

Town of Waverly, Virginia

*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013*

Town of Waverly, Virginia

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Town of Waverly, Virginia

Town Council

Barbara A. Gray, President of Council

Eddie C. Boyd

Miriam D. Edwards

Rose M. Morton

Barbara L. Taylor

Town Officials

Walter J. Mason, Mayor

Donna D. Clarke, Clerk of Council

Donna M. Fields-Duvall, Treasurer

Travis C. Christian, Chief of Police

Michael D. Clower, Town Attorney

Independent Auditors' Report

To the Honorable Members of the Town Council
Town of Waverly, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the *Town of Waverly, Virginia*, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the *Town of Waverly, Virginia'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the *Town of Waverly, Virginia*, as of June 30, 2013, 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.

Emphasis of Matter

The *Town of Waverly, Virginia*, adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 7, budgetary comparison information, on pages 27 through 28, and schedule of funding progress, on page 29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *Town of Waverly, Virginia's* basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statistical section has 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 assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the *Town of Waverly, Virginia's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the *Town of Waverly, Virginia's* internal control over financial reporting and compliance.



Andrews, Barwick, & Lee, P.C.
Certified Public Accountants
Colonial Heights, Virginia
January 30, 2014

June 30, 2013

The *Town of Waverly, Virginia*, (Town), offers readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements following this section.

Overview of Financial Statements

Our discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. For the year ended June 30, 2013, the Town's financial statements present two types of statements, each with a different snapshot of the Town's finances. The focus is on both the Town as a whole (government-wide) and the governmental fund and proprietary fund financial statements. The government-wide financial statements provide both short-term and long-term information about the Town's overall financial status. The governmental and proprietary fund financial statements focus on individual parts of Town government, reporting the Town's operations in more detail than the government-wide statements. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and better reflects the Town's accountability.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the Town as a whole using the economic resource measurement focus and the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the Town's position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the Town's net position and changes that affected net position during the fiscal year. The change in the Town's net position, the difference between assets, liabilities, and deferred inflows and outflows of resources, is one way to measure the Town's financial health, or financial position. Increases or decreases in net position are indicators of whether the Town's financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Town's property tax base and the condition of the Town's infrastructure should also be considered in assessing the overall financial health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town's activities are classified as follows:

Governmental Activities

Most of the Town's basic services are reported here, including general government, public safety, public works, and parks and recreation. Property taxes, other local taxes and fines, and federal and state grants finance most of these activities.

Business-type Activities

The Town's water and waste disposal activities are reported here as the Town charges a fee to customers to provide these services.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. However, the focus is now on the Town's most significant funds rather than fund types. The fund financial statements begin on page 10 and provide detailed information about the most significant funds, not the Town as a whole. The Town has two types of funds:

Governmental Funds

Most of the Town's basic services are accounted for in the governmental funds. Fund-based statements for these funds focus on how resources flow in and out of those funds and the balances at year end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental funds financial statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled on pages 11 and 13.

Proprietary Funds

When the Town charges customers for services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short and long-term financial information.

The Town's enterprise fund, one type of proprietary fund, is the same as the government-wide, business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The Town's enterprise fund encompasses water and waste disposal services.

The operating revenues are generated by providing customer services. The largest sources are water and trash services. Non-operating revenue consists of interest income.

Financial Highlights and Analysis for Government-Wide Financial Statements

Staffing needs for the Town remained constant when compared to the prior year. Services to the taxpayers remained level as well. The Town provides full time police protection to the community, maintenance of the streets (not provided by Virginia Department of Transportation) and other public properties, and street lights for safety.

Total general revenues	\$ 1,382,178
• General property taxes - \$407,927	
• Other local taxes and fines - \$687,392	
• Revenues from use of money and property - \$6,566	
• Revenues from other sources - \$219,798	
• Intergovernmental revenues - \$60,495	
Total primary government net expenses	\$ 1,219,316
(Net of operating grants, contributions, and public utility income)	
• General governmental administration - \$352,825	
• Public safety - \$831,121	
• Public works - \$190,057	
• Parks, recreation, culture, and cemetery - \$12,984	
• Public utility - water and waste disposal - (\$167,671)	

Revenues increased from fiscal year 2012 to fiscal year 2013 by \$30,578 from \$1,351,600 to \$1,382,178. General revenues are made up of general property taxes, other local taxes and fines, revenues from use of money and property, revenues from other sources, and intergovernmental revenues. For the fiscal year ended June 30, 2013, general property taxes revenue increased by \$32,171. Other local taxes and fines decreased by \$184,971 and intergovernmental revenues decreased by \$767. Revenues from use of money and property increased by \$1,217 while revenues from other sources increased by \$184,928.

Operating expenses decreased from fiscal year 2012 to fiscal year 2013 by \$4,587 from \$1,223,903 to \$1,219,316.

Expenses are made up of governmental activities including: general government administration, public safety, public works, and parks, recreation, culture, and cemetery, and business-type activities including offsetting revenue from the public utility functions of the Town and offsetting revenue from operating grants and contributions. General government administration expenditures increased by \$18,954, public safety expenditures decreased by \$19,262, public works increased by \$52,703, and the parks, recreation, culture, and cemetery category had decreased expenditures of \$13,795. Offsetting to this decrease in net expenditures and change from the prior year was also an increase in revenue generated by the public utilities category. The change and resulting increase in public utilities net revenue was an additional \$43,187.

Net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, the Town's net position had increased by \$162,862 to \$1,244,719.

A large portion of the Town's net position represents unrestricted net assets of \$825,413, which may be used to meet the Town's ongoing obligations. In the previous year, unrestricted net assets totaled \$688,925. The remainder of net position includes restricted net assets of \$197,302 and investment in capital assets, net of related debt, of \$222,004.

The Town's total assets for the fiscal year ended 2013 totaled \$1,556,104 compared to the previous fiscal year's total of \$1,385,646 for an increase of \$170,458. For fiscal year ended 2013 capital assets net of depreciation totaled \$311,283 and other assets totaled \$1,244,821.

At the close of the most recent fiscal year, the Town's liabilities totaled \$310,300 of which \$162,047 was current and \$148,253 was noncurrent.

At the close of the most recent fiscal year, the Town's deferred inflow of resources totaled \$1,085 for prepaid taxes.

Transfers from the proprietary fund to the governmental funds for the most recent fiscal year were \$69,525.

Variations between the Town's final budget amounts and actual results for the general fund revenues are due to police fines and timber sales. Variations in the Town's final budget amounts and actual results for the general fund expenses are due to increased expenditures in the public safety area and capital improvements and maintenance.

Economic Conditions

The economy of the Town was stable as of the end of the June 30, 2013, fiscal year. The financial position improved during the year due to increases in revenues for both governmental and business-type activities.

The Town has limited resources to provide services to its citizens but utilizes these resources to provide necessary services to its taxpayers. The Town creates a budget which forecasts its revenues and expenses and attempts to adhere to its guidelines.

On December 19, 2013 the *Town of Waverly, Virginia*, received an opinion of probable construction costs for the water supply well drilling program for the Town. Based on budgetary drilling pricing, the consultants have estimated that the probable costs of performing the scope of work needed will be \$379,000 in 2013 dollars. This work includes a Middle Potomac Well 5 (Well 3 Replacement) and Lower Potomac Well 4 (Well 1 and 2 replacement), and Aquifer Testing and Permitting Requirements. The Town has been saving for this project and has committed monies to the water escrow account throughout the year.

