



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

October 10, 2007

Kimble Reynolds, Jr.
Mayor
P. O. Box 1112
Martinsville, VA 24114

Dear Mr. Reynolds:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue and Sheriff of the City of Martinsville for the year ended June 30, 2007. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the constitutional officers complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement and custody of state funds, except as follows.

The Treasurer did not maintain sufficient internal control over state funds as described below

Use Correct Interest Rate

The Treasurer did not enter the correct interest rate into her state tax accounting system to reflect changes in interest rates published by the state's Department of Taxation. The Treasurer should review the quarterly Virginia Tax Bulletin and promptly update the system when the rate changes.

We discussed this comment with the Treasurer on September 20, 2007 and we acknowledge the cooperation extended to us during this audit.

Sincerely,

Auditor of Public Accounts

WJK:clj

cc: Clarence Monday, City Manager
Pat S. Conrad, Treasurer
Ruth L. Easley, Commissioner of the Revenue
Steve M. Draper, Sheriff