



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: January 2, 2024

Memorandum to: Dr. Linda Millsaps, County Administrator

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the County of Floyd, Virginia for the year ended June 30, 2023, 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.

County

Fire & Rescue Fund Balance:

As noted in prior audits, the Fire & Rescue Fund Balance is significantly at a deficit. We recommend the County implement a funding strategy to get the balance back to a positive balance and prevent future deficits.

Management's Response: The Fire and Rescue fund was created in 1987 after a general bond referendum. The debt has been long expired and as such, there is no legal obligation to maintain the fund, although the Board of Supervisors may choose to do so as a policy matter. It should also be noted that large expenditures for Fire and Rescue have been paid out of the general fund.

Opioid Settlement Funds:

During our audit, we noted that funds received related to opioid settlements were posted to the General Fund and not in a newly created fund. We recommend opioid settlements be tracked in a separate fund in order to segregate those purchases and track the ongoing fund balance.

Management's Response: A separate fund was created and has been used by staff in both the County Administration and the Office of the Treasurer. However, because the description on the EFT is limited staff has occasionally missed that a payment was from an Opioid Settlement. County Administration has reached out to our financial institution to determine if an option for more transparency is possible.

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County (Continued)

COVID-19 ARPA Federal Reporting:

During our review of the required annual reporting, we found immaterial variances in the reporting as compared to the accounting system. Although the reporting is prepared on an annual basis with March 31 year end reporting, we still recommend creating a reconciliation to the accounting system to ensure the federal reporting agrees to the actual expenditures recorded in the accounting system. Further, the US Treasury determined that revenue loss reporting should only include general government services. The payment to the PSA is an eligible expenditure but should have been reported under infrastructure.

Social Services

Special Welfare:

During our audit, we found that the Special Welfare ledger in Thomas Brothers did not agree to the reconciled bank account maintained by the Treasurer. We recommend monthly reconciliations of same. Also, we found that some reimbursements included more than one month. We recommend Special Welfare reimbursements be made monthly.

Management Response: The Treasurer and Office Manager reconcile monthly with the bank statement and a spreadsheet provided by the Treasurer. Will provide a reconciliation report at the next audit or if requested.

Credit Card Expenditures:

During our audit, we found that several credit card expenditures did not have supporting detailed receipts that detailed each item purchased. We recommend all credit card statements be reviewed and ensure proper detailed receipts are attached for each purchase on the statement.

Management Response: We are working through a new County process regarding Departments turning in receipts late.

Economic Development Authority (EDA):

General Ledger Posting:

During our audit, we noted that the majority of significant receipts and disbursements were posted to “miscellaneous” codes. We recommend identifying as many revenues and expenditures, as possible, and posting them to an appropriate revenue or expenditure code. Further, we noted that the Authority continues to net County contributions against expenses in the general ledger. Contributions from the County should be posted as a revenue as contributions from the County.

Management Response: The EDA revenue and expenditures were tracked extensively in spreadsheets, but going forward we will track them with codes. Regarding the County contributions to the EDA, we couldn't find a way to post those as such in QuickBooks; but going forward we should be able to use MUNIS for this which would allow it.