liability, deferred outflows of resources and deferred inflows of resources are calculated based on actuarial valuations performed at least every two years. As the provisions of Statement No. 75 were effective after June 15, 2017, net position as of June 30, 2017 has been adjusted accordingly:

	Governmental Activities	Business-type Activities	Component Unit School Board
Net position at June 30, 2017, as last reported:	\$ 30,646,369	\$ 41,097,810	\$ 3,117,358
Adjustments:			
OPEB expense	217,473	37,345	611,000
Net OPEB liability	<u>(2,468,495)</u>	<u>(425,981)</u>	<u>(3,471,000)</u>
Total Adjustments	<u>(2,251,022)</u>	<u>(388,636)</u>	<u>(2,860,000)</u>
Net position, restated at July 1, 2017	<u>\$ 28,395,347</u>	<u>\$ 40,709,174</u>	<u>\$ 257,358</u>

23. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 28, 2018, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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

CITY	Exhibit 12			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,395,692	\$ 1,418,197	\$ 1,364,584	\$ 1,410,687
Interest	4,893,349	4,735,848	4,846,873	4,674,679
Changes in assumptions	(83,704)	-	-	-
Differences between expected and actual experience	(93,408)	133,586	(3,886,254)	-
Benefit payments, including refunds of employee contributions	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Net change in total pension liability	2,077,595	2,246,721	(1,456,438)	2,616,107
Total pension liability - beginning	71,922,152	69,675,431	71,131,869	68,515,762
Total pension liability ending (a)	73,999,747	71,922,152	69,675,431	71,131,869
Plan fiduciary net position				
Contributions - employer	\$ 1,340,790	\$ 1,802,969	\$ 1,747,952	\$ 1,694,304
Contributions - employee	663,517	683,362	635,125	637,148
Net investment income	7,119,980	1,009,564	2,660,724	8,097,319
Benefit payments, including refunds of employee contributions	(4,034,334)	(4,040,910)	(3,781,641)	(3,469,259)
Administrative expense	(42,294)	(37,703)	(37,243)	(44,224)
Other	(6,285)	(435)	(557)	427
Net change in plan fiduciary net position	5,041,374	(583,153)	1,224,360	6,915,715
Plan fiduciary net position - beginning	59,266,631	59,849,784	58,625,424	51,709,709
Plan fiduciary net position - ending (b)	64,308,005	59,266,631	59,849,784	58,625,424
City of Waynesboro's net pension liability - ending (a) - (b)	\$ 9,691,742	\$ 12,655,521	\$ 9,825,647	\$ 12,506,445
Plan fiduciary net position as a percentage of the total pension liability	86.90%	82.40%	85.90%	82.42%
Covered payroll	13,153,451	13,015,233	12,776,149	12,048,335
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	73.68%	97.24%	76.91%	103.80%
SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)				
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 76,422	\$ 101,863	\$ 106,501	\$ 103,795
Interest	246,759	237,820	243,416	234,497
Changes in assumptions	(6,561)	-	-	-
Differences between expected and actual experience	(412,930)	(20,577)	(205,893)	-
Benefit payments, including refunds of employee contributions	(188,674)	(194,135)	(253,809)	(167,926)
Net change in total pension liability	(284,984)	124,971	(109,785)	170,366
Total pension liability - beginning	3,619,469	3,494,498	3,604,283	3,433,917
Total pension liability ending (a)	3,334,485	3,619,469	3,494,498	3,604,283
Plan fiduciary net position				
Contributions - employer	\$ 39,331	\$ 63,505	\$ 80,835	\$ 108,104
Contributions - employee	37,355	35,593	45,591	48,472
Net investment income	417,790	59,822	155,645	476,157
Benefit payments, including refunds of employee contributions	(188,674)	(194,135)	(253,809)	(167,926)
Administrative expense	(2,475)	(2,219)	(2,229)	(2,557)
Other	(369)	(26)	(32)	25
Net change in plan fiduciary net position	302,958	(37,460)	26,001	462,275
Plan fiduciary net position - beginning	3,470,988	3,508,448	3,482,447	3,020,172
Plan fiduciary net position - ending (b)	3,773,946	3,470,988	3,508,448	3,482,447
City of Waynesboro's net pension liability - ending (a) - (b)	\$ (439,461)	\$ 148,481	\$ (13,950)	\$ 121,836
Plan fiduciary net position as a percentage of the total pension liability	113.18%	95.90%	100.40%	96.62%
Covered payroll	800,684	721,229	958,934	958,709
City of Waynesboro's net pension liability as a percentage of covered-employee payroll	-54.89%	20.59%	-1.45%	12.71%

(1) The Schedule of Employer's Share of Net Pension Liability and Related Ratios is intended to show information for 10 years. Since 2018 is the forth year for this presentation, only four years of data are available. However, additional years will be included as they become available.

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

CITY

Exhibit 13

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	1,338,443	1,338,443	-	13,153,451	10.18%
2017	1,340,706	1,340,706	-	13,071,409	10.26%
2016	1,805,158	1,805,158	-	13,085,870	13.79%
2015	1,747,904	1,747,904	-	12,629,097	13.84%
2014	1,689,566	1,689,566	-	12,405,040	13.62%
2013	1,720,190	1,720,190	-	12,629,879	13.62%
2012	1,279,264	1,279,264	-	11,812,229	10.83%
2011	1,272,361	1,272,361	-	11,748,488	10.83%
2010	1,029,138	1,029,138	-	12,266,246	8.39%
2009	1,068,435	1,068,435	-	12,734,625	8.39%

SCHOOL BOARD COMPONENT UNIT (NON-PROFESSIONAL)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	39,487	39,487	-	800,684	4.93%
2017	39,131	39,131	-	783,810	4.99%
2016	42,664	42,664	-	1,128,679	3.78%
2015	126,426	126,426	-	1,439,930	8.78%
2014	113,413	113,413	-	1,020,815	11.11%
2013	104,921	104,921	-	944,381	11.11%
2012	79,415	79,415	-	948,806	8.37%
2011	75,813	75,813	-	905,767	8.37%
2010	66,424	66,424	-	946,217	7.02%
2009	73,746	73,746	-	1,050,510	7.02%

SCHOOL BOARD COMPONENT UNIT (TEACHERS)

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	2,878,665	2,878,665	-	18,071,133	15.93%
2017	2,598,021	2,598,021	-	18,019,016	14.42%
2016	2,151,749	2,151,749	-	22,649,987	9.50%
2015	3,267,648	3,267,648	-	22,535,503	14.50%
2014	2,299,687	2,299,687	-	19,722,871	11.66%
2013	1,978,240	1,978,240	-	16,966,037	11.66%
2012	1,043,343	1,043,343	-	16,482,505	6.33%
2011	636,450	636,450	-	16,194,666	3.93%
2010	1,091,369	1,091,369	-	12,387,843	8.81%
2009	1,436,378	1,436,378	-	16,303,954	8.81%

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

	Exhibit 14			
	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	22.83500%	22.81600%	0.22613%	0.23839%
Employer's Proportionate Share of Net Pension Liability (Asset)	28,083,000	31,974,000	28,462,000	28,809,000
Employer's Covered Payroll	19,519,888	19,855,454	20,250,896	19,173,097
Employer's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	143.87%	161.03%	140.55%	150.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

(1) The Schedule of Employer's Share of Net Pension Liability is intended to show information for 10 years. Since 2018 is the forth year for this presentation, there are only four years available. However, additional years will be included as they become available.

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

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

CITY	Exhibit 15
	2017
Total OPEB liability	
Service cost	\$ 127,000
Interest	128,000
Benefit payments, including refunds of employee contributions	<u>(208,000)</u>
Net change in total OPEB liability	47,000
Total OPEB liability - beginning	<u>3,562,000</u>
Total OPEB liability ending (a)	<u>3,609,000</u>
Plan fiduciary net position	
Contributions - employer	\$ 208,000
Benefit payments, including refunds of employee contributions	<u>(208,000)</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>
City of Waynesboro's net OPEB liability - ending (a) - (b)	<u>\$ 3,609,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	12,635,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	<u>28.56%</u>

SCHOOL BOARD COMPONENT UNIT

	2017
Total OPEB liability	
Service cost	\$ 377,000
Interest	231,000
Benefit payments, including refunds of employee contributions	<u>(283,000)</u>
Net change in total OPEB liability	325,000
Total OPEB liability - beginning	<u>6,256,000</u>
Total OPEB liability ending (a)	<u>6,581,000</u>
Plan fiduciary net position	
Contributions - employer	\$ 283,000
Benefit payments, including refunds of employee contributions	<u>(283,000)</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>
City of Waynesboro's net OPEB liability - ending (a) - (b)	<u>\$ 6,581,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	16,659,000
City of Waynesboro's net OPEB liability as a percentage of covered-employee payroll	<u>39.50%</u>

(1) The Schedule of Employer's Share of Net OPEB Liability and Related Ratios is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

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

CITY

Exhibit 16

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	123,410	123,410	-	12,635,000	0.98%
2017	208,000	208,000	-	12,635,000	1.65%
2016	232,000	232,000	-	12,387,000	1.87%
2015	209,000	238,000	-	12,387,000	1.92%
2014	199,000	199,000	-	11,981,000	1.66%
2013	155,000	155,000	-	11,981,000	1.29%
2012	195,000	195,000	-	10,091,000	1.93%
2011	168,000	168,000	-	10,091,000	1.66%
2010	152,000	152,000	-	not available	
2009	146,000	146,000	-	not available	

SCHOOL BOARD COMPONENT UNIT

Date	Contractually Required Contributon	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	215,331	215,331	-	16,659,000	1.29%
2017	283,000	283,000	-	16,659,000	1.70%
2016	260,000	260,000	-	17,785,000	1.46%
2015	232,000	232,000	-	17,785,000	1.30%
2014	317,000	317,000	-	17,260,000	1.84%
2013	290,000	290,000	-	17,260,000	1.68%
2012	470,000	470,000	-	16,817,000	2.79%
2011	450,000	450,000	-	16,817,000	2.68%
2010	350,000	350,000	-	11,525,000	3.04%
2009	312,000	312,000	-	11,525,000	2.71%

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

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NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUNDS

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

PERMANENT FUNDS

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Fund	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 38,018	\$ 266,262	\$ 163,305	\$ 293,301	\$ 299,991
Investments	-	-	-	-	-	-
Accounts receivable	-	-	39,460	-	77,294	5,190
Due from other governments	200,633	292,106	27,199	54,061	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	<u>\$ 200,633</u>	<u>\$ 330,124</u>	<u>\$ 332,921</u>	<u>\$ 217,366</u>	<u>\$ 370,595</u>	<u>\$ 305,181</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	269,821	3,961	95,195	17,985	16,820
Accrued payroll	-	-	29,905	-	15,893	-
Retainage payable	-	-	-	-	-	-
Due to other funds	<u>200,633</u>	<u>60,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>200,633</u>	<u>330,124</u>	<u>33,866</u>	<u>95,195</u>	<u>33,878</u>	<u>16,820</u>
Fund Balances:						
Nonspendable:						
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Shenandoah Valley Animal Center	-	-	-	-	336,717	-
Capital projects	-	-	-	-	-	-
Committed to:						
EDA revolving loans	-	-	-	-	-	48,353
Capital projects	-	-	-	-	-	-
Assigned to:						
Youth and family services	-	-	299,055	-	-	-
CAPSAW	-	-	-	122,171	-	-
Economic Development Authority	-	-	-	-	-	240,008
Debt service	-	-	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>299,055</u>	<u>122,171</u>	<u>336,717</u>	<u>288,361</u>
Total liabilities and fund balances	<u>\$ 200,633</u>	<u>\$ 330,124</u>	<u>\$ 332,921</u>	<u>\$ 217,366</u>	<u>\$ 370,595</u>	<u>\$ 305,181</u>

Exhibit 17

	Debt Service	Capital Projects	Permanent	Total
	Debt Revenue Fund	Capital Improvements Fund	Cemetery Care Fund	Nonmajor Governmental Funds
Total				
\$ 1,060,877	\$ 4,405	\$ 1,816,589	\$ -	\$ 2,881,871
-	-	37,191	-	37,191
121,944	-	2,595	-	124,539
573,999	-	17,487	-	591,486
-	-	-	591,189	591,189
<u>\$ 1,756,820</u>	<u>\$ 4,405</u>	<u>\$ 1,873,862</u>	<u>\$ 591,189</u>	<u>\$ 4,226,276</u>
403,782	-	40,546	-	444,328
45,798	-	-	-	45,798
-	-	43,605	-	43,605
<u>260,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,936</u>
<u>710,516</u>	<u>-</u>	<u>84,151</u>	<u>-</u>	<u>794,667</u>
-	-	-	591,189	591,189
336,717	-	-	-	336,717
-	-	203,772	-	203,772
48,353	-	-	-	48,353
-	-	1,857,579	-	1,857,579
299,055	-	-	-	299,055
122,171	-	-	-	122,171
240,008	-	-	-	240,008
-	4,405	-	-	4,405
<u>-</u>	<u>-</u>	<u>(271,640)</u>	<u>-</u>	<u>(271,640)</u>
<u>1,046,304</u>	<u>4,405</u>	<u>1,789,711</u>	<u>591,189</u>	<u>3,431,609</u>
<u>\$ 1,756,820</u>	<u>\$ 4,405</u>	<u>\$ 1,873,862</u>	<u>\$ 591,189</u>	<u>\$ 4,226,276</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Youth and Family Services Fund	Special Revenue Community Action Partnership of Staunton, Augusta & Waynesboro Func	Shenandoah Valley Animal Service Center Fund	Economic Development Authority Fund
REVENUES						
Revenue from use of money and property	\$ -	\$ -	\$ 3,116	\$ 2,409	\$ 1,489	\$ 1,030
Charges for services	-	-	-	-	11,532	-
Miscellaneous	-	-	5,737	12,879	109,794	63,760
Recovered costs	-	-	286,570	110,564	292,321	-
Intergovernmental:						
Commonwealth	781,763	1,492,777	117,385	88,400	2,617	-
Federal	653,132	32,311	109,450	223,723	-	-
Total revenues	<u>1,434,895</u>	<u>1,525,088</u>	<u>522,258</u>	<u>437,975</u>	<u>417,753</u>	<u>64,790</u>
EXPENDITURES						
Current:						
Public safety	-	-	568,456	-	478,782	-
Public works	-	-	-	-	-	-
Health and welfare	2,135,611	2,660,431	60,841	477,408	-	-
Community development	-	-	-	-	-	460,122
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>2,135,611</u>	<u>2,660,431</u>	<u>629,297</u>	<u>477,408</u>	<u>478,782</u>	<u>460,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(700,716)</u>	<u>(1,135,343)</u>	<u>(107,039)</u>	<u>(39,433)</u>	<u>(61,029)</u>	<u>(395,332)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	700,716	1,135,343	138,795	-	121,630	285,411
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>700,716</u>	<u>1,135,343</u>	<u>138,795</u>	<u>-</u>	<u>121,630</u>	<u>285,411</u>
Net change in fund balances	-	-	31,756	(39,433)	60,601	(109,921)
Fund balance - beginning	-	-	267,299	161,604	276,116	398,282
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,055</u>	<u>\$ 122,171</u>	<u>\$ 336,717</u>	<u>\$ 288,361</u>

Exhibit 18

	Debt Service Debt Revenue Fund	Capital Projects Capital Improvements Fund	Permanent Cemetery Care Fund	Total Nonmajor Governmental Funds
Total				
\$ 8,044	\$ -	\$ 570	\$ 5,615	\$ 14,229
11,532	-	-	-	11,532
192,170	-	-	2,040	194,210
689,455	-	-	-	689,455
2,482,942	-	8,161	-	2,491,103
1,018,616	-	185,442	-	1,204,058
4,402,759	-	194,173	7,655	4,604,587
1,047,238	-	-	-	1,047,238
-	-	896,142	-	896,142
5,334,291	-	-	-	5,334,291
460,122	-	-	-	460,122
-	717,965	-	-	717,965
-	529,840	-	-	529,840
6,841,651	1,247,805	896,142	-	8,985,598
(2,438,892)	(1,247,805)	(701,969)	7,655	(4,381,011)
2,381,895	1,247,805	495,950	-	4,125,650
-	-	(30,000)	(5,615)	(35,615)
2,381,895	1,247,805	465,950	(5,615)	4,090,035
(56,997)	-	(236,019)	2,040	(290,976)
1,103,301	4,405	2,025,730	589,149	3,722,585
\$ 1,046,304	\$ 4,405	\$ 1,789,711	\$ 591,189	\$ 3,431,609