Questions concerning this report or requests for additional information should be directed to the Mayor of the *Town of Waverly, Virginia*.

Submitted,

Donna M. Fields-Duvall
Treasurer

Town of Waverly, Virginia
Government-Wide Financial Statements
Year Ended June 30, 2013

Town of Waverly, Virginia

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 541,138	\$ 257,625	\$ 798,763
Restricted cash	197,302	60,192	257,494
Taxes receivable - net	16,125	-	16,125
Accounts receivable - net	19,641	93,149	112,790
Due from other governmental units	45,749	-	45,749
Prepaid insurance	13,900	-	13,900
Capital assets - net	190,884	120,399	311,283
Total Assets	\$ 1,024,739	\$ 531,365	\$ 1,556,104
Liabilities			
Accounts payable and other current liabilities	\$ 40,752	\$ 3,128	\$ 43,880
Due to other governmental units	-	90,041	90,041
Accrued leave	26,908	-	26,908
Payable from restricted cash - deposits	-	60,192	60,192
Leases payable	89,279	-	89,279
Total Liabilities	\$ 156,939	\$ 153,361	\$ 310,300
Deferred Inflow of Resources			
Prepaid Taxes	\$ 1,085	\$ -	\$ 1,085
Total Deferred Inflow of Resources	\$ 1,085	\$ -	\$ 1,085
Net Position			
Net investment in capital assets	\$ 101,605	\$ 120,399	\$ 222,004
Restricted for:			
Cemetery	105,000	-	105,000
Parks and Recreation	92,302	-	92,302
Unrestricted	567,808	257,605	825,413
Total Net Position	\$ 866,715	\$ 378,004	\$ 1,244,719

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

Statement of Activities

Year Ended June 30, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
					Primary Government		
Functions/Programs		Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government administration		\$ 354,210	\$ -	\$ 1,385	\$ (352,825)	\$ -	\$ (352,825)
Public safety		836,460	-	5,339	(831,121)	-	(831,121)
Public works		191,495	-	1,438	(190,057)	-	(190,057)
Parks, recreation, culture, and cemetery		32,984	-	20,000	(12,984)	-	(12,984)
Total Governmental Activities		\$ 1,415,149	\$ -	\$ 28,162	\$ (1,386,987)	\$ -	\$ (1,386,987)
Business-type Activities:							
Public utility - water and waste disposal		\$ 194,768	\$ 362,439	\$ -	\$ -	\$ 167,671	\$ 167,671
Total Business-type Activities		\$ 194,768	\$ 362,439	\$ -	\$ -	\$ 167,671	\$ 167,671
Total Primary Government		\$ 1,609,917	\$ 362,439	\$ 28,162	\$ (1,386,987)	\$ 167,671	\$ (1,219,316)
General Revenues							
General property taxes					\$ 407,927	\$ -	\$ 407,927
Other local taxes and fines					687,392	-	687,392
Revenues from use of money and property					5,717	849	6,566
Revenues from other sources					219,798	-	219,798
Intergovernmental - Commonwealth of Virginia					60,495	-	60,495
Transfers - net					69,525	(69,525)	-
Total General Revenues and Transfers					\$ 1,450,854	\$ (68,676)	\$ 1,382,178
Change in Net Position							
					\$ 63,867	\$ 98,995	\$ 162,862
Net Position - Beginning of Year					802,848	279,009	1,081,857
Net Position - End of Year					\$ 866,715	\$ 378,004	\$ 1,244,719

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia
Governmental Funds Financial Statements
Year Ended June 30, 2013

Town of Waverly, Virginia

Balance Sheet - Governmental Funds

June 30, 2013

	General Fund	Permanent (Cemetery) Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 512,485	\$ 28,653	\$ 541,138
Restricted cash	92,302	105,000	197,302
Prepaid insurance	13,900		13,900
Taxes receivable - net	80	-	80
Accounts receivable - net	19,641	-	19,641
Due from other governmental units	23,443	-	23,443
Total Assets	\$ 661,851	\$ 133,653	\$ 795,504
Liabilities			
Accounts payable and other current liabilities	\$ 37,783	\$ -	\$ 37,783
Accrued leave	6,752	-	6,752
Total Liabilities	\$ 44,535	\$ -	\$ 44,535
Deferred Inflows of Resources			
Prepaid Taxes	\$ 1,085	\$ -	\$ 1,085
Total Deferred Inflows of Resources	\$ 1,085	\$ -	\$ 1,085
Fund Balances			
Nonspendable	\$ 13,900	\$ -	\$ 13,900
Restricted	47,302	5,000	52,302
Committed	45,000	100,000	145,000
Unassigned	510,029	28,653	538,682
Total Fund Balances	\$ 616,231	\$ 133,653	\$ 749,884

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Year Ended June 30, 2013

Total Fund Balances - Governmental Funds \$ 749,884

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation. 190,884

Some revenues were collected more than forty-five days after year-end and, therefore, are not available soon enough to pay for current period expenses. 38,351

Some liabilities reported in the Statement of Net Position, such as accrued leave, and leases payable do not require the use of current financial resources and, therefore, are not accrued as liabilities in governmental funds. (112,404)

Net position of governmental activities \$ 866,715

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

Statement of Revenues, Expenses, and Changes in Fund Balances - Governmental

Year Ended June 30, 2013

	General Fund	Permanent (Cemetery) Fund	Total Governmental Funds
Revenues			
General property taxes	\$ 398,269	\$ -	\$ 398,269
Other local taxes and fines	690,667	-	690,667
Revenues from use of money and property	5,179	538	5,717
Revenues from other sources	219,798	-	219,798
Intergovernmental - Commonwealth of Virginia	59,405	-	59,405
Operating grants and contributions	29,165	-	29,165
Total Revenues	\$ 1,402,483	\$ 538	\$ 1,403,021
Expenses			
General government administration	\$ 367,923	\$ -	\$ 367,923
Public safety	797,443	-	797,443
Public works	185,641	-	185,641
Parks, recreation, and culture	16,455	16,529	32,984
Total Expenses	\$ 1,367,462	\$ 16,529	\$ 1,383,991
Excess of Revenues Over (Under) Expenses	\$ 35,021	\$ (15,991)	\$ 19,030
Other Financing Sources			
Operating transfers in	\$ 53,186	\$ 16,339	\$ 69,525
Total Other Financing Sources	\$ 53,186	\$ 16,339	\$ 69,525
Excess of Revenues and Other Financing Sources Over Expenses	\$ 88,207	\$ 348	\$ 88,555
Fund Balances - Beginning of Year	528,024	133,305	661,329
Fund Balances - End of Year	\$ 616,231	\$ 133,653	\$ 749,884

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

*Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities*

Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds \$ 88,555

**Amounts reported for governmental activities in the Statement of Activities are
different because:**

Governmental funds report capital outlays as expenses. However, in the Statement of
Activities the cost of these assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by which depreciation
exceeded capital outlays. (30,752)

Revenues in the Statement of Activities that do not provide current financial resources are
not reported as revenues in the funds. 38,351

