



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: December 31, 2021

MEMORANDUM TO: Board of Supervisors
County of Page, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 21 Audit

In planning and performing our audit of the financial statements of the County of Page for the year ended June 30, 2021, we considered the County's internal controls to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal controls.

However, during our audit, we noted certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our report dated December 31, 2021, on the financial statements of the County of Page. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Primary Government

Social Services Business Continuity Plan

Social services agencies are required to have an updated Business Continuity Plan. During our audit it was determined that the County plan had not been updated for several years. We recommend this plan be updated yearly as required to the Virginia Department of Social Services.

Revenue Recovery Billings

During our audit, it was discovered that collections from the County's revenue recovery program were significantly less than budgeted and received in the prior year. After inquiry, it was determined that the billing service utilized by the County failed to properly bill residents of the County for ambulance services. This resulted in a substantial delay in billing the users and their respective insurance company. Due to this lag in billing, it is anticipated that a portion of the late billings will not be collected. It is our recommendation that the County institute a process to monitor revenue recovery billings and collections, to provide a reasonable level of assurance that ambulance services are being properly billed to users.

Sheriff Commissary Account

Due to the implementation of GASB Statement no. 84, Fiduciary Activities, the funds related to the Sheriff's commissary account are required to be presented as a special revenue fund of the County. Currently the commissary activity and inmate balances are commingled in the same bank account making the segregation of commissary activity difficult to ascertain. It is our recommendation that the Sheriff, create a separate bank account to properly segregate the activities related to the jail commissary.

Governmental Accounting Standards Board Pronouncements

In order to assist your staff in preparing for upcoming accounting changes, we have included the following summaries of Governmental Accounting Standards Board (GASB) pronouncements that will affect the County in upcoming years.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.