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, 2018

	Virginia Public Assistance Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	967,372	967,372	781,763	(185,609)
Federal	760,078	760,078	653,132	(106,946)
Total revenues	1,727,450	1,727,450	1,434,895	(292,555)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	2,482,145	2,482,145	2,135,611	346,534
Total expenditures	2,482,145	2,482,145	2,135,611	346,534
Excess (deficiency) of revenues over (under) expenditures	(754,695)	(754,695)	(700,716)	53,979
OTHER FINANCING SOURCES (USES)				
Transfers in	754,695	754,695	700,716	(53,979)
Transfers out	-	-	-	-
Total other financing sources and uses	754,695	754,695	700,716	(53,979)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Community Action Partnership of Staunton, Augusta and Waynesboro Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 2,409	\$ 2,409
Charges for services	-	-	-	-
Miscellaneous	-	-	12,879	12,879
Recovered costs	110,564	110,564	110,564	-
Intergovernmental:				
Commonwealth	343,843	343,843	88,400	(255,443)
Federal	-	-	223,723	223,723
Total revenues	454,407	454,407	437,975	(16,432)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Health and welfare	488,490	495,928	477,408	18,520
Total expenditures	488,490	495,928	477,408	18,520
Excess (deficiency) of revenues over (under) expenditures	(34,083)	(41,521)	(39,433)	2,088
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	(34,083)	(41,521)	(39,433)	2,088
Fund balance - beginning	34,083	41,521	161,604	120,083
Fund balance - ending	\$ -	\$ -	\$ 122,171	\$ 122,171

Exhibit 19

Comprehensive Services Act Fund				Youth and Family Services Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,005	\$ 1,005	\$ 3,116	\$ 2,111
-	-	-	-	31,000	34,500	5,737	(28,763)
-	-	-	-	284,456	309,456	286,570	(22,886)
1,561,000	1,561,000	1,492,777	(68,223)	117,385	117,385	117,385	-
-	-	32,311	32,311	125,000	125,000	109,450	(15,550)
1,561,000	1,561,000	1,525,088	(35,912)	558,846	587,346	522,258	(65,088)
-	-	-	-	722,241	729,681	568,456	161,225
2,700,000	2,700,000	2,660,431	39,569	66,013	69,513	60,841	8,672
2,700,000	2,700,000	2,660,431	39,569	788,254	799,194	629,297	169,897
(1,139,000)	(1,139,000)	(1,135,343)	3,657	(229,408)	(211,848)	(107,039)	104,809
1,139,000	1,139,000	1,135,343	(3,657)	138,795	138,795	138,795	-
-	-	-	-	-	-	-	-
1,139,000	1,139,000	1,135,343	(3,657)	138,795	138,795	138,795	-
-	-	-	-	(90,613)	(73,053)	31,756	104,809
-	-	-	-	90,613	73,053	267,299	194,246
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,055	\$ 299,055
Shenandoah Valley Animal Service Center Fund							
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)				
\$ -	\$ -	\$ 1,489	\$ 1,489				
-	10,456	11,532	1,076				
-	37,564	109,794	72,230				
-	257,545	292,321	34,776				
-	1,000	2,617	1,617				
-	-	-	-				
-	306,565	417,753	111,188				
-	425,111	478,782	(53,671)				
-	-	-	-				
-	425,111	478,782	(53,671)				
-	(118,546)	(61,029)	57,517				
-	118,504	121,630	3,126				
-	(42)	60,601	60,643				
-	42	276,116	276,074				
\$ -	\$ -	\$ 336,717	\$ 336,717				

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, 2018

Exhibit 20

	Debt Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt Service:				
Principal retirement	717,965	717,965	717,965	-
Interest and fiscal charges	<u>529,840</u>	<u>529,840</u>	<u>529,840</u>	<u>-</u>
Total expenditures	<u>1,247,805</u>	<u>1,247,805</u>	<u>1,247,805</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,247,805)</u>	<u>(1,247,805)</u>	<u>(1,247,805)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,247,805</u>	<u>1,247,805</u>	<u>1,247,805</u>	<u>-</u>
Total other financing sources and uses	<u>1,247,805</u>	<u>1,247,805</u>	<u>1,247,805</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>4,405</u>	<u>4,405</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,405</u>	<u>\$ 4,405</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, 2018

Exhibit 21

	Capital Improvements Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 570	\$ 570
Intergovernmental:				
Commonwealth	-	-	8,161	8,161
Federal	-	-	185,442	185,442
Total revenues	-	-	194,173	194,173
EXPENDITURES				
Current:				
Public works	46,000	171,000	896,142	(725,142)
Total expenditures	46,000	171,000	896,142	(725,142)
Excess (deficiency) of revenues over (under) expenditures	(46,000)	(171,000)	(701,969)	(530,969)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	495,950	495,950	-
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources and uses	(30,000)	465,950	465,950	-
Net change in fund balances	(76,000)	294,950	(236,019)	(530,969)
Fund balance - beginning	76,000	(294,950)	2,025,730	2,320,680
Fund balance - ending	\$ -	\$ -	\$ 1,789,711	\$ 1,789,711

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERMANENT FUNDS
For the Year Ended June 30, 2018

Exhibit 22

	Cemetery Care Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ -	\$ 3,220	\$ 5,615	\$ 2,395
Miscellaneous	-	-	2,040	2,040
Total revenues	-	3,220	7,655	4,435
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	3,220	7,655	4,435
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,220)	(5,615)	(2,395)
Total other financing sources and uses	-	(3,220)	(5,615)	(2,395)
Net change in fund balances	-	-	2,040	2,040
Fund balance - beginning	-	-	589,149	589,149
Fund balance - ending	\$ -	\$ -	\$ 591,189	\$ 591,189

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

Exhibit 23

	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 885,254	\$ 496,697	\$ 457,004	\$ 1,838,955
Accounts receivable (net of allowance for uncollectibles)	<u>212,645</u>	<u>82,795</u>	<u>537,518</u>	<u>832,958</u>
Total current assets	<u>1,097,899</u>	<u>579,492</u>	<u>994,522</u>	<u>2,671,913</u>
Noncurrent assets:				
Equity interest in joint venture	<u>-</u>	<u>2,716,160</u>	<u>-</u>	<u>2,716,160</u>
Capital assets:				
Buildings	113,453	-	-	113,453
Machinery and equipment	1,424,958	-	251,896	1,676,854
Less accumulated depreciation	<u>(971,561)</u>	<u>-</u>	<u>(27,622)</u>	<u>(999,183)</u>
Total capital assets (net of accumulated depreciation)	<u>566,850</u>	<u>-</u>	<u>224,274</u>	<u>791,124</u>
Total noncurrent assets	<u>566,850</u>	<u>2,716,160</u>	<u>224,274</u>	<u>3,507,284</u>
Total assets	<u>1,664,749</u>	<u>3,295,652</u>	<u>1,218,796</u>	<u>6,179,197</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow on OPEB obligation	5,877	1,135		7,012
Deferred loss on VRS pension	<u>87,309</u>	<u>30,282</u>	<u>72,169</u>	<u>189,760</u>
Total deferred outflows of resources	<u>93,186</u>	<u>31,417</u>	<u>72,169</u>	<u>196,772</u>
LIABILITIES				
Current liabilities:				
Accounts payable	13,242	155,171	50,236	218,649
Accrued payroll	29,755	53,106	23,986	106,847
Deposits payable	1,702	-	-	1,702
Compensated absences	<u>3,700</u>	<u>11,844</u>	<u>-</u>	<u>15,544</u>
Total current liabilities	<u>48,399</u>	<u>220,121</u>	<u>74,222</u>	<u>342,742</u>
Noncurrent liabilities:				
Compensated absences	10,974	15,240	11,910	38,124
Net OPEB obligation	111,021	55,851	11,700	178,572
Net pension liability	<u>221,810</u>	<u>24,811</u>	<u>183,346</u>	<u>429,967</u>
Total noncurrent liabilities	<u>343,805</u>	<u>95,902</u>	<u>206,956</u>	<u>646,663</u>
Total liabilities	<u>392,204</u>	<u>316,023</u>	<u>281,178</u>	<u>989,405</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on OPEB obligation	-	1,411	-	1,411
Deferred gain on VRS pension	<u>78,993</u>	<u>32,379</u>	<u>65,295</u>	<u>176,667</u>
Total deferred inflows of resources	<u>78,993</u>	<u>33,790</u>	<u>65,295</u>	<u>178,078</u>
NET POSITION				
Net investment in capital assets	566,850	-	224,274	791,124
Unrestricted	<u>719,888</u>	<u>2,977,256</u>	<u>720,218</u>	<u>4,417,362</u>
Total net position	<u>\$ 1,286,738</u>	<u>\$ 2,977,256</u>	<u>\$ 944,492</u>	<u>\$ 5,208,486</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2018

Exhibit 24

	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,189,772	\$ 728,729	\$ 1,200,480	\$ 3,118,981
Miscellaneous	4,813	2,641	8,750	16,204
Total operating revenues	<u>1,194,585</u>	<u>731,370</u>	<u>1,209,230</u>	<u>3,135,185</u>
OPERATING EXPENSES				
Personal services	402,500	-	391,472	793,972
Contractual services	76,203	499,414	132,575	708,192
Other supplies and expenses	160,959	-	132,364	293,323
Depreciation	89,100	-	20,357	109,457
Total operating expenses	<u>728,762</u>	<u>499,414</u>	<u>676,768</u>	<u>1,904,944</u>
Operating income (loss)	<u>465,823</u>	<u>231,956</u>	<u>532,462</u>	<u>1,230,241</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental:				
Commonwealth	6,993	-	-	6,993
Interest income	6,519	1,367	4,595	12,481
Gain (loss) on equity interest	-	(489,348)	-	(489,348)
Total nonoperating revenues (expenses)	<u>13,512</u>	<u>(487,981)</u>	<u>4,595</u>	<u>(469,874)</u>
Income before contributions and transfers	<u>479,335</u>	<u>(256,025)</u>	<u>537,057</u>	<u>760,367</u>
Transfers in	3,537	-	32,175	35,712
Transfers out	<u>(245,612)</u>	<u>-</u>	<u>(241,121)</u>	<u>(486,733)</u>
Change in net position	237,260	(256,025)	328,111	309,346
Total net position - beginning, as adjusted	<u>1,049,478</u>	<u>3,233,281</u>	<u>616,381</u>	<u>4,899,140</u>
Total net position - ending	<u>\$ 1,286,738</u>	<u>\$ 2,977,256</u>	<u>\$ 944,492</u>	<u>\$ 5,208,486</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2018

	Exhibit 25			
	Garbage Fund	ACSA Joint Landfill Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 1,177,973	\$ 732,281	\$ 1,108,736	\$ 3,018,990
Cash paid to suppliers	(232,601)	(451,907)	(583,043)	(1,267,551)
Cash paid to employees	(540,180)	21,755	(63,968)	(582,393)
Other receipts (payments)	4,813	2,641	8,750	16,204
Net cash provided (used) by operating activities	<u>410,005</u>	<u>304,770</u>	<u>470,475</u>	<u>1,185,250</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subsidy from state grant	6,993	-	-	6,993
Transfer from other funds	3,537	-	32,175	35,712
Transfer to other funds	(245,612)	-	(241,121)	(486,733)
Net cash provided (used) by noncapital financing activities	<u>(235,082)</u>	<u>-</u>	<u>(208,946)</u>	<u>(444,028)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(143,847)	-	(104,462)	(248,309)
Net cash provided (used) by capital and related financing activities	<u>(143,847)</u>	<u>-</u>	<u>(104,462)</u>	<u>(248,309)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,519	1,367	4,595	12,481
Cash paid to joint venture	-	(215,530)	-	(215,530)
Net cash provided by investing activities	<u>6,519</u>	<u>(214,163)</u>	<u>4,595</u>	<u>(203,049)</u>
Net increase (decrease) in cash and cash equivalents	37,595	90,607	161,662	289,864
Cash and cash equivalents - beginning of year	<u>847,659</u>	<u>406,090</u>	<u>295,342</u>	<u>1,549,091</u>
Cash and cash equivalents - end of year	<u>\$ 885,254</u>	<u>\$ 496,697</u>	<u>\$ 457,004</u>	<u>\$ 1,838,955</u>
Cash and cash equivalents at end of year is composed of the following:				
Cash and cash equivalents	\$ 885,254	\$ 496,697	\$ 457,004	\$ 1,838,955
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 465,823	\$ 231,956	\$ 532,462	\$ 1,230,241
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	89,100	-	20,357	109,457
(Increase) decrease in accounts receivable	(11,934)	3,552	(91,744)	(100,126)
(Increase) decrease in deferred outflow on OPEB	(5,877)	(1,135)	-	(7,012)
(Increase) decrease in deferred loss on VRS pension	56,721	(6,980)	15,621	65,362
Increase (decrease) in accounts payable	4,561	47,507	34,196	86,264
Increase (decrease) in accrued payroll	(11,304)	(5,557)	1,363	(15,498)
Increase (decrease) in net OPEB obligation	5,835	30,824	4,643	41,302
Increase (decrease) in net pension liability	(160,730)	(31,513)	(49,822)	(242,065)
Increase (decrease) in deferred inflow on OPEB	-	1,411	-	1,411
Increase (decrease) in deferred gain on VRS pension	(11,821)	32,379	9,941	30,499
Increase (decrease) in deposits payable	135	-	-	135
Increase (decrease) in compensated absences	(10,504)	2,326	(6,542)	(14,720)
Total Adjustments	<u>(55,818)</u>	<u>72,814</u>	<u>(61,987)</u>	<u>(44,991)</u>
Net cash provided (used) by operating activities	<u>\$ 410,005</u>	<u>\$ 304,770</u>	<u>\$ 470,475</u>	<u>\$ 1,185,250</u>

FIDUCIARY FUNDS**AGENCY FUNDS**

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

Developer's Escrow Fund – to account for funds received from developer's and held as a deposit until projects are completed to the City's satisfaction.