Some revenues related to receivables were reported in the Statement of Activities at
June 30, 2012, but not recorded as revenue in the funds because they did not provide
current financial resources as of June 30, 2012. These revenues are recorded in the
current year. (31,881)

Some expenses related to liabilities were reported in the Statement of Activities at
June 30, 2012, but not recorded as expenses in the funds because they did not
require the use of current financial resources as of June 30, 2012. These expenses,
such as the decrease in non-current accrued leave are recorded in the current year. 2,563

Some expenses related to liabilities, such as accrued interest expense, were reported
in the Statement of Activities at June 30, 2013, but were not recorded as expenses
in the funds because they did not require the use of current financial resources
as of June 30, 2013. (2,969)

Change in net position of governmental activities \$ 63,867

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia
Proprietary Fund Financial Statements
Year Ended June 30, 2013

Town of Waverly, Virginia

Statement of Net Position - Proprietary Fund

June 30, 2013

	<u>Public Utilities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 257,625
Accounts receivable - net	93,149
Total Current Assets	<u>\$ 350,774</u>
Noncurrent Assets	
Restricted cash	\$ 60,192
Capital assets - net	120,399
Total Noncurrent Assets	<u>\$ 180,591</u>
Total Assets	<u>\$ 531,365</u>
Liabilities	
Current Liabilities	
Accounts payable and other current liabilities	\$ 793
Due to other governmental units	92,376
Total Current Liabilities	<u>\$ 93,169</u>
Noncurrent Liabilities	
Payable from restricted cash - deposits	\$ 60,192
Total Noncurrent Liabilities	<u>\$ 60,192</u>
Total Liabilities	<u>\$ 153,361</u>
Net Position	
Net investment in capital assets	\$ 120,399
Unrestricted	257,605
Total Net Position	<u>\$ 378,004</u>

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund

Year Ended June 30, 2013

	Public Utilities
Operating Revenues	
Charges for services, connection fees, and penalties	<u>\$ 362,439</u>
Operating Expenses, other than depreciation	
Outside services - trash and maintenance	\$ 53,726
Other contractual services	23,400
Maintenance and repairs	16,769
Electricity	18,366
Salaries	44,924
Chemicals and other testing expenses	5,682
Benefits	11,883
Miscellaneous	2,144
Total Operating Expenses, other than depreciation	<u>\$ 176,894</u>
Operating Income before depreciation	\$ 185,545
Less Depreciation	<u>17,874</u>
Operating Income	<u>\$ 167,671</u>
Non-operating Revenues	
Interest income	\$ 849
Total Non-operating Revenues	<u>\$ 849</u>
Income before Operating Transfers	<u>\$ 168,520</u>
Operating Transfers	
Operating transfers out	<u>\$ (69,525)</u>
Change in Net Position	\$ 98,995
Net Position - Beginning of Year	<u>279,009</u>
Net Position - End of Year	<u>\$ 378,004</u>

See accompanying notes and independent auditors' report.

Town of Waverly, Virginia

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2013

	Public Utilities
Cash Flows from Operating Activities	
Received from customers and users	\$ 361,238
Payments to suppliers for goods and services	(126,563)
Payments to and on behalf of employees	(56,807)
Net Cash from Operating Activities	<u>\$ 177,868</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers out	<u>\$ (69,525)</u>
Cash Flows from Capital and Related Financing Activities	
Water deposits received	<u>\$ 6,657</u>
Net Cash from Capital and Related Financing Activities	<u>\$ 6,657</u>
Cash Flows from Investing Activities	
Interest received	<u>\$ 849</u>
Net Change in Cash and Cash Equivalents	\$ 115,849
Cash and Cash Equivalents - Beginning of Year	<u>201,968</u>
Cash and Cash Equivalents - End of Year	<u>\$ 317,817</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 167,671
Adjustments to reconcile to net cash from operating activities:	
Depreciation	17,874
Change in:	
Accounts receivable	(1,201)
Accounts payable and accrued liabilities	(6,476)
Net Cash from Operating Activities	<u>\$ 177,868</u>

See accompanying notes and independent auditors' report.

June 30, 2013

1. Summary of Significant Accounting Policies

A. Reporting Entity

Primary Government

The *Town of Waverly, Virginia*, (Town) is a political subdivision of the Commonwealth of Virginia governed by a five-member elected Town Council. The accompanying financial statements for the primary government are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by the GASB represent generally accepted accounting principles applicable to governmental units.

For business type activities and enterprise funds of the primary government, the Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

B. Government-Wide and Fund Financial Statements

There are two basic government-wide statements, the Statement of Net Position and the Statement of Activities, which report information on all of the activities of the Town. These two statements report governmental activities, which are normally supported by taxes and intergovernmental revenues, separately from business-type activities, which rely primarily on fees and charges for services. In addition to separately presenting business-type activities and governmental activities, the government-wide financial statements present a consolidated total column for the primary government. The government-wide financial statements are consolidated; therefore, the effect of interfund activity has been removed from these financial statements. There are no fiduciary funds or component units that are fiduciary in nature.

The Statement of Activities presents a comparison between the direct expenses of a function and program revenues. Direct expenses are those that are associated with a specific function or segment. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the function or segment and (b) grants and contributions that are restricted to meet the operating or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements are provided to separately present governmental funds and the proprietary fund. All individual governmental funds and the enterprise fund are reported separately in the fund financial statements.

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

The government-wide financial statements and the proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. This measurement focus attempts to match revenues and related costs. The accrual basis of accounting recognizes revenues as they are earned, and expenses are recognized when a liability is incurred. The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources

measurement focus does not attempt to match revenues and related costs; instead, the focus is on increases and decreases in current financial resources. The modified accrual basis of accounting recognizes revenue when measurable and available. That is, revenues are recognized to the degree that they are available to finance expenses of the current fiscal period. Generally, revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within forty-five (45) days thereafter.

Accordingly, real and personal property taxes are recorded as revenues and receivables when billed and are displayed at year end, net of an allowance for uncollectible amounts. Sales and utility taxes, as well as licenses, permits, and fines, are collected by other governments or utilities and are subsequently remitted to the Town. These are recognized as revenues and receivables upon collection by the government or utility, which is generally one month preceding receipt by the Town. Revenues from general purpose grants are recognized in the period to which the grant applies. Expenses are recorded as the related fund liabilities are incurred.

With the fund financial statements, two reconciliations are provided to explain the difference between the fund financial statements and the government-wide financial statements caused by these differences in measurement focus and basis of accounting.

The Town reports the following governmental funds:

General Fund

A General Fund accounts for all revenues and expenses applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived from general property taxes, including other penalties and interest, other local taxes, licenses and permits, intergovernmental revenues, and operating grants and contributions. Primary expenses are for public safety, public works, parks, recreation and culture, and the general administration of the Town.

Permanent Fund

A Permanent Fund accounts for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. As such, the Cemetery Fund was derived from the sale of cemetery lots and donations. A committed balance capped at \$100,000 from cemetery lot sales was established for perpetual care. Added to this balance are restricted public donations which currently total \$5,000. Interest earnings may be used by the Town for the maintenance of cemetery grounds. These funds are identified as committed and restricted fund balances on the Balance Sheet - Governmental Funds. The Town's Council has the highest level of decision making for Town funds. They would have to vote to modify or rescind this fund balance commitment.

