Creedle
Jones
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A Professional Corporation

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Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

To the Town Council
Town of Halifax, Virginia

In planning and performing our audit of the financial statements of the Town of Halifax, Virginia as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding the matters. We reported on the Town's internal control in our report dated June 17, 2026. This letter does not affect our report dated June 17, 2026, on the financial statements of the Town of Halifax, Virginia.

We will review the status of the comments during our next audit engagement. We have already discussed the comments and suggestions with management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Town Council, and others within the Town, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
June 17, 2026

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MEMORANDUM

TOWN OF HALIFAX, VIRGINIA

Management Letter Points

Aged Accounts Receivable and Accounts Payable Balances

There are numerous material accounts receivable and accounts payable balances over 120 days, primarily due to prior audit adjustments, that remain in QuickBooks. These accounts should be cleared up so the books do not reflect that the Town is owed money from a customer or owes a vendor. This is a complicated QuickBooks area that requires a person familiar with QuickBooks to post the entries to the appropriate customers and vendors.

Payroll

Due to the conversion from QuickBooks desktop to QuickBooks Online, the payroll data for the fiscal year ended June 30, 2025 was inaccurate on the QuickBooks payroll reports (i.e., the Payroll Earnings Report only showed approximately half of the salaries). In discussing this with Town personnel, payroll is now being processed through the QB payroll module and should be correct for fiscal year ending June 30, 2026. In addition, the payroll withholdings appear to be correct in total, but the individual withholding accounts listed on the trial balance should be balanced each month. The Town should be consistent in posting to the applicable withholding accounts.

Virginia Retirement System (VRS)

The Town's employees participate in VRS. The VRS offers three plans based on participation date. Auditors are required to test all plans. We suggest establishing all account numbers in the withholding liability and the expense accounts to track the different plans. In addition, the vendors paid need to be clearly distinguishable. For example, the payment to VRS should reference VRS as the vendor and the Voya payments should reference Voya as the vendor. We noted descriptions for VRS Plan 1 and VRS Plan 2; however, due to the extensive footnote disclosures a clear distinguishment needs to be on the trial balance.