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

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018

Exhibit 26

	Payroll Fringes Fund	Developer's Escrow Fund	First Aid Crew Fund	Total
ASSETS				
Cash and cash equivalents	\$ 193,715	\$ 18,795	\$ 8,045	\$ 220,555
Accounts receivable	839	-	5,918	6,757
Total assets	<u>\$ 194,554</u>	<u>\$ 18,795</u>	<u>\$ 13,963</u>	<u>\$ 227,312</u>
LIABILITIES				
Accounts payable	\$ -		\$ 1,591	\$ 1,591
Payroll taxes and fringes payable	194,554	-	-	194,554
Due to external parties	-	-	12,372	12,372
Amounts held for developer's escrow	-	18,795	-	18,795
Total liabilities	<u>\$ 194,554</u>	<u>\$ 18,795</u>	<u>\$ 13,963</u>	<u>\$ 227,312</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018

Exhibit 27

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 268,285	\$ 6,867,469	\$ 6,942,039	\$ 193,715
Accounts receivable	850	4,427	4,438	839
Total assets	<u>\$ 269,135</u>	<u>\$ 6,871,896</u>	<u>\$ 6,946,477</u>	<u>\$ 194,554</u>
Liabilities:				
Payroll taxes and fringes payable	\$ 269,135	\$ 6,863,031	\$ 6,937,612	\$ 194,554
Total liabilities	<u>\$ 269,135</u>	<u>\$ 6,863,031</u>	<u>\$ 6,937,612</u>	<u>\$ 194,554</u>
Developer's Escrow Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 41,381	\$ 22,586	\$ 18,795
Total assets	<u>\$ -</u>	<u>\$ 41,381</u>	<u>\$ 22,586</u>	<u>\$ 18,795</u>
Liabilities:				
Amounts held for developer's escrow	\$ -	\$ 41,381	\$ 22,586	\$ 18,795
Total liabilities	<u>\$ -</u>	<u>\$ 41,381</u>	<u>\$ 22,586</u>	<u>\$ 18,795</u>
First Aid Crew Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 27,304	\$ 19,259	\$ 8,045
Accounts receivable	14,092	19,130	27,304	5,918
Total assets	<u>\$ 14,092</u>	<u>\$ 46,434</u>	<u>\$ 46,563</u>	<u>\$ 13,963</u>
Liabilities:				
Accounts payable	\$ 1,720	\$ 19,130	\$ 19,259	\$ 1,591
Due to external parties	12,372	-	-	12,372
Total liabilities	<u>\$ 14,092</u>	<u>\$ 19,130</u>	<u>\$ 19,259</u>	<u>\$ 13,963</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 268,285	\$ 6,936,154	\$ 6,983,884	\$ 220,555
Accounts receivable	14,942	23,557	31,742	6,757
Total assets	<u>\$ 283,227</u>	<u>\$ 6,959,711</u>	<u>\$ 7,015,626</u>	<u>\$ 227,312</u>
Liabilities:				
Accounts payable	\$ 1,720	\$ 19,130	\$ 19,259	\$ 1,591
Payroll taxes and fringes payable	269,135	6,863,031	6,937,612	194,554
Due to external parties	12,372	-	-	12,372
Amounts held for developer's escrow	-	41,381	22,586	18,795
Total liabilities	<u>\$ 283,227</u>	<u>\$ 6,923,542</u>	<u>\$ 6,979,457</u>	<u>\$ 227,312</u>

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS**CAPITAL PROJECTS FUNDS**

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

FIDUCIARY FUNDS**PRIVATE-PURPOSE TRUST FUNDS**

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

AGENCY FUNDS

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

CITY OF WAYNESBORO, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
June 30, 2018

	Exhibit 28				
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,497,745	\$ 631,419	\$ 735,285	\$ 20,103	\$ 2,884,552
Investments	-	-	-	56,168	56,168
Accounts receivable	125,138	4,279	-	-	129,417
Due from other governments	781,710	5,915	-	-	787,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,404,593</u>	<u>\$ 641,613</u>	<u>\$ 735,285</u>	<u>\$ 76,271</u>	<u>\$ 3,857,762</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	318,363	12,165	-	-	330,528
Accrued payroll	1,625,766	55,055	-	-	1,680,821
Due to primary government	-	-	-	216,151	216,151
Compensated absences	53,098	-	-	-	53,098
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,997,227</u>	<u>67,220</u>	<u>-</u>	<u>216,151</u>	<u>2,280,598</u>
Fund balances:					
Committed to:					
Education	407,366	-	-	-	407,366
Assigned to:					
Education	-	574,393	735,285	-	1,309,678
Unassigned:	-	-	-	(139,880)	(139,880)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>407,366</u>	<u>574,393</u>	<u>735,285</u>	<u>(139,880)</u>	<u>1,577,164</u>
Total liabilities and fund balances	<u>\$ 2,404,593</u>	<u>\$ 641,613</u>	<u>\$ 735,285</u>	<u>\$ 76,271</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.	36,099,296
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,070,683
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(36,691,339)
Deferred inflows of resources related to the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,182,293)</u>
Net position of governmental activities	<u>\$ 873,511</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, 2018

Exhibit 29

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from use of money and property	\$ 21,522	\$ -	\$ -	\$ 56,168	\$ 77,690
Charges for services	73,380	347,476	-	-	420,856
Miscellaneous	689,380	10,594	144	-	700,118
Recovered costs	270,771	-	-	-	270,771
Intergovernmental:					
Local	14,981,682	-	-	783,596	15,765,278
Commonwealth	17,630,343	37,655	-	-	17,667,998
Federal	2,262,117	1,255,089	-	-	3,517,206
Total revenues	<u>35,929,195</u>	<u>1,650,814</u>	<u>144</u>	<u>839,764</u>	<u>38,419,917</u>
EXPENDITURES					
Current:					
Education	34,442,406	1,422,792	43,679	-	35,908,877
Capital projects	859,047	-	-	783,596	1,642,643
Debt Service:					
Principal retirement	239,598	-	-	-	239,598
Interest and fiscal charges	103,454	-	-	-	103,454
Total expenditures	<u>35,644,505</u>	<u>1,422,792</u>	<u>43,679</u>	<u>783,596</u>	<u>37,894,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>284,690</u>	<u>228,022</u>	<u>(43,535)</u>	<u>56,168</u>	<u>525,345</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	322,097	-	322,097
Transfers out	(322,097)	-	-	-	(322,097)
Total other financing sources and uses	<u>(322,097)</u>	<u>-</u>	<u>322,097</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(37,407)	228,022	278,562	56,168	525,345
Fund balance (deficit) - beginning	<u>444,773</u>	<u>346,371</u>	<u>456,723</u>	<u>(196,048)</u>	
Fund balance - ending	<u>\$ 407,366</u>	<u>\$ 574,393</u>	<u>\$ 735,285</u>	<u>\$ (139,880)</u>	

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

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (1,302,016) exceeded capital outlays (31,750) in the current period. (1,270,266)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 132,348

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. 239,598

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. 989,128

Change in net position of governmental activities \$ 616,153

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 June 30, 2018

		Exhibit 30
	Private- Purpose Trust Kimler	Agency School Payroll Fringes
ASSETS		
Cash and cash equivalents	\$ -	\$ 532,131
Restricted assets:		
Cash and cash equivalents	13,520	-
Total assets	<u>13,520</u>	<u>\$ 532,131</u>
LIABILITIES		
Payroll taxes and fringes payable	-	532,131
Total liabilities	<u>-</u>	<u>\$ 532,131</u>
NET POSITION		
Restricted for:		
Educational purposes	<u>\$ 13,520</u>	

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2018

	Exhibit 31
	Private- Purpose Trust Kimler
ADDITIONS	
Investment earnings:	
Interest	\$ 104
Total additions	<u>104</u>
DEDUCTIONS	
Education expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	104
Net position - beginning	<u>13,416</u>
Net position - ending	<u>\$ 13,520</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, 2018

	School Operating Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 46,991	\$ 46,991	\$ 21,522	\$ (25,469)
Charges for services	89,860	89,860	73,380	(16,480)
Miscellaneous	603,286	604,286	689,380	85,094
Recovered costs	75,000	171,000	270,771	99,771
Intergovernmental:				
Local	14,490,973	15,489,450	14,981,682	(507,768)
Commonwealth	18,630,242	18,695,194	17,630,343	(1,064,851)
Federal	2,436,658	2,608,492	2,262,117	(346,375)
Total revenues	<u>36,373,010</u>	<u>37,705,273</u>	<u>35,929,195</u>	<u>(1,776,078)</u>
EXPENDITURES				
Current:				
Education	35,697,872	36,253,751	34,442,406	1,811,345
Capital Projects	-	4,000	859,047	(855,047)
Debt service:				
Principal retirement	239,598	239,598	239,598	-
Interest and fiscal charges	<u>103,456</u>	<u>103,456</u>	<u>103,454</u>	<u>2</u>
Total expenditures	<u>36,040,926</u>	<u>36,600,805</u>	<u>35,644,505</u>	<u>956,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>332,084</u>	<u>1,104,468</u>	<u>284,690</u>	<u>(819,778)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(332,084)</u>	<u>(332,084)</u>	<u>(322,097)</u>	<u>9,987</u>
Total other financing sources and uses	<u>(332,084)</u>	<u>(332,084)</u>	<u>(322,097)</u>	<u>9,987</u>
Net change in fund balances	-	772,384	(37,407)	(809,791)
Fund balance - beginning	<u>-</u>	<u>(772,384)</u>	<u>444,773</u>	<u>1,217,157</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,366</u>	<u>\$ 407,366</u>

Exhibit 32

School Cafeteria Fund				School Textbook Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
				Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
350,418	351,418	347,476	(3,942)	-	-	-	-
8,742	8,742	10,594	1,852	-	-	144	144
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
31,677	33,777	37,655	3,878	-	-	-	-
1,086,833	1,088,247	1,255,089	166,842	-	-	-	-
1,477,670	1,482,184	1,650,814	168,630	-	-	144	144
1,477,670	1,482,184	1,422,792	59,392	496,458	496,458	43,679	452,779
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,477,670	1,482,184	1,422,792	59,392	496,458	496,458	43,679	452,779
-	-	228,022	228,022	(496,458)	(496,458)	(43,535)	452,923
-	-	-	-	496,458	496,458	322,097	(174,361)
-	-	-	-	-	-	-	-
-	-	-	-	496,458	496,458	322,097	(174,361)
-	-	228,022	228,022	-	-	278,562	278,562
-	-	346,371	346,371	-	-	456,723	456,723
\$ -	\$ -	\$ 574,393	\$ 574,393	\$ -	\$ -	\$ 735,285	\$ 735,285

CITY OF WAYNESBORO, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

Exhibit 33

	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 20,103	\$ 20,103
Investments	<u>56,168</u>	<u>56,168</u>
Total assets	<u>\$ 76,271</u>	<u>\$ 76,271</u>
LIABILITIES		
Due to primary government	<u>216,151</u>	<u>216,151</u>
Total liabilities	<u>216,151</u>	<u>216,151</u>
FUND BALANCES (deficits):		
Unassigned	<u>(139,880)</u>	<u>(139,880)</u>
Total fund balances (deficits)	<u>(139,880)</u>	<u>(139,880)</u>
Total liabilities and fund balances	<u>\$ 76,271</u>	<u>\$ 76,271</u>

CITY OF WAYNESBORO, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Exhibit 34

	Capital Projects School Construction Fund	Total Nonmajor Governmental Funds
REVENUES		
Revenue from use of money and property	\$ 56,168	\$ 56,168
Intergovernmental:		
Local	<u>783,596</u>	<u>783,596</u>
Total revenues	<u>839,764</u>	<u>839,764</u>
EXPENDITURES		
Capital projects	<u>783,596</u>	<u>783,596</u>
Total expenditures	<u>783,596</u>	<u>783,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,168</u>	<u>56,168</u>
OTHER FINANCING SOURCES (USES)		
Total other financing sources and uses	<u>-</u>	<u>-</u>
Net change in fund balances	56,168	56,168
Fund balance - beginning	<u>(196,048)</u>	<u>(196,048)</u>
Fund balance - ending	<u>\$ (139,880)</u>	<u>\$ (139,880)</u>

CITY OF WAYNESBORO, VIRGINIA
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 AGENCY FUNDS
 For the Year Ended June 30, 2018

				Exhibit 35
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
School Payroll Fringes Fund				
Assets:				
Cash and cash equivalents	\$ 554,988	\$ 13,803,903	\$ 13,826,760	\$ 532,131
Total assets	<u>\$ 554,988</u>	<u>\$ 13,803,903</u>	<u>\$ 13,826,760</u>	<u>\$ 532,131</u>
Liabilities:				
Payroll taxes and fringes payable	554,988	13,803,903	13,826,760	532,131
Total liabilities	<u>\$ 554,988</u>	<u>\$ 13,803,903</u>	<u>\$ 13,826,760</u>	<u>\$ 532,131</u>

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

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CITY OF WAYNESBORO, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
June 30, 2018

Exhibit 36

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
PRIMARY GOVERNMENT:							
General government administration	\$ 5,172,591	\$ 1,391,792	\$ 1,838,600	\$ 50,600	\$ 1,042,062	\$ -	\$ 9,495,645
Judicial administration	-	-	3,396,648	55,638	112,485	-	3,564,771
Public safety	-	-	4,212,787	441,207	2,713,053	-	7,367,047
Public works	305,189	295,051	2,206,870	395,490	248,802	56,111,017	59,562,419
Health and welfare	-	-	423,440	208,400	-	-	631,840
Parks, recreation, and cultural	4,299	771,135	3,950,560	2,416,320	419,268	181,343	7,742,925
Community development	<u>3,507,117</u>	<u>281,880</u>	<u>-</u>	<u>2,214,952</u>	<u>40,036</u>	<u>819,659</u>	<u>6,863,644</u>
Total Primary Government	<u>\$ 8,989,196</u>	<u>\$ 2,739,858</u>	<u>\$ 16,028,905</u>	<u>\$ 5,782,607</u>	<u>\$ 4,575,706</u>	<u>\$ 57,112,019</u>	<u>\$ 95,228,291</u>
COMPONENT UNIT SCHOOL BOARD:							
Schools:							
Education	<u>\$ 274,493</u>	<u>\$ -</u>	<u>\$ 52,012,462</u>	<u>\$ 4,335,100</u>	<u>\$ 4,197,438</u>	<u>\$ -</u>	<u>\$ 60,819,493</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, 2018

Exhibit 37

Function and Activity	Governmental Funds Capital Assets June 30, 2017	Additions	Deductions	Governmental Funds Capital Assets June 30, 2018
<u>PRIMARY GOVERNMENT:</u>				
General government administration	\$ 8,924,233	\$ 571,412	\$ -	\$ 9,495,645
Judicial administration	3,564,771	-	-	3,564,771
Public safety	7,114,394	258,003	(5,350)	7,367,047
Public works	59,277,984	284,435	-	59,562,419
Health and welfare	631,840	-	-	631,840
Parks, recreation, and cultural	7,691,706	51,219	-	7,742,925
Community development	<u>6,745,824</u>	<u>117,820</u>	<u>-</u>	<u>6,863,644</u>
 Total Primary Government	 <u>\$ 93,950,752</u>	 <u>\$ 1,282,889</u>	 <u>\$ (5,350)</u>	 <u>\$ 95,228,291</u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>				
Schools:				
Education	\$ 60,787,743	\$ 31,750	\$ -	\$ 60,819,493

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

SUPPLEMENTAL DATA

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Schedule 1			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,175,155	\$ 15,175,155	\$ 14,577,374	\$ (597,781)
Real and personal public service corporation property taxes	888,158	888,158	906,837	18,679
Personal property taxes	3,961,428	3,961,428	3,593,115	(368,313)
Mobile home taxes	5,575	5,575	6,502	927
Machinery and tools taxes	1,089,275	1,089,275	1,080,864	(8,411)
Rolling stock	36,361	36,361	37,023	662
Penalties	217,146	217,146	309,175	92,029
Interest	98,808	98,808	93,611	(5,197)
Total General Property Taxes	<u>21,471,906</u>	<u>21,471,906</u>	<u>20,604,501</u>	<u>(867,405)</u>
Other local taxes:				
Local sales and use tax	5,460,287	5,460,287	5,610,549	150,262
Consumers' utility taxes	1,032,589	1,032,589	1,044,069	11,480
Business license taxes	2,021,867	2,021,867	2,232,450	210,583
Motor vehicle licenses	438,737	438,737	421,557	(17,180)
Bank stock taxes	250,098	250,098	338,321	88,223
Taxes on recordation and wills	157,583	157,583	159,733	2,150
Lodging taxes	767,312	767,312	760,492	(6,820)
Restaurant food taxes	4,351,756	4,351,756	4,432,088	80,332
Tobacco taxes	375,877	375,877	336,686	(39,191)
Short-term rental taxes	4,533	4,533	1,902	(2,631)
Payments in lieu of tax	32,502	32,502	28,219	(4,283)
Total Other Local Taxes	<u>14,893,141</u>	<u>14,893,141</u>	<u>15,366,066</u>	<u>472,925</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	14,081	14,081	9,677	(4,404)
Permits and other licenses	193,658	193,658	173,037	(20,621)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>207,739</u>	<u>207,739</u>	<u>182,714</u>	<u>(25,025)</u>
Fines and forfeitures:				
Parking fines	2,651	2,651	7,465	4,814
Fines and forfeitures	182,836	182,836	115,948	(66,888)
Total Fines and Forfeitures	<u>185,487</u>	<u>185,487</u>	<u>123,413</u>	<u>(62,074)</u>
Revenue from use of money and property:				
Revenue from use of money	149,960	149,960	242,609	92,649
Revenue from use of property	45,170	45,170	45,553	383
Total Revenue from Use of Money and Property	<u>195,130</u>	<u>195,130</u>	<u>288,162</u>	<u>93,032</u>
Charges for services:				
Commonwealth's attorney fees	2,796	2,796	2,059	(737)
Charges for court appointed attorney	15,338	15,338	10,280	(5,058)
Charges for maintenance of buildings and grounds	-	-	13,653	13,653
Charges for planning services	19,535	19,535	56,515	36,980
Charges for recreation	229,000	236,000	234,602	(1,398)
Charges for library	24,037	25,527	21,438	(4,089)
Total Charges for Services	<u>290,706</u>	<u>299,196</u>	<u>338,547</u>	<u>39,351</u>
Miscellaneous revenue:				
Gifts and donations	3,150	35,732	35,067	(665)
Other revenue	679,480	690,399	696,840	6,441
Total Miscellaneous Revenue	<u>682,630</u>	<u>726,131</u>	<u>731,907</u>	<u>5,776</u>
Recovered Costs	<u>20,433</u>	<u>26,933</u>	<u>90,525</u>	<u>63,592</u>
Total Revenue from Local Sources	<u>37,947,172</u>	<u>38,005,663</u>	<u>37,725,835</u>	<u>(279,828)</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