The Town reports the following proprietary fund:

Enterprise Fund

An Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses are recovered in the form of charges to users of such services. The Town's enterprise fund accounts for the operations of water and waste disposal services. Operating revenues are defined as revenue generated by providing customer services. The largest sources are water services, trash services, and penalty charges for late payments. Non-operating revenues consist of interest income.

D. Budget and Budgetary Accounting

The Town's annual operating budgets for the General and Proprietary Funds are adopted by ordinances and resolutions passed by Town Council. The budgets are prepared on the basis of accounting utilized in each fund type. All appropriations lapse at year end to the extent that they have not been fully expended. Public hearings are conducted to obtain citizen comments. Prior to July 1, the General Fund budget is legally adopted through passage of an appropriations resolution. All General Fund budget data presented in the accompanying required supplementary information represents the budget for the fiscal year ended June 30, 2013.

Budgetary Comparison Statements

The General Fund Statement of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – compares budget and actual data for all governmental funds for which a budget is adopted. A review of the budgetary comparison presented herein discloses how accurately the governing body was able to forecast the revenues and expenses of the Town.

E. Cash and Cash Equivalents

The Town's cash and cash equivalents consist principally of demand deposits and certificates of deposit. The *Code of Virginia (1950)*, as amended, considers all certificates of deposit to be cash.

F. Receivables

The Town recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided, as appropriate, for possible uncollectible accounts.

G. Accrued Leave

Town employees may accumulate, subject to certain limitations, unused vacation, and, upon separation of employment from the Town, may be compensated for certain amounts. The Town's cost of accumulated vacation pay expected to be paid in the future is accounted for as a noncurrent liability in the Statement of Net Position and as an expense in the Statement of Activities. Town employees may accumulate, subject to certain limitations, unused sick pay, and, upon separation of employment from the Town, may be compensated for certain amounts. The Town's cost of accumulated sick pay, subject to limitations, expected to be paid in the future is accounted for as a noncurrent liability in the Statement of Net Position and as an expense in the Statement of Activities.

H. Interfund Transactions

Transactions that constitute reimbursement to a fund for expenses initially made on behalf of another fund are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed. All other interfund transactions are recorded as operating transfers.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes 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 applied to a future period and will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position will sometimes 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 and so will not be recognized as revenue until then.

J. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

K. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The five fund balance classifications are:

- Nonspendable – includes amounts that are inherently nonspendable and amounts that are legally or contractually required to be maintained intact
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation
- Committed - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority
- Assigned – includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed
- Unassigned – the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

The town has nonspendable, restricted, committed, and unassigned fund balances.

When an expense is incurred for purposes in which both restricted and unrestricted net assets are available, the Town would first apply restricted resources. Also, when an expenditure is incurred for purposes in which any of the unrestricted fund balance classification could be used, the Town would first use committed, then assigned, and finally unassigned amounts.

L. Credit Risk

Financial instruments which potentially subject the Town to concentration of credit risk consist principally of temporary cash investments. The Town places its temporary cash investments with a high credit quality financial institution. At June 30, 2013, the Town's cash funds were located in a single financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Town's customer base.

M. Taxes Receivable/Allowance for Uncollectible Accounts

All property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$102,426 at June 30, 2013, and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendar for real and personal property taxes are summarized below.

Levy Date	January 1
Due Date	January 31
Lien Date	February 1

The Town bills and collects its own property taxes.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

O. Capital Assets

Capital assets include water and sewer lines, pumps, equipment, and vehicles. Any asset or group of assets acquired by the Town that has a useful life in excess of two years and an acquisition cost or fair market value (when received) of at least \$5,000 is reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Such assets are recorded at historical, or estimated historical, cost if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from five (5) to forty (40) years, using the straight-line method.

When capital assets are disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any profit or loss on disposition is recognized in the current year's operations.

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized.

2. Cash and Cash Equivalents

Deposits

The carrying value of the Town's deposits with banks was \$1,056,157.37, and the bank balances were \$1,117,061.89 as of June 30, 2013. The Town also has a petty cash fund with a total of \$100.00. All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of the Virginia or are covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

3. Property Taxes Receivable

The Town levies real estate taxes on all real property and mobile homes on a calendar year basis at the rate enacted by Town Council. The rate is applied to the assessed value of property as determined by the appraised value established by Sussex County. The taxes are billed by the Town on an annual basis and are due on December 31 of each year. The real estate tax rate for calendar year 2013 was \$.22 per \$100 of assessed value. This rate also applied to public service corporations.

The Town levies personal property taxes on motor vehicles and tangible personal property used in a trade or business. Taxes are billed on an annual basis and are due on December 31 of each year. The tax rate for calendar year 2013 was \$1.85 for personal property, \$1.06 for machinery and tools, \$.22 for mobile homes, \$.92 for fire and rescue per \$100 of assessed value, as determined by Sussex County.

Assessed values used for the fiscal year ended June 30, 2013, were as follows:

Real estate	\$ 90,964,122
Personal property	\$ 9,241,086
Public service corporations	\$ 6,618,855
Machinery and tools	\$ 243,680
Mobile homes	\$ 381,064
Fire and Rescue	\$ 106,530

4. Due from Other Governmental Units

Due from other governmental units consists of the following at June 30, 2013:

Commonwealth of Virginia:	
State grants	\$ 12,699
Rolling stock taxes	6,131
Utility taxes	2,505
Virginia Department of Taxation	4,690
Sussex County:	
Auto decals	2,702
Local sales taxes	<u>17,022</u>
	\$ <u>45,749</u>

5. Capital Assets

Capital assets activity for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Primary Government				
Capital assets being depreciated:				
Equipment, furniture, and fixtures	\$ 93,519	\$ 5,588	\$ -	\$ 99,107
Building improvements and carport	36,000	21,142	-	57,142
Vehicles	225,068	-	-	225,068
Total capital assets being depreciated	\$ 354,587	\$ 26,730	\$ -	\$ 381,317
Less – Accumulated Depreciation:				
Equipment, furniture, and fixtures	\$ (43,753)	\$ (13,049)	\$ -	\$ (56,802)
Building improvements and carport	(5,625)	(3,135)	-	(8,760)
Vehicles	(83,573)	(41,298)	-	(124,871)
Total Accumulated Depreciation	\$ (132,951)	\$ (57,482)	\$ -	\$ (190,433)
Governmental Activities Capital Assets - Net	\$ 221,636	\$ (30,752)	\$ -	\$ 190,884
Business-type Activities				
Capital assets being depreciated:				
Water and sewer lines	\$ 459,266	\$ -	\$ -	\$ 459,266
Pumps and other equipment	177,079	-	-	177,079
Vehicles	18,138	-	-	18,138
Total capital assets being depreciated	\$ 654,483	\$ -	\$ -	\$ 654,483
Less – Accumulated Depreciation:				
Water and sewer lines	\$ (374,769)	\$ (5,118)	\$ -	\$ (379,887)
Pumps and other equipment	(139,325)	(9,129)	-	(148,454)
Vehicles	(2,116)	(3,627)	-	(5,743)
Total Accumulated Depreciation	\$ (516,210)	\$ (17,874)	\$ -	\$ (534,084)
Business-type Activities Capital Assets – Net	\$ 138,273	\$ (17,874)	\$ -	\$ 120,399

Depreciation expense was charged to functions of the primary government as follows:

Government Activities	
General Government Administration	\$ 13,187
Public Safety	<u>44,295</u>
	\$ <u>57,482</u>
Business-type Activities	
Water and Waste Disposal	\$ <u>17,874</u>

In addition to the assets listed above, the Town owns several parcels of real estate, the original value of which is nominal and, as such, is not presented herein.

