



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 20, 2024

Memorandum to: Katie Davis, Interim Finance Director
Botetourt County, Virginia

From: Corbin Stone

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the County of Botetourt, Virginia for the year ended June 30, 2024, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

Lease Accounting:

A relatively new Accounting Standard (GASB 87) requires localities to report lease receivables and payables in the financial statements. The County has entered into a number of cell tower leases (as lessee and lessor) and the terms of these agreements can be extensive (over 20 years). We were able to reconcile the lease agreements to actual receipts and payments in the books (within a material amount) but noted some variances between the expected payments and actual payments. We recommend that the County develop a tracking system to validate collections and payments for these lease agreements going forward.

Timeliness of School Reimbursement Requests:

During our review of the federally funded Elementary and Secondary School Emergency Relief Program (ESSER), we noted delays between the expenditure of funds under the program and related reimbursement requests. For instance: we noted that a September 23, 2024 reimbursement request covered the period of 9/1/2023 through 6/30/2024. We strongly recommend that the School Board request funds within 45 days of expenditure to ensure funds are received in a timely manner and are posted to the correct fiscal year. In addition, we recommend all reimbursements for the previous fiscal year be requested no later than August 31 and all be provided to the County's consulting accountants for the pre-audit work. This will further increase interest revenue for the County as funds would be placed on deposit earlier.

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Owner of Land per GIS:

During our review of the Greenfield land held by the County and Economic Development Authority, we noted there are two parcels of land (map ID 88-20H and 88-20J) that are the County's, but are in the Economic Development Authority's name on the GIS system. We recommend that the County and Economic Development Authority work with the Commissioner of Revenue to update the GIS system to provide accurate information.

Reconciliation of Overpayments Account:

During our review, we noted the overpayments account had a negative unadjusted ending balance of \$185,962. This account typically should net to zero. We recommend the Treasurer's office review and reconcile this account throughout the year to ensure entries posted to this account are correct.