				Schedule 1 (cont'd)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
General Fund: (cont'd)				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,925	\$ 1,925	\$ 3,324	\$ 1,399
Grantor tax	44,852	44,852	52,418	7,566
Sales tax on rental passenger vehicles	77,441	77,441	79,163	1,722
Personal property tax reimbursement	1,721,457	1,721,457	1,721,457	-
Assistance to localities with police departments	727,340	727,340	750,760	23,420
Rolling stock tax	16,596	16,596	15,208	(1,388)
Communications tax	1,260,785	1,260,785	1,186,425	(74,360)
Recordation tax	59,697	59,697	58,714	(983)
Total Non-categorical Aid	<u>3,910,093</u>	<u>3,910,093</u>	<u>3,867,469</u>	<u>(42,624)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	381,545	381,545	432,424	50,879
Sheriff	267,628	267,628	267,256	(372)
Commissioner of the revenue	89,277	89,277	92,942	3,665
Treasurer	81,361	81,361	86,617	5,256
Clerk of circuit court	229,257	229,257	252,889	23,632
Registrar/Electoral board	35,719	35,719	37,399	1,680
Total Shared Expenses	<u>1,084,787</u>	<u>1,084,787</u>	<u>1,169,527</u>	<u>84,740</u>
Other categorical aid:				
Street and highway maintenance	3,714,998	3,714,998	3,772,596	57,598
Library	146,583	146,583	145,849	(734)
Virginia Arts	5,000	5,000	-	(5,000)
Fire Board funds	-	25,000	70,226	45,226
Drug seizure	-	-	25,639	25,639
Victim/witness	102,387	102,387	23,249	(79,138)
E-911 wireless	118,587	118,587	125,907	7,320
EMS grants	-	-	23,268	23,268
Other state funds	-	15,978	4,455	(11,523)
Total Other Categorical Aid	<u>4,087,555</u>	<u>4,128,533</u>	<u>4,191,189</u>	<u>62,656</u>
Total Categorical Aid	<u>5,172,342</u>	<u>5,213,320</u>	<u>5,360,716</u>	<u>147,396</u>
Total Revenue from the Commonwealth	<u>9,082,435</u>	<u>9,123,413</u>	<u>9,228,185</u>	<u>104,772</u>
Revenue from the Federal Government:				
Categorical aid:				
DMV grants	-	-	13,551	13,551
Federal equitable sharing	-	-	128,649	128,649
FEMA disaster assistance	-	-	7,500	7,500
Forestry grants	-	1,610	1,610	-
Revenue from the Federal Government: (cont'd)				
Categorical aid: (cont'd)				
Victim/witness	-	-	69,749	69,749
Total Categorical Aid	<u>-</u>	<u>1,610</u>	<u>221,059</u>	<u>219,449</u>
Total Revenue from the Federal Government	<u>-</u>	<u>1,610</u>	<u>221,059</u>	<u>219,449</u>
Total General Fund	<u>\$ 47,029,607</u>	<u>\$ 47,130,686</u>	<u>\$ 47,175,079</u>	<u>\$ 44,393</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Other categorical aid:				
Welfare	<u>967,372</u>	<u>967,372</u>	<u>781,763</u>	<u>(185,609)</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd)
				Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Virginia Public Assistance Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
Welfare	\$ 760,078	\$ 760,078	\$ 653,132	\$ (106,946)
Total Virginia Public Assistance Fund	<u>\$ 1,727,450</u>	<u>\$ 1,727,450</u>	<u>\$ 1,434,895</u>	<u>\$ (292,555)</u>
Comprehensive Services Act Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
CSA funds	<u>1,561,000</u>	<u>1,561,000</u>	<u>1,492,777</u>	<u>(68,223)</u>
Revenue from the Federal Government:				
Categorical aid:				
CSA funds	<u>-</u>	<u>-</u>	<u>32,311</u>	<u>32,311</u>
Total Comprehensive Services Act Fund	<u>\$ 1,561,000</u>	<u>\$ 1,561,000</u>	<u>\$ 1,525,088</u>	<u>\$ (35,912)</u>
Youth and Family Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	<u>1,005</u>	<u>1,005</u>	<u>3,116</u>	<u>2,111</u>
Miscellaneous revenue:				
Gifts and donations	<u>31,000</u>	<u>34,500</u>	<u>4,941</u>	<u>(29,559)</u>
Other revenue	<u>-</u>	<u>-</u>	<u>796</u>	<u>796</u>
Total Miscellaneous Revenue	<u>31,000</u>	<u>34,500</u>	<u>5,737</u>	<u>(28,763)</u>
Recovered Costs	<u>284,456</u>	<u>309,456</u>	<u>286,570</u>	<u>(22,886)</u>
Total Revenue from Local Sources	<u>316,461</u>	<u>344,961</u>	<u>295,423</u>	<u>(49,538)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Juvenile crime control	<u>117,385</u>	<u>117,385</u>	<u>117,385</u>	<u>-</u>
Total Revenue from the Commonwealth	<u>117,385</u>	<u>117,385</u>	<u>117,385</u>	<u>-</u>
Revenue from the Federal Government:				
Categorical aid:				
Substance abuse/mental health	<u>125,000</u>	<u>125,000</u>	<u>109,450</u>	<u>(15,550)</u>
Total Revenue from the Federal Government	<u>125,000</u>	<u>125,000</u>	<u>109,450</u>	<u>(15,550)</u>
Total Youth and Family Services Fund	<u>\$ 558,846</u>	<u>\$ 587,346</u>	<u>\$ 522,258</u>	<u>\$ (65,088)</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	<u>-</u>	<u>-</u>	<u>2,409</u>	<u>2,409</u>
Miscellaneous revenue:				
Other revenue	<u>-</u>	<u>-</u>	<u>12,879</u>	<u>12,879</u>
Recovered Costs	<u>110,564</u>	<u>110,564</u>	<u>110,564</u>	<u>-</u>
Total Revenue from Local Sources	<u>110,564</u>	<u>110,564</u>	<u>125,852</u>	<u>15,288</u>
Revenue from the Commonwealth:				
Categorical aid:				
EITC grant funding	<u>45,443</u>	<u>45,443</u>	<u>-</u>	<u>(45,443)</u>
CSBG grant	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>
TANF grant	<u>88,400</u>	<u>88,400</u>	<u>88,400</u>	<u>-</u>
Total Revenue from the Commonwealth	<u>343,843</u>	<u>343,843</u>	<u>88,400</u>	<u>(255,443)</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Schedule 1 (cont'd)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Community Action Partnership of Staunton, Augusta and Waynesboro Fund: (cont'd)				
Revenue from the Federal Government:				
Categorical aid:				
VITA grant	\$ -	\$ -	\$ 19,238	\$ 19,238
CSBG grant	-	-	204,485	204,485
Total Revenue from the Federal Government	-	-	223,723	223,723
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	\$ 454,407	\$ 454,407	\$ 437,975	\$ (16,432)
Shenandoah Valley Animal Service Center Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,489	1,489
Charges for services:				
Animal adoption fees	-	5,000	3,407	(1,593)
Animal control fees	-	5,456	8,125	2,669
Total Charges for Services	-	10,456	11,532	1,076
Miscellaneous revenue:				
Gifts and donations	-	10,564	107,845	97,281
Other revenue	-	27,000	1,949	(25,051)
Total Miscellaneous Revenue	-	37,564	109,794	72,230
Recovered Costs	-	257,545	292,321	34,776
Total Revenue from Local Sources	-	305,565	415,136	109,571
Revenue from the Commonwealth:				
Categorical aid:				
DMV grant	-	1,000	2,617	1,617
Total Revenue from the Commonwealth	-	1,000	2,617	1,617
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 306,565	\$ 417,753	\$ 111,188
Total Special Revenue Funds	\$ 4,301,703	\$ 4,636,768	\$ 4,337,969	\$ (298,799)
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	570	570
Total Revenue from Local Sources	-	-	570	570
Revenue from the Commonwealth:				
Categorical Aid:				
VA DEQ grants	-	-	8,161	8,161
Revenue from the Federal Government:				
Categorical aid:				
VDOT grants	-	-	21,126	21,126
CDBG grant	-	-	164,316	164,316
Total Revenue from the Federal Government	-	-	185,442	185,442
Total Capital Improvements Fund	\$ -	\$ -	\$ 194,173	\$ 194,173
Total Capital Projects Funds	\$ -	\$ -	\$ 194,173	\$ 194,173

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Schedule 1 (cont'd)
				Variance with Final Budget - Positive (Negative)
Primary Government: (cont'd)				
Permanent Funds:				
Cemetery Care Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ 3,220	\$ 5,615	\$ 2,395
Miscellaneous revenue:				
Other revenue	-	-	2,040	2,040
Total Revenue from Local Sources	-	3,220	7,655	4,435
Total Perpetual Care Fund	\$ -	\$ 3,220	\$ 7,655	\$ 4,435
Total Permanent Funds	\$ -	\$ 3,220	\$ 7,655	\$ 4,435
Grand Total - Revenues - Primary Government	\$ 51,331,310	\$ 51,770,674	\$ 51,714,876	\$ (55,798)
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money	37,291	37,291	18,857	(18,434)
Revenue from use of property	9,700	9,700	2,665	(7,035)
Total Revenue from Use of Money and Property	46,991	46,991	21,522	(25,469)
Charges for services:				
Charges for education	88,169	88,169	73,380	(14,789)
Charges for transportation	1,691	1,691	-	(1,691)
Total Charges for Services	89,860	89,860	73,380	(16,480)
Miscellaneous revenue:				
Gifts and donations	-	1,000	1,000	-
Other revenue	603,286	603,286	688,380	85,094
Total Miscellaneous Revenue	603,286	604,286	689,380	85,094
Recovered Costs	75,000	171,000	270,771	99,771
Total Revenue from Local Sources	815,137	912,137	1,055,053	142,916
Revenue from Local Government:				
Contribution from City of Waynesboro	14,490,973	15,489,450	14,981,682	(507,768)
Revenue from the Commonwealth:				
Categorical Aid:				
Adult education	63,598	63,598	39,963	(23,635)
At risk	704,659	704,659	663,301	(41,358)
Basic school aid	8,205,519	8,205,519	7,803,681	(401,838)
Early intervention	54,706	54,706	65,227	10,521
English as a second language	101,352	101,352	99,663	(1,689)
Foster children	63,822	63,822	57,484	(6,338)
GED funding	15,717	16,587	15,818	(769)
Gifted and talented children	94,031	94,031	90,753	(3,278)
Group life	35,262	35,262	34,032	(1,230)
Operating costs	746,088	746,088	701,749	(44,339)
Primary class size	628,701	628,701	596,479	(32,222)
Race to GED expansion	99,845	99,845	98,791	(1,054)
Remedial education	533,968	533,968	503,391	(30,577)
Share of state sales tax	3,576,020	3,576,020	3,391,199	(184,821)
Social security	525,006	525,006	506,703	(18,303)
Special education	1,243,195	1,243,195	956,599	(286,596)
Standards of learning	46,814	46,814	44,595	(2,219)
Teacher retirement	1,206,729	1,206,729	1,164,660	(42,069)
Technology initiative	256,000	256,000	333,138	77,138

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

				Schedule 1 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Operating Fund: (cont'd)				
Revenue from the Commonwealth: (cont'd)				
Textbook payments	\$ 215,056	\$ 215,056	\$ 207,559	\$ (7,497)
Vocational education	191,884	205,966	183,100	(22,866)
Other state funds	<u>22,270</u>	<u>72,270</u>	<u>72,458</u>	<u>188</u>
Total Revenue from the Commonwealth	<u>18,630,242</u>	<u>18,695,194</u>	<u>17,630,343</u>	<u>(1,064,851)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Adult literacy	571,824	625,603	686,465	60,862
Title I	989,406	1,033,406	821,104	(212,302)
Title II - Teacher Quality	141,452	155,252	117,286	(37,966)
Title III	15,533	22,019	15,073	(6,946)
Title IV	-	27,636	-	(27,636)
Title VIB	640,468	657,956	567,206	(90,750)
Title VIB - Preschool grant	14,654	15,519	14,452	(1,067)
Vocational education	<u>63,321</u>	<u>71,101</u>	<u>40,531</u>	<u>(30,570)</u>
Total Revenue from the Federal Government	<u>2,436,658</u>	<u>2,608,492</u>	<u>2,262,117</u>	<u>(346,375)</u>
Total School Operating Fund	<u>\$ 36,373,010</u>	<u>\$ 37,705,273</u>	<u>\$ 35,929,195</u>	<u>\$ (1,776,078)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	<u>350,418</u>	<u>351,418</u>	<u>347,476</u>	<u>(3,942)</u>
Miscellaneous Revenue	<u>8,742</u>	<u>8,742</u>	<u>10,594</u>	<u>1,852</u>
Total Revenue from Local Sources	<u>359,160</u>	<u>360,160</u>	<u>358,070</u>	<u>(2,090)</u>
Revenue from the Commonwealth:				
School food programs	<u>31,677</u>	<u>33,777</u>	<u>37,655</u>	<u>3,878</u>
Revenue from the Federal Government:				
School food programs	<u>1,086,833</u>	<u>1,088,247</u>	<u>1,255,089</u>	<u>166,842</u>
Total School Cafeteria Fund	<u>\$ 1,477,670</u>	<u>\$ 1,482,184</u>	<u>\$ 1,650,814</u>	<u>\$ 168,630</u>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>144</u>	<u>144</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>
Total Special Revenue Funds	<u>\$ 37,850,680</u>	<u>\$ 39,187,457</u>	<u>\$ 37,580,153</u>	<u>\$ (1,607,304)</u>
Grand Total - Revenues - Component Unit School Board	<u>\$ 37,850,680</u>	<u>\$ 39,187,457</u>	<u>\$ 37,580,153</u>	<u>\$ (1,607,304)</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, 2018