6. Lease Payable and Accrued Leave

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Lease payable	\$ 89,279	\$ -	\$ -	\$ 89,279	\$ 28,126
Accrued leave	27,563	8,668	9,323	26,908	-
	<u>\$ 116,842</u>	<u>\$ 8,668</u>	<u>\$ 9,323</u>	<u>\$ 116,187</u>	<u>\$ 28,126</u>

Lease Payable - Ford Motor Credit Company:

Due \$33,215.16 per year including interest at 5.7% for 5 payments beginning November 16, 2011, and ending November 16, 2015. \$ 89,279

Annual debt service requirements to maturity for debt and related interest are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
June 30, 2014	\$ 28,126	\$ 5,089
June 30, 2015	29,729	3,486
June 30, 2016	31,424	1,791
	<u>\$ 89,279</u>	<u>\$ 10,366</u>

Interest expense for the year ended June 30, 2013, was \$5,446.

7. Defined Benefit Pension Plan

A. Plan Description

The Town contributes to the Virginia Retirement System (VRS), a qualified governmental defined benefit pension plan. The VRS is considered an agent multiple-employer PERS (Public Employees' Retirement System) with separate cost-sharing pools for each locality.

All full-time, permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five (5) years of service (age 60 for participating Virginia law officers other than state police) and at age 50 with at least twenty-five (25) years of service, if elected by the employer, (age 50 with twenty-five (25) years of service for participating Virginia law officers other than state police). Benefits are payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service. AFC is defined as the average of the member's highest consecutive thirty-six (36) months of reported compensation. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits.

In addition, retirees qualify for annual cost-of-living increases on July 1 of the second calendar year after retirement. Automatic cost-of-living increases are calculated as the first 3% of the Consumer Price Index increase plus half of each percentage increase from 3% to 7%. The VRS also provides death and

disability benefits. Title 51.1 of the *Code of Virginia (1950)*, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of that report may be obtained by writing to the VRS at Post Office Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia (1950)*, as amended, to contribute 5.0% of their annual salary to the VRS. The Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2013, is 2.68% of annual covered payroll.

C. Annual Pension Cost and Schedule of Employer Contributions

For the year ended June 30, 2013, the Town's annual pension cost of \$14,148 is equal to the Town's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2013	\$ 14,148	100%	\$ -
June 30, 2012	\$ 28,661	100%	\$ -
June 30, 2011	\$ 27,443	100%	\$ -

D. Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 119.19% funded. The actuarial accrued liability (AAL) for benefits was \$1,444,434, and the actuarial value of assets was \$1,721,565, resulting in an unfunded actuarial accrued liability (UAAL) of (\$277,131), which for the Town represents a surplus. The covered payroll (annual payroll of active employees covered by the plan) was \$596,238, and the ratio of the UAAL to the covered payroll was (46.48%).

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

8. Contingent Liability - Cemetery

Upon the sale of cemetery privileges, the Town collects a fee to provide perpetual cemetery care. These amounts have been credited to the cemetery fund balance in the past and have been included in revenues collected in the accompanying statements. These amounts are potentially refundable if the owner elects to resell the lot back to the Town. No provision for this contingency has been provided and the amount of this potential liability is not readily determinable.

9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual

premium to the Association for its workers compensation and general liability insurance. In the event of a deficit and depletion of all available excess insurance, the Association may assess all members proportionally based on the premium that each bears to the total premiums paid by all members in the year in which such a deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which are not yet effective.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes standards for reclassification of certain items as deferred outflows and inflows of resources that were previously reported as assets and liabilities. The standard limits the items that should be reported as deferred outflows and inflows of resources to items specifically identified in authoritative pronouncements. Additionally, the standard requires that debt issuance costs be recognized as an expense in the period incurred except any portion related to prepaid insurance costs. Prospective application is required. This statement will be effective for the year ending June 30, 2014. The Town has elected to implement this statement for the year ended June 30, 2013.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, was issued to resolve conflicting guidance that resulted from the issuance of two pronouncements. The statement amends GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The fund classification should be determined based on the nature of the activity to be reported. The statement also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a normal servicing fee rate. This statement will be effective for the year ending June 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans* replaces the requirements of GASB Statements No. 25 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements meeting certain criteria. The statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. The statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement will be effective for the year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* replaces the requirement of GASB Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This statement will be effective for the year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with GASB Statement No. 34. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also provides guidance on the accounting for the government if they are the obligor in the transaction and on intra-entity nonexchange financial guarantees involving blended component units. The Statement specifies the information required to be disclosed by governments that extend or receive nonexchange financial guarantees. This Statement will be effective for the year ending June 30, 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (an amendment of GASB Statement No. 68) eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement 68, which was issued in June 2012. To correct this potential understatement, Statement 71 requires that when a state or local government is transitioning to the new pension standards, that it "recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions." Statement 71 is effective concurrent with Statement 68, and will be effective for the year ending June 30, 2015.

Management has not yet evaluated the effects, if any, of adopting standards 66, 67, 68, 69, 70, and 71.

11. Reclassification

Certain financial statement line items for the year ended June 30, 2013, have been reclassified to conform to the current manner of presentation.

12. Subsequent Events

The *Town of Waverly, Virginia*, has evaluated subsequent events through January 30, 2014, the date which the financial statements were available to be issued.

On December 19, 2013, the *Town of Waverly, Virginia*, received an opinion of probable construction costs for the water supply well drilling program for the Town. Based on budgetary drilling pricing, the consultants have estimated that the probable costs of performing the scope of work needed will be \$379,000 in 2013 dollars. This work includes a Middle Potomac Well 5 (Well 3 Replacement) and Lower Potomac Well 4 (Well 1 and 2 replacement), and Aquifer Testing and Permitting Requirements.

Town of Waverly, Virginia
Required Supplementary Information (RSI)
Year Ended June 30, 2013

