



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 14, 2019

Memorandum To: Management and Members of Council
Town of Rocky Mount, Virginia

From: Robinson, Farmer, Cox Associates

Regarding: Audit for fiscal year ended June 30, 2019

In planning and performing our audit of the financial statements of Town of Rocky Mount, Virginia as of and for the year ended June 30, 2019, 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 opinions 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 efficiency. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Signature Stamps

During our walkthrough procedures, we noted that signature stamps utilized by the Town are not always restricted to use by the signer. The Town has implemented a process whereby checks over \$5,000 are required to be stamped by the individual whose name appears on same. However, because the stamp is accessible by other individuals for checks below this threshold, we recommend that management review its processes to further restrict access to signature stamps.

Statements of Economic Interest

During our review of the statements of economic interest, we noted that several forms were not completed in their entirety by the Planning Commission and Board of Zoning Appeals members. We recommend that if the forms are printed (rather than utilizing the online filing option) that all answers be checked as "yes" or "no" to ensure that all applicable schedules are completed.

Tax Revenues

During our review of taxes, it was noted that property tax receivable balances are determined manually at year end and there is no on-going reconciliation of tax revenue throughout the year. Additionally, vehicle decal fees are included on the tax bills but are otherwise not tracked by the Town. We recommend that the decal fees be tracked in a manner similar to taxes and that a tax analytical be prepared on a quarterly basis to ensure that reported amounts are appropriate.

Currently, management performs review procedures to ensure that tax bills are correct prior to being mailed out. However, during our review of the tax personal property tax levy, we were unable to agree the total levy calculated based on assessed values and approved tax rates to the billed amounts. It appears that the difference relates to decals and/or the PPTRA amounts provided to taxpayers. While the difference was not material, we recommend that the bills be reconciled in total to the calculated levy prior to being sent. The reconciliation should be maintained for audit purposes.

Highway Maintenance Documentation

The maintenance department did not note street names on the daily sheets that are maintained for Highway Maintenance funds. Per inquiry, there are only three alleys that are not eligible for state funding and work is rarely performed on same. We recommend that management review the APA Specifications for Counties, Cities, and Towns as they relate to the Highway Maintenance Funds to ensure that documentation is readily available for the auditor to complete the required procedures.

Credit Card Documentation

During our review of credit card purchases, we were unable to locate sufficient, detailed receipts for several purchases made. We recommend that documentation be reconciled to the statement monthly and any items missing documentation be reviewed further. Individuals that use the credit cards should be reminded of the importance of submitting adequate, detailed receipts for all purchases.