Fund, Function, Activity, and Elements:	Schedule 2			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City Council	\$ 76,422	\$ 84,373	\$ 80,936	\$ 3,437
Clerk of Council	61,977	62,017	62,760	(743)
Total Legislative	138,399	146,390	143,696	2,694
General and Financial Administration:				
Manager	428,160	425,411	445,873	(20,462)
City Attorney	152,478	152,228	126,238	25,990
Human Resources	377,996	385,180	340,120	45,060
Commissioner of Revenue	319,509	319,509	298,119	21,390
Assessor	521,895	522,112	206,274	315,838
Treasurer	312,664	312,673	307,707	4,966
Finance	697,786	779,826	722,517	57,309
Information Technology	1,285,766	1,339,224	1,317,729	21,495
Employee Health and Safety	10,000	10,000	17,890	(7,890)
Risk Management	316,909	311,709	284,136	27,573
Central Office	38,997	39,651	36,178	3,473
Total General and Financial Administration	4,462,160	4,597,523	4,102,781	494,742
Board of Elections:				
Electoral Board and Officials	154,026	153,443	136,173	17,270
Total General Government Administration	4,754,585	4,897,356	4,382,650	514,706
Judicial Administration:				
Courts:				
Circuit Court	80,217	80,217	65,196	15,021
General District Court	36,544	36,684	24,415	12,269
Court Services	-	1,225	1,132	93
Juvenile and Domestic Relations	7,842	9,802	10,390	(588)
Clerk of the Circuit Court	382,162	382,245	377,618	4,627
Sheriff	440,165	451,350	450,838	512
Victim/Witness Assistance	107,637	102,387	92,627	9,760
Total Courts	1,054,567	1,063,910	1,022,216	41,694
Commonwealth Attorney:				
Commonwealth Attorney	529,423	529,607	531,400	(1,793)
Total Commonwealth Attorney	529,423	529,607	531,400	(1,793)
Total Judicial Administration	1,583,990	1,593,517	1,553,616	39,901
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	5,139,715	5,116,660	5,271,878	(155,218)
Fire and Rescue Services:				
Fire Department	2,615,918	2,745,969	2,660,128	85,841
First Aid Crew	50,050	50,050	50,050	-
EMS Council	9,808	9,808	9,808	-
Total Fire and Rescue Services	2,675,776	2,805,827	2,719,986	85,841
Correction and Detention:				
Middle River Regional Jail	1,589,416	1,589,416	1,472,302	117,114
Juvenile Detention Home	130,680	130,680	123,912	6,768
Total Correction and Detention	1,720,096	1,720,096	1,596,214	123,882
Inspections:				
Inspector's Office	545,184	545,261	429,068	116,193

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements:	Schedule 2 (cont'd)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive Negative
Primary Government: (cont'd)				
General Fund: (cont'd)				
Public Safety: (cont'd)				
Other Protection:				
Emergency Operations Center	\$ 1,276,167	\$ 1,293,474	\$ 1,079,489	\$ 213,985
Total Other Protection	1,276,167	1,293,474	1,079,489	213,985
Total Public Safety	11,356,938	11,481,318	11,096,635	384,683
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Engineering/Administration	1,063,610	1,064,704	1,024,482	40,222
Public Works Operations Administration	353,355	349,845	338,011	11,834
Highways, Streets, Bridges, and Sidewalks	2,839,142	2,941,141	2,632,319	308,822
Traffic Engineering	771,669	833,060	406,344	426,716
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	5,027,776	5,188,750	4,401,156	787,594
Sanitation and Waste Removal:				
Landfill closure	154,965	176,166	128,132	48,034
Maintenance of General Buildings and Grounds:				
General Properties:				
Maintenance of buildings and grounds	207,424	246,419	227,746	18,673
Total Public Works	5,390,165	5,611,335	4,757,034	854,301
Health and Welfare:				
Health:				
Supplement of Local Health Department	211,585	211,585	203,656	7,929
Contribution to VCSB	150,208	150,208	150,208	-
Total Health	361,793	361,793	353,864	7,929
Welfare:				
Area Agency on Aging	31,250	31,250	31,250	-
Boys and Girls Club	-	-	-	-
Property Tax Relief-Elderly Handicapped	113,515	113,515	166,248	(52,733)
Other Contributions	32,314	32,314	31,814	500
Total Welfare	177,079	177,079	229,312	(52,233)
Total Health and Welfare	538,872	538,872	583,176	(44,304)
Education:				
Contribution to Community College	35,346	35,346	35,346	-
Contribution to City School Board	14,319,014	15,489,450	15,765,278	(275,828)
Total Education	14,354,360	15,524,796	15,800,624	(275,828)
Parks, Recreation and Cultural:				
Parks and Recreation:				
Administration	462,817	467,905	465,979	1,926
Municipal Parks	782,370	799,025	789,709	9,316
Municipal Pools	153,879	155,379	127,576	27,803
Recreation Programs	187,850	208,278	181,980	26,298
Custodial	669,958	693,370	658,738	34,632
Cemeteries	136,620	136,620	133,714	2,906
Total Parks and Recreation	2,393,494	2,460,577	2,357,696	102,881
Library:				
Library Administration	854,559	860,049	842,371	17,678

cont'd

CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

				Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	
Primary Government: (cont'd)				
General Fund: (cont'd)				
Parks, Recreation and Cultural: (cont'd)				
Cultural Enrichment:				
Contributions	\$ 40,250	\$ 45,250	\$ 38,249	\$ 7,001
Total Parks, Recreation, and Cultural	<u>3,288,303</u>	<u>3,365,876</u>	<u>3,238,316</u>	<u>127,560</u>
Community Development:				
Planning and Community Development:				
City Planner	357,215	413,545	395,119	18,426
Contributions to Community Organizations	750	750	1,279	(529)
Tourism Department	230,895	249,842	227,340	22,502
Economic Development	241,907	256,141	223,923	32,218
Shenandoah Valley Airport	44,052	44,052	44,052	-
Total Planning and Community Development	<u>874,819</u>	<u>964,330</u>	<u>891,713</u>	<u>72,617</u>
Debt Service:				
Principal Retirement	1,285,139	1,285,139	1,322,583	(37,444)
Interest and Fiscal Charges	450,675	450,675	436,939	13,736
Bond Issuance Costs	-	-	38,926	(38,926)
Total Debt Service	<u>1,735,814</u>	<u>1,735,814</u>	<u>1,798,448</u>	<u>(62,634)</u>
Total General Fund	<u>\$ 43,877,846</u>	<u>\$ 45,713,214</u>	<u>\$ 44,102,212</u>	<u>\$ 1,611,002</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and Welfare:				
Welfare/Social Services:				
Public Assistance	\$ 2,482,145	\$ 2,482,145	\$ 2,135,611	\$ 346,534
Comprehensive Services Act Fund:				
Health and Welfare:				
Welfare/Social Services:				
Comprehensive Services	\$ 2,700,000	\$ 2,700,000	\$ 2,660,431	\$ 39,569
Youth and Family Services Fund:				
Public Safety:				
Correction and Detention:				
Youth Services	583,462	590,702	460,209	130,493
VJCCA Programs	138,779	138,979	108,247	30,732
Total Public Safety	<u>722,241</u>	<u>729,681</u>	<u>568,456</u>	<u>161,225</u>
Health and Welfare:				
Welfare/Social Services:				
Teen Pregnancy Prevention	66,013	69,513	60,841	8,672
Total Youth and Family Services Fund	<u>\$ 788,254</u>	<u>\$ 799,194</u>	<u>\$ 629,297</u>	<u>\$ 169,897</u>
Community Action Partnership of Staunton, Augusta and Waynesboro Fund:				
Health and Welfare:				
Welfare/Social Services:				
CAPSAW operations	488,490	495,928	477,408	18,520
Total Community Action Partnership of Staunton, Augusta and Waynesboro Fund	<u>\$ 488,490</u>	<u>\$ 495,928</u>	<u>\$ 477,408</u>	<u>\$ 18,520</u>

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Schedule 2 (cont'd)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Fund, Function, Activity, and Elements:				
Primary Government: (cont'd)				
Special Revenue Funds: (cont'd)				
Shenandoah Valley Animal Service Center Fund:				
Public Safety:				
Other Protection:				
Animal Control	\$ -	\$ 425,111	\$ 478,782	\$ (53,671)
Total Shenandoah Valley Animal Service Center Fund	\$ -	\$ 425,111	\$ 478,782	\$ (53,671)
Total Special Revenue Funds	\$ 6,458,889	\$ 6,902,378	\$ 6,381,529	\$ 520,849
Debt Service Funds:				
Debt Revenue Fund:				
Debt Service:				
Principal Retirement	717,965	717,965	717,965	-
Interest and Fiscal Charges	529,840	529,840	529,840	-
Total Debt Service	1,247,805	1,247,805	1,247,805	-
Total Debt Revenue Fund	\$ 1,247,805	\$ 1,247,805	\$ 1,247,805	\$ -
Total Debt Service Funds	\$ 1,247,805	\$ 1,247,805	\$ 1,247,805	\$ -
Capital Projects Funds:				
Capital Improvements Fund:				
Public Works:				
Highways, Streets, Bridges, and Sidewalks	46,000	46,000	276,211	(230,211)
Other Public Works Improvements	-	125,000	619,931	(494,931)
Total Public Works	46,000	171,000	896,142	(725,142)
Total Capital Improvements Fund	\$ 46,000	\$ 171,000	\$ 896,142	\$ (725,142)
Total Capital Projects Funds	\$ 46,000	\$ 171,000	\$ 896,142	\$ (725,142)
Grand Total - Expenditures - Primary Government	\$ 51,630,540	\$ 54,034,397	\$ 52,627,688	\$ 1,406,709
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration and Instruction of Schools:				
Classroom Instruction	28,065,443	28,245,980	26,709,972	1,536,008
Administration, Attendance, and Health	2,043,007	2,168,623	2,139,858	28,765
Total Administration and Instruction of Schools	30,108,450	30,414,603	28,849,830	1,564,773
Operating Costs:				
Pupil Transportation	1,231,272	1,247,835	1,176,596	71,239
Operation and Maintenance of School Plant	3,272,779	3,304,177	3,194,072	110,105
Technology	1,085,371	1,287,136	1,221,908	65,228
Total Operating Costs	5,589,422	5,839,148	5,592,576	246,572
Total Education	35,697,872	36,253,751	34,442,406	1,811,345
Capital Projects:				
Facilities	-	4,000	859,047	(855,047)
Debt Service:				
Principal Retirement	239,598	239,598	239,598	-
Interest and Fiscal Charges	103,456	103,456	103,454	2
Total Debt Service	343,054	343,054	343,052	2
Total School Operating Fund	\$ 36,040,926	\$ 36,600,805	\$ 35,644,505	\$ 956,300

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CITY OF WAYNESBORO, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements:	Original Budget	Final Budget	Actual	Schedule 2 (cont'd)
				Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (cont'd)				
Special Revenue Funds: (cont'd)				
School Cafeteria Fund:				
Education:				
Food Service	\$ 1,477,670	\$ 1,482,184	\$ 1,422,792	\$ 59,392
School Textbook Fund:				
Education:				
Instructional Costs	\$ 496,458	\$ 496,458	\$ 43,679	\$ 452,779
Total Special Revenue Funds	\$ 38,015,054	\$ 38,579,447	\$ 37,110,976	\$ 1,468,471
Grand Total - Expenditures - Component Unit - School Board	\$ 38,015,054	\$ 38,579,447	\$ 37,110,976	\$ 1,468,471

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STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents	<u>Tables</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1 - 4	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.