Town of Waverly, Virginia

General Fund

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues from Local Sources				
General Property Taxes				
Property taxes (including public service corporations)	\$ 394,000	\$ 394,000	\$ 390,470	\$ (3,530)
Penalties and interest	21,500	21,500	7,799	(13,701)
Total General Property Taxes	<u>\$ 415,500</u>	<u>\$ 415,500</u>	<u>\$ 398,269</u>	<u>\$ (17,231)</u>
Other Local Taxes				
Fines	\$ 213,215	\$ 213,215	\$ 270,714	\$ 57,499
Meal taxes	158,000	158,000	170,135	12,135
Local sales and use taxes	135,000	135,000	98,566	(36,434)
Consumers' utility taxes	60,000	60,000	59,509	(491)
Privilege licenses	47,000	47,000	48,613	1,613
Motor vehicle licenses	17,000	17,000	16,902	(98)
Franchise license taxes	14,000	14,000	26,228	12,228
Total Other Local Taxes	<u>\$ 644,215</u>	<u>\$ 644,215</u>	<u>\$ 690,667</u>	<u>\$ 46,452</u>
Revenues from Use of Money and Property				
Revenues from use of money	\$ -	\$ -	\$ 2,479	\$ 2,479
Revenues from use of property	2,700	2,700	2,700	-
Total Revenues from Use of Money and Property	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 5,179</u>	<u>\$ 2,479</u>
Revenues from Other Sources				
Miscellaneous revenues and forfeiture income	\$ 4,000	\$ 4,000	\$ 9,811	\$ 5,811
Charges for services	750	750	220	(530)
Timber sales	-	-	209,392	209,392
Zoning fees	400	400	375	(25)
Total Revenues from Other Sources	<u>\$ 5,150</u>	<u>\$ 5,150</u>	<u>\$ 219,798</u>	<u>\$ 214,648</u>
Total Revenues from Local Sources	<u>\$ 1,067,565</u>	<u>\$ 1,067,565</u>	<u>\$ 1,313,913</u>	<u>\$ 246,348</u>
Revenues from the Commonwealth of VA				
Categorical Aid				
Law enforcement funds	\$ 65,361	\$ 65,361	\$ 52,360	\$ (13,001)
Total Categorical Aid	<u>\$ 65,361</u>	<u>\$ 65,361</u>	<u>\$ 52,360</u>	<u>\$ (13,001)</u>
Noncategorical Aid				
Rolling stock taxes	\$ 5,000	\$ 5,000	\$ 5,819	\$ 819
Mobile home titling taxes	500	500	1,226	726
Total Noncategorical Aid	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 7,045</u>	<u>\$ 1,545</u>
Total Revenues from the Commonwealth of VA	<u>\$ 70,861</u>	<u>\$ 70,861</u>	<u>\$ 59,405</u>	<u>\$ (11,456)</u>
Revenues from Operating Grants and Contributions				
Operating grants	\$ 1,000	\$ 1,000	\$ 29,165	\$ 28,165
Total Revenues from Operating Grants and Contributions	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 29,165</u>	<u>\$ 28,165</u>
Total Revenues	<u>\$ 1,139,426</u>	<u>\$ 1,139,426</u>	<u>\$ 1,402,483</u>	<u>\$ 263,057</u>

See independent auditors' report.

Town of Waverly, Virginia

General Fund

Schedule of Expenses - Budget and Actual

Year Ended June 30, 2013				
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General Government Administration				
Legislative - Town Council	\$ 7,800	\$ 7,800	\$ 8,025	\$ (225)
General and Financial Administration				
Salaries	\$ 146,347	\$ 146,347	\$ 142,542	\$ 3,805
Payroll taxes	15,750	15,750	11,232	4,518
Benefits	24,242	24,242	21,613	2,629
Insurance and bonding	51,303	51,303	51,272	31
Interest expense	-	-	2,477	(2,477)
Contingency expense	19,465	19,465	8,828	10,637
Office operations	26,435	26,435	17,427	9,008
Capital improvements and maintenance	8,337	8,337	35,873	(27,536)
Legal services	12,000	12,000	12,000	-
Utilities	21,600	21,600	24,529	(2,929)
Miscellaneous	3,000	3,000	2,985	15
Supplies	6,500	6,500	7,695	(1,195)
Independent auditor	13,500	13,500	13,350	150
Meetings and conferences	4,000	4,000	4,195	(195)
Dues, subscriptions, and publishing	2,500	2,500	2,967	(467)
Training	3,000	3,000	913	2,087
Total General and Financial Administration	\$ 357,979	\$ 357,979	\$ 359,898	\$ (1,919)
Total General Government Administration	\$ 365,779	\$ 365,779	\$ 367,923	\$ (2,144)
Public Safety				
Law enforcement and traffic control - Police department	\$ 724,853	\$ 724,853	\$ 797,443	\$ (72,590)
Public Works				
Maintenance of streets and other public works	\$ 192,100	\$ 192,100	\$ 185,641	\$ 6,459
Parks, Recreation, Culture, and Other				
Fire and rescue	\$ 8,500	\$ 8,500	\$ 8,303	\$ 197
Parks, recreation, and library	17,700	17,700	6,679	11,021
Other	1,000	1,000	1,473	(473)
Total Parks, Recreation, Culture, and Other	\$ 27,200	\$ 27,200	\$ 16,455	\$ 10,745
Total Expenses	\$ 1,309,932	\$ 1,309,932	\$ 1,367,462	\$ (57,530)

See independent auditors' report.

Town of Waverly, Virginia

Schedule of Funding Progress

June 30, 2013

Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2) – (1)	Funded Ratio (1)/(2)	Annual Covered Payroll (4)	UAAL as % Payroll (2-1)/(4)
June 30, 2012	\$ 1,721,565	\$ 1,444,434	\$ (277,131)	119.19%	\$ 596,238	(46.48%)
June 30, 2011	\$ 1,711,587	\$ 1,338,059	\$ (373,528)	127.92%	\$ 550,926	(67.80%)
June 30, 2010	\$ 1,665,113	\$ 1,276,690	\$ (388,423)	130.42%	\$ 590,203	(65.81%)
June 30, 2009	\$ 1,655,817	\$ 1,167,261	\$ (488,556)	141.85%	\$ 494,175	(98.86%)
June 30, 2008	\$ 1,669,047	\$ 1,092,627	\$ (576,420)	152.76%	\$ 421,731	(136.68%)

Notes to Schedule Funding Progress – VRS

The information presented in the schedule of funding progress was determined as part of actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

1. Valuation date	June 30, 2012
2. Actuarial cost method	Entry Age Normal
3. Amortization method	Level percent of Pay, Open
4. Payroll growth rate	3.00%
5. Remaining amortization period	29 years
(Phase-in impact of change in interest rate)	(decreasing by one each year in subsequent valuations until reaching 20 years)
6. Asset valuation method	Five-Year Smoothed Market Value
7. Actuarial assumptions	
a. Investment rate of return*	7.00 %
b. Projected salary increases*	
1) Non-LEO Members	3.75 – 5.60%
2) LEO Members	3.50 – 4.75%
c. Cost-of-living adjustments	
1) Plan 1 Members	2.50%
2) Plan 2 Members	2.25%

*Includes inflation at 2.50%

See independent auditors' report.

Town of Waverly, Virginia

Compliance Section

Year Ended June 30, 2013

*Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards*

To the Honorable Members of the Town Council
Town of Waverly, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the *Town of Waverly, Virginia*, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the *Town of Waverly, Virginia's* basic financial statements and have issued our report thereon dated January 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *Town of Waverly, Virginia'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 *Town of Waverly, Virginia's* internal control. Accordingly, we do not express an opinion on the effectiveness of the *Town of Waverly, Virginia's* internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2013-1, 2013-2, and 2013-3 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-4 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *Town of Waverly, Virginia's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Town of Waverly, Virginia's Response to Findings

The *Town of Waverly, Virginia's* response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The *Town of Waverly, Virginia'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.

Andrews, Barwick, and Lee, P.C.
Certified Public Accountants
Colonial Heights, VA
January 30, 2014

June 30, 2013

Finding 2013-1

Criteria

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements of the governmental activities and the business-type activities of the *Town of Waverly, Virginia*, including the notes to those financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

As part of the audit, management requested us to prepare a draft of the Town's financial statements, including the related notes to the financial statements.

