

November 28, 2018

Mr. Michael Hamp II, City Manager
Dr. Jeffrey Cassell, School Superintendent
Mr. Gregory Hitchin, Director, Economic Development Authority
City of Waynesboro
Waynesboro, Virginia

We have audited the financial statements of the City of Waynesboro, Virginia, as of and for the year ended June 30, 2018, and have issued our report thereon dated November 28, 2018. During our audit, we noted the following matters involving the internal control structure and its operation that were not significant enough to meet the definition of a significant deficiency or a material weakness. The purpose of this letter is to communicate these matters to you for consideration of corrective action in future periods.

COMMENTS REPEATED FROM THE PREVIOUS YEAR:

Pay Rate Reconciliation – School Board

The finance and human resources departments do not reconcile amounts paid to employees to contractual rates. The two departments maintain separate and independent systems related to employee contracts and pay rates. No reconciliation is performed between these two systems and no formal procedures are in place to verify that employees' pay agrees to contractual amounts. Reconciliations should be performed on a timely basis to verify that amounts paid to employees agree with appropriate contractual rates. Reconciling items should include any approved pay changes not included in the original contract.

Food Service Accounts - School Board

During our testing, we noted bank reconciliation was not prepared for the School Food Service bank account and student account balances payable were not adjusted in Tyler Munis at June 30, 2018. All cash accounts should be reconciled and transactions should be recorded in Tyler Munis to prevent materially misstating the financial statements. We recommend that a monthly bank reconciliation be prepared for the School Food Service account and the student account balances be reconciled monthly to the amount due to the student at the end of each month.

Fixed Assets - Economic Development Authority

During our audit, we noted that the EDA does not formally track fixed asset additions. With the development of the Exit 96 property beginning, this is imperative to providing materially correct financial statements. We recommend that the EDA develop procedures related to tracking and capitalizing appropriate items. The values and useful lives of these items should be addressed consistent with capitalization policies.

Payroll - City

During payroll testing, we noted that several employees' pay rates were not correctly noted in their personnel file. We recommend all compensation be noted in the personnel file and that the human resources department maintain documentation of the approved rate of pay for each employee. We also recommend that the Finance department verify all employee information entered in Tyler Munis agrees with records kept in the human resources department at least annually.

Subledger Reconciliations - City

Various subledgers within the City's Tyler Munis software had not been reconciled to their corresponding general ledger balances as of June 30, 2018 prior to the audit process. We recommend that all subledgers be reconciled to the general ledger monthly to allow for more accurate interim evaluation of the City's financial results and position.

City and School officials responded to all other recommendations from prior years accordingly.

Mr. Michael Hamp, II
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Mr. Gregory Hitchin
Page 2

CONDITIONS NOTED DURING FISCAL YEAR 2018

Unclaimed Property Reporting - City

The Uniform Disposition of Unclaimed Property Act in Chapter 11.1 (Section 55-210.1 et. seq.) of Title 55 of the Code of Virginia sets forth procedures for unclaimed or abandoned property. As a general rule, the Act presumes abandoned any property remaining unclaimed by its owner for more than the specified period, usually five years. However, for any government, all intangible property held for the owner that remains unclaimed for more than one year is presumed abandoned (Section 55-210.9). Unclaimed property may consist of outstanding checks, utility deposits, tax refunds, unpaid wages, unpaid pension benefits, unclaimed insurance demutualization proceeds (Section 55-210.4:2) and other tangible or intangible property.

The Act requires local governments to file an annual report with the State Treasurer listing all unclaimed property. The local government must then remit the property to the State Treasurer for final disposition. The Act requires local governments to exercise due diligence, at least 60 days prior to the submission of the report, to determine the whereabouts of the owner if (1) the local government has in its records an address for the apparent owner which the holder's records do not disclose to be inaccurate and (2) the property has a value of \$100 or more (§ 55-210.12E). Through inquiry of City personnel, we determined that these requirements were not met during fiscal year 2018. We recommend regaining and maintaining compliance with the procedures set forth by the Code of Virginia.

This report is intended for the information and use of management, others within the organization, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Didawick & Company, P.C.

pc: Ms. Alisa A. King, Interim Finance Director
Ms. Vonda A. Hutchinson, Finance Director, Waynesboro Public Schools