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

Table 1

	2009	2010	2011	2012	2013	2014	2015 (1)	2016	2017	2018 (2)
Governmental activities										
Net investment in capital assets	\$ 30,038,195	\$ 28,815,976	\$ 28,479,287	\$ 28,582,343	\$ 28,744,563	\$ 31,133,091	\$ 30,091,461	\$ 31,418,630	\$ 33,791,619	\$ 33,980,786
Restricted	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987
Unrestricted	(17,413,909)	(14,891,347)	(13,941,412)	(9,568,762)	(10,646,382)	(9,763,913)	(11,390,137)	(6,053,354)	(5,112,956)	(25,378,115)
Total governmental activities net position	<u>\$ 14,452,022</u>	<u>\$ 14,820,213</u>	<u>\$ 16,247,534</u>	<u>\$ 21,355,913</u>	<u>\$ 19,721,125</u>	<u>\$ 23,112,850</u>	<u>\$ 20,826,199</u>	<u>\$ 27,158,569</u>	<u>\$ 30,646,369</u>	<u>\$ 30,671,658</u>
Business-type activities										
Net investment in capital assets	25,288,754	28,231,948	23,628,183	24,126,240	32,958,276	32,955,974	32,895,991	32,896,027	31,859,390	32,772,413
Unrestricted	6,285,557	6,465,365	11,988,432	11,804,718	10,494,915	9,752,065	7,933,035	8,340,522	9,238,420	8,917,530
Total business-type activities net position	<u>\$ 31,574,311</u>	<u>\$ 34,697,313</u>	<u>\$ 35,616,615</u>	<u>\$ 35,930,958</u>	<u>\$ 43,453,191</u>	<u>\$ 42,708,039</u>	<u>\$ 40,829,026</u>	<u>\$ 41,236,549</u>	<u>\$ 41,097,810</u>	<u>\$ 41,689,943</u>
Primary government										
Net investment in capital assets	55,326,949	57,047,924	52,107,470	52,708,583	61,702,839	64,089,065	62,987,452	64,314,657	65,651,009	66,753,199
Restricted	1,827,736	895,584	1,709,659	2,342,332	1,622,944	1,743,672	2,124,875	1,793,293	1,967,706	22,068,987
Unrestricted	(11,128,352)	(8,425,982)	(1,952,980)	2,235,956	(151,467)	(11,848)	(3,457,102)	2,287,168	4,125,464	(16,460,585)
Total primary government net position	<u>\$ 46,026,333</u>	<u>\$ 49,517,526</u>	<u>\$ 51,864,149</u>	<u>\$ 57,286,871</u>	<u>\$ 63,174,316</u>	<u>\$ 65,820,889</u>	<u>\$ 61,655,225</u>	<u>\$ 68,395,118</u>	<u>\$ 71,744,179</u>	<u>\$ 72,361,601</u>
School Board Component Unit										
Net investment in capital assets	\$ 40,107,227	\$ 39,518,141	\$ 39,741,364	\$ 38,791,483	\$ 38,119,862	\$ 37,224,991	\$ 36,571,516	\$ 36,148,835	\$ 35,391,084	\$ 34,360,416
Restricted	177,222	56,579	-	-	-	-	-	-	-	-
Unrestricted	(224,865)	(648,481)	(718,197)	(824,406)	(1,329,615)	(2,172,690)	(33,145,847)	(32,811,413)	(32,273,726)	(33,486,905)
Total governmental activities net position	<u>\$ 40,059,584</u>	<u>\$ 38,926,239</u>	<u>\$ 39,023,167</u>	<u>\$ 37,967,077</u>	<u>\$ 36,790,247</u>	<u>\$ 35,052,301</u>	<u>\$ 3,425,669</u>	<u>\$ 3,337,422</u>	<u>\$ 3,117,358</u>	<u>\$ 873,511</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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 3,588,200	\$ 3,513,547	\$ 3,287,456	\$ 3,483,499	\$ 3,468,784	\$ 3,613,629	\$ 7,015,817	\$ 9,900,958	\$ 10,482,872	\$ 11,283,368
Judicial administration	1,467,058	1,343,998	1,382,610	1,375,669	1,541,889	1,530,639	1,478,788	1,393,274	1,501,243	1,536,332
Public safety	9,881,777	9,828,150	10,117,442	10,543,735	11,041,793	10,965,288	10,962,688	10,574,111	11,404,402	11,847,803
Public works	7,537,332	6,577,485	6,868,683	4,888,803	7,084,792	6,832,130	5,690,103	6,813,144	7,233,241	6,299,523
Health and welfare	4,331,885	3,654,529	3,814,915	3,960,411	3,896,292	4,852,442	5,375,620	5,325,427	5,455,336	5,890,677
Education	11,160,168	12,095,786	12,613,857	12,474,733	12,952,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624
Parks, recreation and culture	2,735,276	2,624,705	2,190,791	2,955,145	2,852,606	2,911,705	2,904,112	2,935,329	2,808,386	3,235,722
Community development	1,960,369	2,045,703	2,556,858	1,497,846	688,295	91,647	1,352,385	644,256	1,292,122	1,289,798
Interest on long-term debt	1,528,816	1,530,649	1,453,059	1,477,542	1,605,156	1,453,602	1,633,675	1,100,085	981,433	971,326
Total governmental activities expenses	<u>44,190,881</u>	<u>43,214,552</u>	<u>44,285,671</u>	<u>42,657,383</u>	<u>45,132,250</u>	<u>45,693,322</u>	<u>50,258,508</u>	<u>51,962,566</u>	<u>56,660,997</u>	<u>58,155,173</u>
Business-type activities:										
Water	3,193,050	3,079,569	3,084,115	3,004,078	3,078,347	3,297,434	3,101,533	2,946,249	3,792,452	3,631,173
Sewer	3,809,431	3,996,227	4,335,813	4,469,768	5,340,416	5,741,003	5,418,648	5,452,764	5,498,658	5,160,072
Landfill Operations	2,194,854	1,039,018	423,090	414,018	688,241	714,131	626,565	610,135	751,715	988,762
Garbage	1,018,808	910,371	957,700	1,104,390	1,011,546	1,070,287	1,085,308	909,655	1,039,989	801,878
Stormwater	-	-	-	-	-	-	-	917,556	637,709	678,925
Total business-type activities expenses	<u>10,216,143</u>	<u>9,025,185</u>	<u>8,800,718</u>	<u>8,992,254</u>	<u>10,118,550</u>	<u>10,822,855</u>	<u>10,232,054</u>	<u>10,836,359</u>	<u>11,720,523</u>	<u>11,260,810</u>
Total primary government expenses	<u>\$ 54,407,024</u>	<u>\$ 52,239,737</u>	<u>\$ 53,086,389</u>	<u>\$ 51,649,637</u>	<u>\$ 55,250,800</u>	<u>\$ 56,516,177</u>	<u>\$ 60,490,562</u>	<u>\$ 62,798,925</u>	<u>\$ 68,381,520</u>	<u>\$ 69,415,983</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	26,269	24,446	25,148	40,182	36,338	30,922	22,921	12,239	13,226	27,881
Judicial administration	167,312	147,024	170,118	197,290	212,018	226,112	281,363	207,183	160,160	135,752
Public safety	17,923	21,189	35,325	436,082	268,103	327,960	305,586	377,559	363,657	361,045
Public works	45,487	15,874	15,738	22,500	17,627	18,052	53,749	14,083	18,651	25,283
Health and welfare	-	-	69,765	69,765	143,038	87,250	87,250	87,250	110,564	110,564
Parks, recreation and culture	308,305	353,479	369,128	394,767	327,945	250,997	251,192	251,196	264,999	259,539
Community development	193,518	200,676	168,425	155,923	225,882	219,301	184,136	228,503	209,253	229,552
Operating grants and contributions	7,681,113	7,389,284	8,171,171	7,444,708	8,326,003	8,524,997	12,307,578	15,122,085	16,417,961	16,555,954
Capital grants and contributions	380,641	585,973	1,437,657	368,431	180,832	1,321,893	667,397	942,253	1,247,986	193,603
Total governmental activities revenues	<u>8,820,568</u>	<u>8,737,945</u>	<u>10,462,475</u>	<u>9,129,648</u>	<u>9,737,786</u>	<u>11,007,484</u>	<u>14,161,172</u>	<u>17,242,351</u>	<u>18,806,457</u>	<u>17,899,173</u>
Business-type activities:										
Charges for services:										
Water	2,287,371	2,653,141	2,659,951	2,832,835	3,457,578	3,595,736	3,602,682	3,573,258	3,802,813	4,035,430
Sewer	3,377,798	3,747,884	4,051,980	5,156,159	5,066,599	5,382,235	5,368,271	5,312,609	5,654,003	5,871,019
Landfill operations	763,988	681,827	971,976	670,726	781,904	626,250	690,095	731,978	706,647	728,729
Garbage	1,054,859	1,122,743	1,128,021	1,126,637	1,124,421	1,196,942	1,194,867	1,161,423	1,175,056	1,189,772
Stormwater	-	-	-	-	-	-	-	1,200,963	1,247,386	1,200,480
Operating grants and contributions	-	5,125	5,910	5,000	7,216	6,366	6,357	8,558	6,192	6,993
Capital grants and contributions	6,712,151	3,279,541	1,417,616	155,346	21,275	282,689	64,170	22,000	102,535	463,965
Total business-type activities revenues	<u>14,196,167</u>	<u>11,490,261</u>	<u>10,235,454</u>	<u>9,946,703</u>	<u>10,458,993</u>	<u>11,090,218</u>	<u>10,926,442</u>	<u>12,010,789</u>	<u>12,694,632</u>	<u>13,496,388</u>
Total primary government revenues	<u>\$ 23,016,735</u>	<u>\$ 20,228,206</u>	<u>\$ 20,697,929</u>	<u>\$ 19,076,351</u>	<u>\$ 20,196,779</u>	<u>\$ 22,097,702</u>	<u>\$ 25,087,614</u>	<u>\$ 29,253,140</u>	<u>\$ 31,501,089</u>	<u>\$ 31,395,561</u>
Net (Expense)/Revenue										
Governmental activities	\$ (35,370,313)	\$ (34,476,607)	\$ (33,823,196)	\$ (33,527,735)	\$ (35,394,464)	\$ (34,685,838)	\$ (36,097,336)	\$ (34,720,215)	\$ (37,854,540)	\$ (40,256,000)
Business-type activities	3,980,024	2,465,076	1,434,736	954,449	340,443	267,363	694,388	1,174,430	974,109	2,235,578
Total primary government net expense	<u>\$ (31,390,289)</u>	<u>\$ (32,011,531)</u>	<u>\$ (32,388,460)</u>	<u>\$ (32,573,286)</u>	<u>\$ (35,054,021)</u>	<u>\$ (34,418,475)</u>	<u>\$ (35,402,948)</u>	<u>\$ (33,545,785)</u>	<u>\$ (36,880,431)</u>	<u>\$ (38,020,422)</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	17,072,546	17,424,487	17,778,371	19,820,066	18,527,350	18,864,334	19,228,131	19,577,555	20,084,623	20,882,667
Sales taxes	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549
Utility taxes	1,039,426	1,022,522	1,025,014	1,004,623	1,031,726	1,030,193	1,041,682	1,032,821	1,030,149	1,044,069
Business license taxes	1,971,825	1,795,885	1,822,607	1,935,728	2,050,853	1,997,600	2,068,303	2,206,222	2,130,404	2,232,450
Hotel and meals taxes	2,844,749	2,878,449	3,276,948	4,037,742	4,259,246	4,448,874	4,751,154	4,970,141	5,109,283	5,192,580
Communication sales taxes	1,352,919	1,358,560	-	-	-	-	-	-	-	-
Tobacco taxes	414,921	392,881	394,680	416,691	398,681	378,197	378,828	370,607	357,547	336,686
Other local taxes	793,431	828,617	834,833	776,681	842,557	853,752	908,019	905,552	966,863	949,732
Unrestricted grants and contributions	2,920,104	2,900,125	4,109,897	4,034,685	4,120,323	4,215,912	4,796,487	5,043,586	4,190,347	4,147,046
Payment from Component Unit School Board	540,069	315,789	200,000	200,000	200,000	200,000	200,000	-	-	-
Investment earnings	252,686	314,491	244,466	113,331	145,171	136,103	142,359	165,902	293,209	286,750
Miscellaneous	403,882	458,724	392,858	680,575	535,939	476,393	297,710	410,838	552,364	452,287
Gain(loss) on sale of capital assets	-	3,655	22,602	37,470	19,388	(10,564)	15,280	9,814	33,913	19,583
Special items	-	-	-	-	-	-	6,359,697	-	-	-
Transfers	1,248,572	711,774	644,665	722,000	648,000	855,795	678,000	865,986	1,197,197	1,377,912
Total governmental activities	35,466,224	34,682,926	35,236,549	38,636,114	37,597,591	38,386,438	46,414,490	41,052,585	41,342,340	42,532,311
Business-type activities:										
Investment earnings	140,797	12,731	33,932	37,849	37,539	39,093	38,771	46,249	49,018	73,112
Miscellaneous	15,005	22,549	95,299	44,045	41,976	26,572	185,139	52,611	21,862	47,382
Gain(loss) on sale of capital assets	(11,094)	-	-	-	-	90,530	10,342	219	13,469	2,609
Transfers	(1,248,572)	(711,774)	(644,665)	(722,000)	(648,000)	(855,795)	(678,000)	(865,986)	(1,197,197)	(1,377,912)
Total business-type activities	(1,103,864)	(676,494)	(515,434)	(640,106)	(568,485)	(699,600)	(443,748)	(766,907)	(1,112,848)	(1,254,809)
Total primary government	\$ 34,362,360	\$ 34,006,432	\$ 34,721,115	\$ 37,996,008	\$ 37,029,106	\$ 37,686,838	\$ 45,970,742	\$ 40,285,678	\$ 40,229,492	\$ 41,277,502
Change in Net Position										
Governmental activities	95,911	206,319	1,413,353	5,108,379	2,203,127	3,700,600	10,317,154	6,332,370	3,487,800	2,276,311
Business-type activities	2,876,160	1,788,582	919,302	314,343	(228,042)	(432,237)	250,640	407,523	(138,739)	980,769
Total primary government	\$ 2,972,071	\$ 1,994,901	\$ 2,332,655	\$ 5,422,722	\$ 1,975,085	\$ 3,268,363	\$ 10,567,794	\$ 6,739,893	\$ 3,349,061	\$ 3,257,080
Expenses										
School Board Component Unit:										
Education	\$ 33,197,562	\$ 33,673,788	\$ 31,807,568	\$ 32,721,840	\$ 34,443,290	\$ 35,093,147	\$ 35,624,368	\$ 34,877,857	\$ 38,262,381	\$ 37,936,112
Total School Board component unit expenses	33,197,562	33,673,788	31,807,568	32,721,840	34,443,290	35,093,147	35,624,368	34,877,857	38,262,381	37,936,112
Program Revenues										
School Board Component Unit:										
Charges for services:										
Education	504,427	553,422	488,202	559,761	431,285	478,999	577,445	870,221	743,310	691,627
Operating grants and contributions	19,913,135	19,640,208	18,697,345	18,493,906	19,746,721	19,255,186	20,289,940	20,462,618	21,239,894	21,317,552
Capital grants and contributions	574,981	115,789	-	-	-	-	-	-	-	-
Total School Board component unit revenues	20,992,543	20,309,419	19,185,547	19,053,667	20,178,006	19,734,185	20,867,385	21,332,839	21,983,204	22,009,179
Net (Expense)/Revenue										
School Board Component Unit	(12,205,019)	(13,364,369)	(12,622,021)	(13,668,173)	(14,265,284)	(15,358,962)	(14,756,983)	(13,545,018)	(16,279,177)	(15,926,933)
General Revenues and Other Changes in Net Position										
School Board Component Unit:										
Payment from City of Waynesboro	10,896,054	12,065,383	12,583,454	12,444,330	12,920,240	13,411,837	13,812,917	13,239,886	15,465,866	15,765,278
Investment earnings	10,552	3,992	19,232	27,752	33,864	33,719	35,232	37,293	32,233	18,857
Miscellaneous	149,864	161,649	116,263	140,001	134,350	175,460	183,843	179,592	561,014	758,951
Total School Board Component Unit	11,056,470	12,231,024	12,718,949	12,612,083	13,088,454	13,621,016	14,031,992	13,456,771	16,059,113	16,543,086
Change in Net Position										
School Board Component Unit	\$ (1,148,549)	\$ (1,133,345)	\$ 96,928	\$ (1,056,090)	\$ (1,176,830)	\$ (1,737,946)	\$ (724,991)	\$ (88,247)	\$ (220,064)	\$ 616,153

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

Table 3

	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 892,304	\$ 1,807,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,402,818	8,849,322	-	-	-	-	-	-	-	-
Restricted	-	-	1,046,961	1,667,383	642,134	1,089,914	1,358,725	938,389	920,956	21,010,377
Committed	-	-	1,014,335	683,745	4,134,909	4,190,258	3,900,782	4,155,703	3,621,574	3,790,186
Assigned	-	-	123,126	1,277,007	526,948	319,698	502,899	167,899	302,517	460,601
Unassigned	-	-	8,204,385	11,385,888	8,923,216	9,054,972	9,761,313	11,058,122	9,323,445	10,019,656
Total general fund	<u>\$ 10,295,122</u>	<u>\$ 10,656,779</u>	<u>\$ 10,388,807</u>	<u>\$ 15,014,023</u>	<u>\$ 14,227,207</u>	<u>\$ 14,654,842</u>	<u>\$ 15,523,719</u>	<u>\$ 16,320,113</u>	<u>\$ 14,168,492</u>	<u>\$ 35,280,820</u>
All Other Governmental Funds										
Reserved	592,766	813,025	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	292,120	307,281	-	-	-	-	-	-	-	-
Capital projects funds	7,929,490	7,269,278	-	-	-	-	-	-	-	-
Debt service funds	1,040,748	180,303	-	-	-	-	-	-	-	-
Nonspendable	-	-	510,549	522,799	542,549	561,049	582,549	586,029	589,149	591,189
Restricted	-	-	5,478,065	3,617,202	2,479,482	1,599,807	391,432	358,415	530,099	540,489
Committed	-	-	926,958	487,621	1,033,646	246,579	386,498	903,444	2,711,980	1,905,932
Assigned	-	-	705,774	751,682	719,023	1,036,474	1,894,804	2,574,832	3,193,323	3,036,931
Unassigned	-	-	-	-	-	-	-	-	(909,269)	(271,640)
Total all other governmental funds	<u>\$ 9,855,124</u>	<u>\$ 8,569,887</u>	<u>\$ 7,621,346</u>	<u>\$ 5,379,304</u>	<u>\$ 4,774,700</u>	<u>\$ 3,443,909</u>	<u>\$ 3,255,283</u>	<u>\$ 4,422,720</u>	<u>\$ 6,115,282</u>	<u>\$ 5,802,901</u>