Cause

Due to the small size of the Town and limited accounting staff, the Town does not find it cost beneficial to hire additional staff solely for this purpose.

Effect

Financial statements and related disclosures may be materially misstated.

Observation

Management should continue to review and approve the draft of the GAAP financial statements and related disclosures prior to issuance.

Management Response

Management will continue to review, approve, and accept responsibility for their financial statements and will continue to seek cost effective options to improve GAAP control.

June 30, 2013

Finding 2013-2

Criteria

Management is responsible for recording transactions on the accrual basis of accounting in accordance with generally accepted accounting principles for the governmental activities and the business-type activities of the *Town of Waverly, Virginia*.

Condition

As part of the audit, we applied our preliminary analytical procedures and noted that the Town is maintaining its accounting records on the cash basis of accounting and as such has not made entries to record receivables, prepaid expenses, property and equipment, respective depreciation and accumulated depreciation, accounts payable and accrued expenses.

Cause

This is due, in part, to time constraints on the accounting personnel of the Town and the desire of Town Council to have those personnel perform their regular monthly tasks.

Effect

Financial statements provided by the Town were reported on the cash basis which had the effect of omitting material amounts required to be disclosed under the accrual basis of accounting. The Town is unable to produce interim financial statements that are fairly stated on the accrual basis of accounting and the Town has many year-end entries to post to prepare the financial statements.

Observation

The Town should adopt procedures in which accounting records are maintained on the accrual basis of accounting and that activity related to property and equipment be recorded on a monthly basis as well.

Management Response

Management will continue to review, approve, and accept responsibility for their financial statements and proposed journal entries but plan to review this suggestion with the Town Council and staff to develop such procedures, if feasible.

June 30, 2013

Finding 2013-3

Criteria

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements of the governmental activities and the business-type activities of the *Town of Waverly, Virginia*, including the notes to those financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

During our audit of the Town's cash accounts, we discovered that a person who had terminated employment during the year was still listed in the bank's records as an authorized check signer.

Cause

Due to the turnover of multiple members of the Town's staff in a short period of time, management was unable to effectively monitor and make all necessary changes and updates.

Effect

This material weakness created a security risk over the Town's bank accounts.

Observation

The Town should periodically review the authorized check signing list, update that list if necessary, and notify the bank promptly of any changes. Also, a notation that an employee is an authorized check signer could be included in the employee's personnel file so that if a person terminates, the name can be promptly removed from the authorization list and the bank informed of that fact. Or, the Town's termination procedures checklist could include a step to determine whether an employee is an authorized signer and, if so, to remove the name from the authorization list and promptly and formally inform the bank of the removal.

Management Response

When brought to the Town's attention, the bank was promptly instructed in writing to remove the name. Management plans to develop new procedures with the assistance of Town Council and staff, if feasible.

June 30, 2013

Finding 2013-4

Criteria

Duties within the accounting system should be properly segregated.

Condition

A lack of segregation of duties within the accounting function was noted.

Cause

This is due to the limited number of office personnel employed by the Town.

Effect

This situation may result in defalcation or errors being undetected.

Recommendation

Due to the small size of the Town, the hiring of additional employees is not deemed to be cost effective. While complete segregation of duties is not practical, we recommend compensating controls, strong management supervision, and review over the accounting system.

Management Response

Management will continue to strongly supervise and review the accounting system through monthly reviews of detailed financial information.

Town of Waverly, Virginia

*Statistical Section
(Unaudited)*

Year Ended June 30, 2013

Town of Waverly, Virginia

Net Position by Component - Last Three Fiscal Years

	Fiscal Year		
	2013	2012	2011
Governmental Activities			
Net investment in capital assets	\$ 101,605	\$ 132,357	\$ 146,959
Restricted	197,302	122,302	105,000
Unrestricted	567,808	548,189	457,119
Total Governmental Activities Net Position	\$ 866,715	\$ 802,848	\$ 709,078
Business-type Activities			
Net investment in capital assets	\$ 120,399	\$ 138,273	\$ 132,031
Unrestricted	257,605	140,736	113,051
Total Business-type Activities Net Position	\$ 378,004	\$ 279,009	\$ 245,082
Primary Government			
Net investment in capital assets	\$ 222,004	\$ 270,630	\$ 278,990
Restricted	197,302	122,302	105,000
Unrestricted	825,413	688,925	570,170
Total Primary Government Net Position	\$ 1,244,719	\$ 1,081,857	\$ 954,160

Town of Waverly, Virginia

Changes in Net Position - Last Three Fiscal Years

	Fiscal Year		
	2013	2012	2011
Expenses			
Governmental Activities			
General government administration	\$ 354,210	\$ 343,871	\$ 323,204
Public safety	836,460	874,924	770,336
Public works	191,495	176,229	130,573
Parks, recreation, culture, and cemetery	32,984	38,144	32,734
Total Governmental Activities Expenses	\$ 1,415,149	\$ 1,433,168	\$ 1,256,847
Business-type Activities			
Public utility-water and waste disposal	\$ 194,768	\$ 202,873	\$ 216,853
Total Business-type Activities Expenses	\$ 194,768	\$ 202,873	\$ 216,853
Total Primary Government Expenses	\$ 1,609,917	\$ 1,636,041	\$ 1,473,700
Revenues			
Governmental Activities			
General government administration	\$ 1,385	\$ 10,000	\$ -
Public safety	5,339	24,541	29,153
Public works	1,438	38,875	1,439
Parks, recreation, culture, and cemetery	20,000	11,365	-
Total Governmental Activities Revenues	\$ 28,162	\$ 84,781	\$ 30,592
Business-type Activities			
Charges for services	\$ 362,439	\$ 346,375	\$ 303,444
Total Business-type Activities Revenues	\$ 362,439	\$ 346,375	\$ 303,444
Total Primary Government Revenues	\$ 390,601	\$ 431,156	\$ 334,036
Net (Expenses)/Revenues			
Governmental Activities	\$ (1,386,987)	\$ (1,348,387)	\$ (1,226,255)
Business-type Activities	167,671	143,502	86,591
Total Primary Government Net Expenses	\$ (1,219,316)	\$ (1,204,885)	\$ (1,139,664)

Town of Waverly, Virginia

Changes in Net Position - Last Three Fiscal Years (Continued)

	Fiscal Year		
	2013	2012	2011
General Revenues and Other Changes in Net Position			
Governmental Activities			
General property taxes	\$ 407,927	\$ 375,756	\$ 398,465
Other local taxes and fines	687,392	872,363	755,772
Revenues from use of money and property	5,717	4,269	4,348
Revenues from other sources	219,798	17,852	18,842
Intergovernmental - Commonwealth of Virginia	60,495	61,262	59,079
Transfers	69,525	110,655	146,517
Total Governmental Activities	\$ 1,450,854	\$ 1,442,157	\$ 1,383,023
Business-type Activities			
Revenues from use of money and property	\$ 849	\$ 1,080	\$ 1,714
Transfers	(69,525)	(110,655)	(146,517)
Total Business-type Activities	\$ (68,676)	\$ (109,575)	\$ (144,803)
Total Primary Government Revenues	\$ 1,382,178	\$ 1,332,582	\$ 1,238,220
Changes in Net Position			
Governmental Activities	\$ 63,867	\$ 93,770	\$ 156,768
Business-type Activities	98,995	33,927	(58,212)
Total Primary Government Changes in Net Position	\$ 162,862	\$ 127,697	\$ 98,556