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

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

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General property taxes	\$ 16,951,430	\$ 17,604,173	\$ 17,860,376	\$ 19,956,957	\$ 18,418,234	\$ 19,003,063	\$ 19,356,344	\$ 19,534,896	\$ 20,010,239	\$ 20,604,501
Sales taxes	4,611,094	4,276,967	4,489,608	4,856,522	4,818,357	4,939,849	5,548,840	5,493,561	5,396,441	5,610,549
Other local taxes	8,417,271	8,276,914	7,354,082	8,171,465	8,583,063	8,708,616	9,147,986	9,469,518	9,610,071	9,755,517
Permits, privilege fees and regulatory licenses	150,889	177,958	170,838	156,939	208,253	219,973	180,351	216,732	192,623	182,714
Fines and forfeitures	163,322	145,287	167,027	190,807	195,247	206,543	258,418	186,866	143,191	123,413
Revenues from use of money and property	329,146	372,488	310,851	155,142	195,246	181,754	196,296	223,189	337,182	332,303
Charges for services	361,624	396,579	387,367	439,765	389,346	304,491	343,875	320,243	331,122	350,079
Miscellaneous	327,422	450,724	322,391	510,028	355,209	373,154	5,157,768	8,186,878	8,431,437	8,391,745
Recovered costs	357,849	333,526	394,505	799,509	699,041	704,473	668,130	741,411	748,658	779,980
Intergovernmental	11,366,090	10,367,422	12,487,769	11,782,542	12,581,314	13,987,916	13,314,831	13,655,806	14,050,959	13,144,405
Total revenues	43,036,137	42,402,038	43,944,814	47,019,676	46,443,310	48,629,832	54,172,839	58,029,100	59,251,923	59,275,206
Expenditures										
General government administration	3,590,224	3,455,029	3,204,711	3,424,066	3,405,476	3,592,910	7,080,032	10,885,148	11,422,599	11,899,595
Judicial administration	1,374,825	1,244,498	1,307,187	1,295,198	1,472,117	1,455,629	1,453,153	1,493,599	1,474,245	1,553,616
Public safety	9,540,225	9,537,907	9,941,487	10,181,785	11,008,118	10,798,557	10,693,388	11,056,875	11,339,732	12,143,873
Public works	5,550,039	5,630,528	6,761,493	4,836,876	7,666,797	7,774,030	6,585,131	6,503,352	7,594,812	5,653,176
Health and welfare	4,323,371	3,647,964	3,805,952	3,953,428	3,887,883	4,843,683	5,395,565	5,410,066	5,467,008	5,917,467
Education (1)	11,160,168	12,095,786	12,113,857	12,474,733	12,950,643	13,442,240	13,845,320	13,275,982	15,501,962	15,800,624
Parks, recreation and culture	2,704,053	2,764,188	2,330,164	2,742,398	2,723,097	2,745,531	2,826,740	3,079,450	3,268,620	3,238,316
Community development	1,947,500	1,599,940	2,920,682	1,762,793	1,329,120	1,226,971	1,315,093	1,319,981	1,324,067	1,351,835
Capital projects	-	-	500,000	4,960,867	2,396	21,222	-	-	-	-
Debt service:										
Principal retirement	1,997,519	2,223,843	2,307,296	1,794,863	2,678,211	2,626,338	4,964,903	2,708,363	2,732,970	2,040,548
Interest and fiscal charges	1,568,976	1,588,914	1,499,775	1,522,276	1,634,500	1,540,320	2,360,894	1,136,227	1,056,435	966,779
Bond issuance costs	123,651	-	23,112	15,800	-	-	100,430	15,600	-	38,926
Redemption of debt	-	-	-	-	-	-	15,965,000	-	-	-
Total expenditures	43,880,551	43,788,597	46,715,716	48,965,083	48,758,358	50,067,431	72,585,649	56,884,643	61,182,450	60,604,755
Excess of revenues over (under) expenditures	(844,414)	(1,386,559)	(2,770,902)	(1,945,407)	(2,315,048)	(1,437,599)	(18,412,810)	1,144,457	(1,930,527)	(1,329,549)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Insurance recoveries	-	-	115,957	128,736	141,036	79,009	56,302	36,644	95,628	34,688
Refunding bonds issued	-	-	-	-	-	-	16,389,513	-	-	19,860,000
Debt issued	5,870,000	-	985,000	3,519,100	-	-	2,225,219	216,083	533,547	-
Premium on debt	139,199	-	14,567	-	-	-	742,144	-	-	1,182,437
Capital lease	-	-	32,718	-	278,806	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	-
Transfers in	2,652,677	2,402,169	3,734,651	3,539,351	4,818,149	4,820,987	4,211,415	5,417,342	6,607,459	5,543,753
Transfers out	<u>(2,051,153)</u>	<u>(1,939,190)</u>	<u>(3,342,472)</u>	<u>(2,858,606)</u>	<u>(4,407,371)</u>	<u>(4,365,553)</u>	<u>(4,531,532)</u>	<u>(4,850,695)</u>	<u>(5,765,166)</u>	<u>(4,491,382)</u>
Total other financing sources and uses	<u>6,610,723</u>	<u>462,979</u>	<u>1,540,421</u>	<u>4,328,581</u>	<u>830,620</u>	<u>534,443</u>	<u>19,093,061</u>	<u>819,374</u>	<u>1,471,468</u>	<u>22,129,496</u>
Net change in fund balances	<u>\$ 5,766,309</u>	<u>\$ (923,580)</u>	<u>\$ (1,230,481)</u>	<u>\$ 2,383,174</u>	<u>\$ (1,484,428)</u>	<u>\$ (903,156)</u>	<u>\$ 680,251</u>	<u>\$ 1,963,831</u>	<u>\$ (459,059)</u>	<u>\$ 20,799,947</u>
Debt service as a percentage of noncapital expenditures	8.6%	8.9%	8.8%	7.8%	9.3%	9.0%	33.2%	7.0%	6.5%	5.1%

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				
2009	1,373,023,934	374,581,700	75,009,122	0.70	94,533,504	5.00	205,781	5.00	40,263,315	3.00	904,972	3.00	1,958,522,328	0.95	2,027,197,586	96.61%
2010	1,379,263,067	478,952,000	71,816,305	0.70	150,126,941	5.00	250,296	5.00	36,118,308	3.00	787,070	3.00	2,117,313,987	1.04	2,178,833,278	97.18%
2011	1,429,091,737	444,059,100	80,980,848	0.70	157,670,813	5.00	231,250	5.00	23,683,493	3.00	786,156	3.00	2,136,503,397	1.04	2,202,136,392	97.02%
2012	1,308,385,664	426,129,100	83,303,561	0.75	96,414,492	5.00	254,081	5.00	23,476,451	3.00	729,408	3.00	1,938,692,757	0.99	2,005,091,948	96.69%
2013	1,315,419,967	426,330,400	93,455,183	0.75	100,131,159	5.00	93,205	5.00	36,141,279	3.00	825,558	3.00	1,972,396,751	1.01	2,041,974,715	96.59%
2014	1,228,790,935	428,846,000	105,729,192	0.80	102,653,018	5.00	194,265	5.00	35,384,762	3.00	700,558	3.00	1,902,298,730	1.07	1,972,346,376	96.45%
2015	1,237,499,214	440,617,500	100,000,407	0.80	107,481,558	5.00	221,268	5.00	36,083,097	3.00	884,170	3.00	1,922,787,214	1.08	1,994,917,925	96.38%
2016	1,272,771,849	424,794,500	101,047,914	0.80	109,676,225	5.00	189,109	5.00	37,017,769	3.00	757,350	3.00	1,946,254,716	1.08	2,020,597,423	96.32%
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%

Notes:

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

Source:

City of Waynesboro, Assessor's Office

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

Table 6

Fiscal Year	City Direct Rates (2)			Total Direct Rate
	Real Estate	Motor Vehicles and Tangibles	Machinery & Tools	
2009	0.65	0.24	0.06	0.95
2010	0.64	0.35	0.05	1.04
2011	0.64	0.37	0.03	1.04
2012	0.70	0.25	0.04	0.99
2013	0.70	0.25	0.05	1.01
2014	0.74	0.27	0.06	1.07
2015	0.74	0.28	0.06	1.08
2016	0.74	0.28	0.06	1.08
2017	0.74	0.29	0.06	1.09
2018	0.81	0.27	0.05	1.13

Notes:

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

Source:

City of Waynesboro, Assessor's Office

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

Table 7

<u>Taxpayer</u>	December 31, 2017			December 31, 2008		
	Taxable Assessed	<u>Rank</u>	Percentage of Total Taxable Assessed	Taxable Assessed	<u>Rank</u>	Percentage of Total Taxable Assessed
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Avintiv/Poly-Bond, Inc.	\$ 34,195,239	1	1.89%	\$ 22,029,115	3	1.21%
Waynesboro Town Center	22,045,700	2	1.22%	27,787,900	2	1.53%
Windigrove LLC	20,834,300	3	1.15%			
Walmart	18,873,139	4	1.04%	17,082,648	5	0.94%
Invista/DuPont	17,796,477	5	0.98%	50,560,402	1	2.78%
Waynesboro Station LLC	12,225,300	6	0.68%			
Lowe's Home Center	12,543,660	7	0.69%	14,299,831	6	0.79%
Target	12,260,799	8	0.68%	11,947,813	7	0.66%
DuPont Community Credit Union	9,361,809	9	0.52%	9,650,704	10	0.53%
HD Development of Maryland	9,054,400	10	0.50%	10,655,700	9	0.59%
Ntelos/CFW Communications	-		-	16,470,814	4	0.91%
Waynesboro Plaza LLC	-		-	11,606,200	8	0.64%
Total	<u>\$ 169,190,823</u>		<u>9.36%</u>	<u>\$ 192,091,127</u>		<u>10.58%</u>

Source:

City of Waynesboro, Commissioner of the Revenue

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	\$ 18,591,502	\$ (84,579)	\$ 18,506,923	\$ 17,868,396	96.11%	\$ 635,949	\$ 18,504,345	99.99%
2010	18,947,394	(55,835)	18,891,559	18,344,884	96.82%	536,216	18,881,100	99.94%
2011	19,072,989	(38,947)	19,034,042	18,584,504	97.44%	448,872	19,033,376	100.00%
2012	19,079,144	(30,509)	19,048,635	18,708,395	98.06%	332,994	19,041,389	99.96%
2013	19,811,574	(57,109)	19,754,465	19,331,996	97.58%	415,739	19,747,735	99.97%
2014	20,238,326	(21,660)	20,216,666	19,814,287	97.90%	357,094	20,171,381	99.78%
2015	20,602,887	568	20,603,455	20,291,309	98.49%	255,279	20,546,588	99.72%
2016	20,926,459	1,104	20,927,563	20,634,703	98.61%	205,682	20,840,385	99.58%
2017	21,305,548	8,030	21,313,578	20,990,103	98.52%	173,599	21,163,702	99.30%
2018	22,424,812	-	22,424,812	21,982,776	98.03%	-	21,982,776	98.03%

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			
2009	\$ 33,229,771	\$ 2,750,000	\$ -	\$ 8,292	\$ 13,515,000	\$ 19,233,595	\$ 5,882,666	\$ 74,619,324	10.73%	3,355
2010	31,262,509	2,500,000	-	1,711	13,280,000	26,900,278	5,631,935	79,576,433	11.15%	3,788
2011	30,191,923	2,250,000	-	32,718	15,345,000	21,149,556	5,373,625	74,342,822	10.23%	3,488
2012	32,182,639	2,000,000	-	16,240	15,015,000	20,575,114	5,107,508	74,896,501	9.62%	3,548
2013	30,566,794	1,750,000	3,201,542	228,806	14,670,000	19,556,559	4,833,347	74,807,048	9.30%	3,518
2014	29,076,458	1,500,000	2,423,847	120,499	14,310,000	19,507,164	4,550,900	71,488,868	8.32%	3,346
2015	29,552,306	1,250,000	-	3,108	13,835,487	19,170,953	4,259,916	68,071,770	7.80%	3,167
2016	27,313,134	1,000,000	-	-	13,422,539	18,753,439	3,960,137	64,449,249	7.39%	2,945
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

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				
2009	\$ 33,229,771	\$ 2,750,000	\$ -	\$ 35,979,771	\$ 1,040,748	\$ 34,939,023	1.72%	1,571
2010	31,262,509	2,500,000	-	33,762,509	180,303	33,582,206	1.54%	1,599
2011	30,191,923	2,250,000	-	32,441,923	274,008	32,167,915	1.46%	1,509
2012	32,182,639	2,000,000	-	34,182,639	306,182	33,876,457	1.69%	1,605
2013	30,566,794	1,750,000	3,201,542	35,518,336	152,190	35,366,146	1.73%	1,663
2014	29,076,458	1,500,000	2,423,847	33,000,305	-	33,000,305	1.67%	1,545
2015	29,552,306	1,250,000	-	30,802,306	4,402	30,797,904	1.54%	1,433
2016	27,313,134	1,000,000	-	28,313,134	4,405	28,308,729	1.40%	1,293
2017	25,363,711	750,000	-	26,113,711	4,405	26,109,306	1.27%	1,193
2018	43,433,163	500,000	-	43,933,163	4,405	43,928,758	2.12%	1,968

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, 2018

Table 11

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Waynesboro</u>	<u>Amount Applicable to City of Waynesboro</u>
City of Waynesboro	\$ 43,933,163	100%	\$ 43,933,163

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 182,261,476	\$ 193,003,137	\$ 195,413,169	\$ 181,781,833	\$ 183,520,555	\$ 176,336,613	\$ 177,811,712	\$ 179,861,426	\$ 182,156,821	\$ 184,148,219
Total net debt applicable to limit	<u>54,336,689</u>	<u>52,494,141</u>	<u>52,886,540</u>	<u>53,998,965</u>	<u>54,869,493</u>	<u>51,861,205</u>	<u>48,893,307</u>	<u>45,691,405</u>	<u>42,768,143</u>	<u>59,674,468</u>
Legal debt margin	<u>\$ 127,924,787</u>	<u>\$ 140,508,996</u>	<u>\$ 142,526,629</u>	<u>\$ 127,782,868</u>	<u>\$ 128,651,062</u>	<u>\$ 124,475,408</u>	<u>\$ 128,918,405</u>	<u>\$ 134,170,021</u>	<u>\$ 139,388,678</u>	<u>\$ 124,473,751</u>
Total net debt applicable to the limit as a percentage of debt limit	29.81%	27.20%	27.06%	29.71%	29.90%	29.41%	27.50%	25.40%	23.48%	32.41%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value of Real Property	\$ 1,841,482,190
Debt Limit - 10%	184,148,219
Debt Applicable to Limit:	
General obligation debt	59,678,873
Less: Amount set aside for repayment of general obligation debt	<u>(4,405)</u>
Total net debt applicable to limit	<u>59,674,468</u>
Legal Debt Margin	<u>\$ 124,473,751</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	Less: Operating	Net	Debt Service		Coverage	
	and Other (1)	Expenses (2)	Available Revenue	Principal	Interest		
2009	\$ 3,394,191	\$ 2,094,784	\$ 1,299,407	\$ -	\$ 39,997	\$ 32	
2010	3,755,032	2,178,984	1,576,048	60,000	101,181	9.78	
2011	4,091,496	2,306,988	1,784,508	435,622	98,450	3.34	
2012	5,203,047	2,167,385	3,035,662	780,021	849,756	1.86	
2013	5,095,721	2,575,558	2,520,163	1,018,555	613,747	1.54	
2014	5,408,414	2,659,610	2,748,804	817,036	812,515	1.69	
2015	5,394,218	2,264,042	3,130,176	2,170,626	787,477	1.06	
2016	5,352,566	2,373,561	2,979,005	910,735	753,579	1.79	
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	

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

Notes:

- (1) Sewer charges and other includes investment earnings.
- (2) Operating expenses do not include interest or depreciation.
- (3) No debt service payments were scheduled in this period.

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

Table 14

Fiscal Year	Population(1)	Personal Income (amounts expressed in thousands)	Per capita income(2)	Median age *	High School Graduate or higher	Bachelor's Degree or higher	School enrollment(5)	Unemployment rate (3)
2009	21,953	684,077	31,161	40.6	77.9%	20.6%	2,999	9.00%
2010	22,241	737,534	33,161	40.6	77.9%	20.6%	3,024	8.60%
2011	21,006	695,593	33,114	38.8	78.9%	21.7%	3,102	7.10%
2012	21,311	713,961	33,502	38.8	81.2%	21.8%	3,079	7.10%
2013	21,107	726,968	34,442	38.8	82.4%	21.1%	3,010	6.50%
2014	21,263	778,163	36,597	38.8	82.2%	22.3%	3,024	5.50%
2015	21,366	804,730	37,664	38.8	83.6%	19.1%	3,048	5.30%
2016	21,491	859,645	40,000	38.8	84.6%	19.0%	3,033	4.00%
2017	21,887	872,320	39,856		84.9%	18.4%	3,013	4.20%
2018	22,327	947,429	42,434		86.3%	22.6%	2,967	3.60%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) U.S. Census Bureau - Data presented is percentage of persons 25 years or older attaining the described educational status
- (5) City of Waynesboro School Board.
- * Median age info not available

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

Table 15

<u>Employer</u>	<u>2018 (1)</u>			<u>2009 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Waynesboro School Board	500-999	1	4.98%	500-999	2	4.98%
Walmart	250-499	2	2.49%	250-499	4	2.49%
Invista/Dupont	250-499	3	2.49%	500-999	1	4.98%
City of Waynesboro	250-499	4	2.49%	250-499	3	2.49%
Lumos	250-499	5	2.49%			
Virginia Panel Corporation	100-249	6	1.00%	100-249	9	1.00%
Chicopee Incorporated	100-249	7	1.00%	100-249	7	1.00%
Lowes' Home Centers, Inc.	100-249	8	1.00%			
Kroger	100-249	9	1.00%	100-249	10	1.00%
Cracker Barrel Old Country Store	100-249	10	1.00%			
Ntelos				250-499	5	2.49%
Mohawk				100-249	6	1.00%
Augusta Lumber				100-249	8	1.00%
Total	<u>2,000</u>		<u>19.76%</u>	<u>2,250</u>		<u>22.86%</u>

Source: Virginia Labor Market Information, www.virginialmi.com

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

Notes:

(1) Data is for January, February, and March of 2018 and 2009, respectively.