Town of Waverly, Virginia

Fund Balances - Governmental Funds - Last Three Fiscal Years

	Fiscal Year		
	2013	2012	2011
General Fund			
Nonspendable	\$ 13,900	\$ 2,477	\$ -
Restricted	47,302	17,302	-
Committed	45,000	-	-
Unassigned	510,029	508,245	427,344
Total General Fund	\$ 616,231	\$ 528,024	\$ 427,344
All Other Governmental Funds			
Restricted	\$ 5,000	\$ 5,000	\$ 5,000
Committed	100,000	100,000	100,000
Unassigned	28,653	28,305	28,433
Total All Other Governmental Funds	\$ 133,653	\$ 133,305	\$ 133,433

Town of Waverly, Virginia

Changes in Fund Balances - Governmental Funds - Last Three Fiscal Years

	Fiscal Year		
	2013	2012	2011
Revenues			
General property taxes	\$ 398,269	\$ 392,673	\$ 395,788
Other local taxes	690,667	871,042	745,004
Revenues from use of money and property	5,717	4,269	4,348
Revenues from other sources	219,798	17,852	18,842
Intergovernmental - Commonwealth of Virginia	59,405	61,262	54,037
Operating grants and contributions	29,165	76,418	30,592
Total Revenues	<u>\$ 1,403,021</u>	<u>\$ 1,423,516</u>	<u>\$ 1,248,611</u>
Expenses			
General government administration	\$ 367,923	\$ 350,959	\$ 324,196
Public safety	797,443	868,283	771,937
Public works	185,641	181,819	128,248
Parks, recreation, and culture	32,984	38,144	32,734
Total Expenses	<u>\$ 1,383,991</u>	<u>\$ 1,439,205</u>	<u>\$ 1,257,115</u>
Excess of Revenues Over (Under) Expenses	<u>\$ 19,030</u>	<u>\$ (15,689)</u>	<u>\$ (8,504)</u>
Other Financing Sources			
Operating transfers in	\$ 69,525	\$ 116,241	\$ 146,517
Total Other Financing Sources	<u>\$ 69,525</u>	<u>\$ 116,241</u>	<u>\$ 146,517</u>
Net Changes in Fund Balances	<u>\$ 88,555</u>	<u>\$ 100,552</u>	<u>\$ 138,013</u>

Town of Waverly, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Estate	Personal Property	Public Service Corporations	Total
2013	\$ 90,964,122	\$ 9,972,360	\$ 6,618,855	\$ 107,555,337
2012	\$ 93,596,922	\$ 9,745,803	\$ 6,450,350	\$ 109,793,075
2011	\$ 93,829,722	\$ 10,840,455	\$ 5,543,911	\$ 110,214,088
2010	\$ 93,726,522	\$ 10,795,726	\$ 4,610,078	\$ 109,132,326
2009	\$ 93,077,822	\$ 11,757,498	\$ 5,908,349	\$ 110,743,669
2008	\$ 92,626,332	\$ 8,954,648	\$ 7,696,722	\$ 109,277,702
2007	\$ 60,906,222	\$ 9,294,740	\$ 6,104,357	\$ 76,305,319
2006	\$ 63,019,222	\$ 9,180,774	\$ 6,088,290	\$ 78,288,286
2005	\$ 62,977,422	\$ 9,893,218	\$ 6,027,288	\$ 78,897,928
2004	\$ 62,776,822	\$ 9,278,719	\$ 6,803,325	\$ 78,858,866

Source: Commissioner of Revenue, Sussex County

Property Tax Rates

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Estate	Personal Property	Public Service Corporations	Machinery and Tools
2013	\$ 0.22	\$ 1.85	\$ 0.22	\$ 1.06
2012	\$ 0.22	\$ 1.85	\$ 0.20	\$ 1.06
2011	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2010	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2009	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2008	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2007	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2006	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2005	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06
2004	\$ 0.20	\$ 1.85	\$ 0.20	\$ 1.06

Source: Commissioner of Revenue, Sussex County

Town of Waverly, Virginia

*Principal Property Tax Payers
Current and Prior Year*

2013			
<u>Taxpayer</u>	<u>Total Taxes</u>		<u>Percentage of</u>
	<u>Paid</u>	<u>Rank</u>	<u>Total Town</u> <u>Tax Revenue</u>
Medical Facilities of America	\$ 31,024	1	7.75%
Murphy Brown, LLC	13,618	2	3.40%
Cowling Brothers	12,140	3	3.03%
Parham's Welding	9,687	4	2.42%
Virginia Electric & Power Co.	6,237	5	1.56%
460 Realty	4,736	6	1.18%
New Beginning, Inc.	4,605	7	1.15%
Spencer Brothers	4,119	8	1.03%
Umpit Properties, LLC	4,101	9	1.02%
Norfolk & Western Railway Co.	3,256	10	0.81%
Total	\$ 93,523		23.35%

2012			
<u>Taxpayer</u>	<u>Total Taxes</u>		<u>Percentage of</u>
	<u>Paid</u>	<u>Rank</u>	<u>Total Town</u> <u>Tax Revenue</u>
Medical Facilities of America	\$ 17,254	1	4.35%
Murphy Brown, LLC	10,120	2	2.55%
Cowling Brothers	9,542	3	2.41%
Virginia Electric & Power Co.	4,862	4	1.23%
460 Realty	4,803	5	1.21%
Parham's Welding	4,204	6	1.06%
Spencer Brothers	3,579	7	0.90%
POS, LLC	2,911	8	0.73%
Charter Communications	2,769	9	0.70%
Southside Bank	2,764	10	0.70%
Total	\$ 62,808		15.84%

Source: Town of Waverly Office

Town of Waverly, Virginia

Property Tax Levies and Collections - Last Three Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (a)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (b)
	Amount	(a)	Percentage of Levy		
2013	\$ 300,457	\$ 274,865	91.48%	\$	-
2012	\$ 306,958	\$ 279,317	91.00%	\$	-
2011	\$ 308,731	\$ 259,644	84.10%	\$	-

Note (a): Taxes levied for the purpose of this section include real estate taxes, public service corporation taxes and personal property taxes less the state funded portion of \$89,590 each year. Collected amounts are also reduced by the \$89,590 of state funded personal property tax relief each year. The purpose of presenting the levies and collections net of the state funding is to accurately portray the percentage of the tax levies that are being collected from the individuals and businesses within the Town of Waverly.

Note (b): The Town has not maintained detailed records of collections in subsequent years by fiscal year.

Source: Town of Waverly Office

Town of Waverly, Virginia

Full-time Equivalent City Government Employees by Function/Program

Due to the small number of employees, such statistical data is not maintained by the Town.

Operating Indicators by Function/Program

Due to the small size of the Town such statistical numbers are not maintained, nor will they be maintained in the future due to the small amount of activity within the Town.

Capital Asset Statistics by Function/Program

See Note 5 to the financial statements. The Town also has assets that are not listed on the depreciation schedule. However, these assets were considered during the GASB 34 conversion and were deemed fully depreciated.