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

Table 16

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 *
<u>Function/Program</u>										
General government administration	39.8	41.5	31.2	33.5	30.2	31.0	31.6	32.7	33.8	44
Judicial administration	9.4	9.3	8.4	8.9	9.2	9.2	8.9	9.7	9.5	20
Public safety:										
Police	73.3	67.7	65.4	68.1	65.0	63.8	65.7	65.9	67.8	68
Fire	37.1	37.4	37.0	38.5	37.4	35.5	38.1	38.5	37.4	34
Correction and detention	18.5	14.7	15.3	16.6	15.6	13.1	12.0	12.0	12.3	28
Building inspections	6.4	5.6	5.8	5.4	5.9	5.8	5.6	5.8	5.9	8
Emergency management	17.4	16.8	17.3	22.7	22.9	24.6	23.1	24.8	26.2	21
Animal control	1.1	1.1	1.0	5.4	7.4	8.3	8.3	9.3	10.8	9
Public works:										
General engineering/administrative	49.9	44.3	44.4	45.4	41.8	40.9	40.9	21.0	24.7	43
Building and grounds	11.1	12.6	31.3	6.4	8.0	8.3	8.7	7.0	6.0	4
Equipment rental	9.1	8.4	0.0	6.8	6.7	6.8	7.2	7.2	6.4	7
Waterworks	24.3	24.3	21.9	24.2	28.2	29.6	27.8	27.9	29.5	22.5
Sewage/collection	41.5	41.5	43.1	46.4	31.9	35.3	35.5	36.0	31.9	27.5
Sanitation	60.0	33.4	32.2	31.4	28.7	29.0	31.4	28.7	29.0	15
Stormwater	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.2	7.2	8
Parks, recreation and cultural:										
Parks	1.1	1.1	1.1	8.4	7.9	7.3	7.3	23.1	24.8	51
Library	16.4	15.7	15.6	15.5	15.0	14.8	14.5	14.5	14.5	22
Community development	6.1	5.6	5.2	6.1	5.9	6.2	6.2	5.9	5.9	7
Schools	486.0	488.0	485.0	484.0	482.0	488.0	480.0	484.0	490.0	488.0
Total	908.5	869.0	861.2	873.7	849.6	857.4	852.8	862.1	873.6	927.0

Source: City and School Finance Departments

Notes:

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

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

Table 17

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Building & Zoning										
Building permits issued (total)	714	772	730	946	968	875	874	957	955	778
Building inspections conducted (total)	1,757	1,716	1,593	1,587	2,179	2,502	2,522	2,431	2,523	2,037
New residential construction	51	42	28	29	63	48	40	41	31	27
New commercial construction	7	7	2	4	12	4	8	5	5	6
Zoning permits issued	97	114	112	146	140	114	112	110	130	95
Property Maintenance Cases	135	160	340	307	357	340	320	334	259	261
Property Maintenance Inspections	272	248	667	661	865	776	654	676	523	569
Economic Development (1)										
Business prospects	17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Development inquiries	25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Planning										
Conditional use permits	5	3	5	4	5	2	4	2	1	4
Rezoning requests	3	0	0	0	2	2	2	2	1	2
Major subdivision reviews	5	1	1	1	1	1	0	1	4	4
Minor subdivision reviews	10	12	12	9	2	8	11	10	12	14
Vacate streets/alleys	2	2	3	2	0	1	1	1	0	1
Public Safety										
Arrests	2,602	2,390	2,099	2,414	2,134	2,051	1,651	2,364	1,938	2,463
Parking violations	631	702	696	592	133	263	750	296	487	520
Traffic citations	3,319	1,707	1,700	2,131	1,800	1,920	2,269	1,368	986	1,222
Judicial - Circuit Court										
Civil and criminal cases	844	1,137	890	958	910	1,001	1,300	1,173	1,386	1,372
Deeds recorded	3,426	3,268	2,764	2,381	2,724	3,162	2,570	2,491	2,701	3,082
Judgments	1,129	1,023	958	1,019	943	974	993	842	830	840
Passports issued (2)	672	616	631	628	777	927	1,059	1,523	1,722	822
Library										
Total collection	169,977	155,212	151,038	148,050	152,829	153,022	147,030	146,927	127,906	123,921
Total circulation	320,129	318,703	294,945	267,440	309,659	317,896	307,630	309,672	311,735	310,711
Visitors/patrons	227,291	224,540	215,458	166,207	167,314	183,023	172,459	162,191	158,200	151,694
Public Works										
Meters placed for new construction	68	56	48	35	43	51	58	46	29	46
Meters replaced	1,084	173	155	179	724	853	1,684	613	1,280	207
Education										
Number of teachers, Elementary (K-5)	173	175	179	172	179	169	161	160	164	162
Number of teachers, Secondary (6-12)	87	82	85	80	82	78	79	80	78	78
Number of teachers, District-Wide (K-12)	9	14	11	12	11	11	10	10	10	10
Number of students, District-Wide (K-12)	2,999	3,024	3,102	3,079	3,010	3,024	3,048	3,033	3,013	2,967

Source: Various Departments in the City

Notes:

- (1) The Economic Development Director stopped tracking this information beginning in FY2010
(2) The Circuit Court stopped processing passports during FY2018.

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

Table 18

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	10	13	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	116.96	117.1	117.24	117.24	117.24	117.24*	119.15#	125.69	125.69	125.69
Water lines (miles)	116.92	116.92	117.4	117.4	117.4	117.4*	149.02#	149.02	149.11@	149.89
Fire hydrants	800	804	808	808	809	809*	729#	736	745	763
Waste water treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	107	108.02	108.04	108.04	108.04	108.04*	130.72#	130.72	130.8@	129.01
Parks, Recreation & Cultural										
Parks	5	5	5	5	5	5	5	5	6	6
Acreage	365	365	365	365	365	365	365	365	367	367

Source: Various Departments in the City

Notes:

(*) Updated data not available for FY14

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Virginia (the "City") as of and for the year ended June 30, 2018, 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 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. 08-1, 17-1, 18-1, and 18-2.

Compliance and Other Matters

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

We noted certain matters that we reported to the City's management in a separate letter dated November 28, 2018.

City's Response to Findings

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

Purpose of this Report

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

Didawick & Company, P.C.

November 28, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Didawick & Company, P.C.

November 28, 2018

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

I. SUMMARY OF THE AUDITORS' RESULTS

- a. The auditors' report expresses an unmodified opinion on the financial statements of the City of Waynesboro.
- b. Four deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Items 08-1, 17-1, 18-1, and 18-2 are reported as a material weakness.
- c. No instances of noncompliance material to the financial statements of the City of Waynesboro were disclosed during the audit.
- d. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
- e. The auditors' report on compliance for the major federal award programs for the City of Waynesboro expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
- g. The programs tested as major programs included:

	<u>CFDA No.</u>
i. Title I Grants to Local Educational Agencies	84.010
ii. Community Development Block Grants/Entitlement Grants	14.218
iii. Adult Education – Basic Grants to States	84.002
iv. Adoption Assistance	93.659
- h. The threshold for distinguishing Type A and B programs was \$750,000.
- i. The City of Waynesboro was not determined to be a low-risk auditee.

II. FINDINGS – FINANCIAL STATEMENTS AUDIT

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

Condition:

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

Criteria:

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

Cause:

Internal controls over financial reporting under GAAP were inadequately designed.

Effect:

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

Recommendation:

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

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

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

City Response:

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

School Board Response:

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

17-1 Cash Disbursements – City (Material Weakness)

Condition:

The City employees can entirely circumvent internal controls in place over cash disbursements. No adequate compensating controls mitigate this issue or limit its effect.

Criteria:

A system of internal controls over financial reporting includes controls over the disbursement of funds. Client personnel should not be able to unilaterally disburse funds with no approval or oversight.

Cause:

Internal controls over cash disbursement were inadequately designed.

Effect:

Because of the inability of the City's system of internal controls to prevent potentially unauthorized disbursements, a significant quantity of disbursements were made without documented approval.

Recommendation:

The City should reconfigure the abilities of its personnel in the electronic general ledger system to prevent unilateral disbursement of funds.

City Response:

The City corrected this problem during fiscal year 2018. Positive pay ability has been transferred to the City Treasurer. Importable invoices receive manual review and approval prior to payment processing.

18-1 Cash Reconciliation – City (Material Weakness)

Condition:

The City has not successfully reconciled cash balances since the implementation of Munis software system's tax and cashier modules.

Criteria:

A system of internal controls over financial reporting includes timely reconciliation of cash balances.

Cause:

Bank reconciliation procedures were not adequately adapted to new enterprise wide software system.

Effect:

Because of the inability of the City to prepare timely reconciliations of cash balances to bank activity a key process for the detections of potential errors or fraud has not been performed.

Recommendation:

The City should develop processes that allow for timely reconciliation of all cash accounts.

**CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

18-1 Cash Reconciliation – City (Material Weakness) (continued)

City Response:

The City realizes the need to establish and/or re-establish business processes in the new enterprise-wide financial software system. To that end, the City has employed an experienced financial analyst whose duties include:

- Reviewing the use of the new software system and redesigning processes needed to ensure that all financial data is recorded accurately and in a timely manner;
- Performing ongoing analyses of city financial processes after the initial software review is complete;
- Working with the city finance staff to develop training plans to communicate process modifications and redesigns to the impacted staff members.

In addition, a basic accounting setup error was detected and corrected which should help to ensure that the bank reconciliation process can be successfully completed.

18-2 Inventory Management – City (Material Weakness)

Condition:

The City has not successfully reconciled inventory values since the implementation of the Munis inventory management module.

Criteria:

A system of internal controls over financial reporting includes reconciliation of inventory values to physical counts and cost verifications.

Cause:

Inventory management procedures were not adequately implemented with the rollout of the new enterprise wide Munis software.

Effect:

Because of the inability of the City to reconcile its inventory costs to its receipts and issuances, significant adjustments were required inventory balances.

Recommendation:

The City should develop processes that allow for timely reconciliation inventory balances.

City Response:

The City recognizes problems with the Munis inventory software associated with inventory values. The City has submitted several service items to the Munis support group in an effort to correct these problems. The City is evaluating converting our current system from first-in/ first-out (FIFO) to average costing as a way of eliminating errors. Finally, the City is actively reducing the volume of inventory as a means of minimizing possible errors.

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

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

None

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CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition Cluster:</u>			
<u>United States Department of Agriculture</u>			
School Breakfast Program	10.553	Department of Education, 40591 & 40253	\$ 385,764
National School Lunch Program			
National School Lunch Program	10.555	Department of Agriculture and Consumer Services, Non-cash commodities	73,241
National School Lunch Program	10.555	Department of Education, 40623 & 40254	844,181
Total National School Lunch Program			917,422
Total United States Department of Agriculture			1,303,186
Total Child Nutrition Cluster			\$ 1,303,186
<u>Special Education Cluster (IDEA):</u>			
<u>Department of Education</u>			
Special Education Grants to States	84.027	Department of Education, 43071	567,206
Special Education Preschool Grants	84.173	Department of Education, 62521	14,452
Total Department of Education			581,658
Total Special Education Cluster (IDEA)			\$ 581,658
<u>Other Programs:</u>			
<u>United States Department of Agriculture</u>			
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	Department of Defense	29,991
Fresh Fruit and Vegetable Program	10.582	Department of Education, 40251 & 40601	25,144
Total Fresh Fruit and Vegetable Program			55,135
Cooperative Forestry Assistance	10.664	Department of Forestry, 16VTCW19	1,610
Total United States Department of Agriculture			56,745
<u>Department of Housing and Urban Development</u>			
Community Development Block Grants - Entitlement Grants	14.218		164,316
Total Department of Housing and Urban Development			164,316
<u>United States Department of Justice</u>			
Crime Victim Assistance	16.575	Department of Criminal Justice Services, 18-V9273VW16	69,749
Equitable Sharing Program	16.922		3,702
Total United States Department of Justice			73,451
			cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Program Expenditures</u>
<u>Department of Transportation</u>			
Highway Planning and Construction	20.205	Virginia Department of Transportation	\$ 21,126
State and Community Highway Safety	20.600	Virginia Department of Motor Vehicles	13,551
Total Department of Transportation			34,677
<u>Department of the Treasury</u>			
Asset Forfeiture Transfer Program	21.000		124,947
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		19,238
Total Department of the Treasury			144,185
<u>Department of Education</u>			
Adult Education - Basic Grants to States	84.002	Department of Education	686,465
Title I Grants to Local Educational Agencies	84.010	Department of Education	821,104
Career and Technical Education - Basic Grants to States	84.048	Department of Education	40,531
English Language Acquisition Grants	84.365	Department of Education	15,073
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Department of Education	117,286
Total Department of Education			1,680,459
<u>Department of Health and Human Services</u>			
Drug-Free Communities Support Program Grants	93.276		109,450
Temporary Assistance for Needy Families (477 Cluster - Version 2)			
Aid to Dependent Children	93.558	Department of Social Services, 80801	293
VIEW-Component & Supportive Services	93.558	Department of Social Services, 87201 & 87202	8,865
VIEW-Transitional	93.558	Department of Social Services, 87204 & 87211	372
VIEW-Transportation	93.558	Department of Social Services, 87207	27,394
Total Temporary Assistance for Needy Families (477 Cluster - Version 2)			36,924
Community Services Block Grant	93.569	Department of Social Services	204,485
Foster Care - Title IV-E:			
ARRA - Residential Foster Care Payments	93.658	Department of Social Services, 81107	140,869
Child Placing Agencies	93.658	Department of Social Services, 81108	17,886
Agency Foster Homes	93.658	Department of Social Services, 81110	20,532
Licensed Child	93.658	Department of Social Services, 81112	18,094
Fostering Futures LCP	93.658	Department of Social Services, 81401 & 81404	7,833
Total Foster Care - Title IV-E			205,214

cont'd

CITY OF WAYNESBORO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Program Expenditures</u>
<u>Department of Health and Human Services (cont'd)</u>			
Adoption Assistance:			
Subsidized Adoption	93.659	Department of Social Services, 81201	\$ 228,172
Nonrecurring IV-E Adoption	93.659	Department of Social Services, 81202	3,686
Federal Adoption	93.659	Department of Social Services, 81203	136,096
Total Adoption Assistance			<u>367,954</u>
Social Services Block Grant:			
Child Protective Services	93.667	Department of Social Services, 82402	32,311
State Adoption	93.667	Department of Social Services, 81701	25,019
Adult Services - Homebound Companion	93.667	Department of Social Services, 83304	12,866
Prevention Services	93.667	Department of Social Services, 83306	2,828
Adult Protective Services	93.667	Department of Social Services, 89501	<u>2,327</u>
Total Social Services Block Grant			<u>75,351</u>
Total Department of Health and Human Services			<u>999,378</u>
Department of Homeland Security			
Emergency Management Performance Grants	97.042	Department of Emergency Management	<u>7,500</u>
Total Department of Homeland Security			<u>7,500</u>
Total Other Programs			<u>\$ 3,160,711</u>
Total Expenditures of Federal Awards			<u>\$ 5,045,555</u>
LOANS OUTSTANDING: (Note 2)			
<u>Virginia Resources Authority:</u>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	<u>\$ 2,642,039</u>

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CITY OF WAYNESBORO, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

1. BASIS OF PRESENTATION

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

2. LOANS OUTSTANDING

During prior years, the City received federal funding from the Virginia Water Facilities Revolving Fund, authorized under the Capitalization Grants for Clean Water State Revolving Funds program. The outstanding loan balance under this program of \$2,642,039 is included in the Schedule of Expenditures of Federal Awards as of June 30, 2018.

3. INDIRECT COST RATE

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

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SUMMARY OF STATE AND LOCAL COMPLIANCE MATTERS

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

As more fully described in the Independent Auditors' Report on Compliance for the year ended June 30, 2018, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

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

LOCAL COMPLIANCE MATTERS

Budget and Appropriation Ordinances

Didawick & Company, P.C.

November 28, 2018

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