



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: December 29, 2025

MEMORANDUM TO: Jason Tyree, City Manager
City of Buena Vista, Virginia

FROM: Robinson, Farmer, Cox Associates

In planning and performing our audit of the financial statements of the City of Buena Vista, Virginia for the year ended June 30, 2025, we considered the City's internal controls to plan our auditing procedures for the purpose of expressing our opinion 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 29, 2025 on the financial statements of the City of Buena Vista, Virginia. 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.

RECOMMENDATIONS FROM THE PRIOR YEAR STILL APPLICABLE:

Collection of Water and Sewer Receivables

In reviewing the aging of water and sewer receivables, we noted numerous delinquent accounts that had been inactive for several years. The allowance for uncollectible water and sewer receivables amounted to approximately 69.9% of billed water and sewer accounts receivable at June 30, 2024. It is our recommendation that the City consider addressing collection efforts for these delinquent accounts and write off accounts that are no longer collectible.

Water and Sewer Revenue

The City utilizes a separate software module for water and sewer billing that does not interface with the City's general ledger software, thus the monthly billing must be manually posted to the City's ledger. During fiscal year 2024, the City made adjustments on a monthly basis to true up monthly utility revenues; discussions with management revealed the cause of the variance to be timing issues. In order to strengthen internal controls over the water and sewer billing and collection process, it is our recommendation that the City continue to work to gain an understanding of the differences. Management should be diligent in its review and oversight of this process. We understand that the City is working to implement new accounting software and it will greatly improve internal controls if the water/sewer billing module will interface with the general ledger with the new software.

Urban Construction and Maintenance Program

While we were able to agree state highway maintenance program expenditures reported in the annual survey in total to the underlying supporting records of the City, it was difficult to agree the allocation between the various categories of expenditures, (pavement maintenance, administration, roadside services, traffic control, etc.) to the underlying work orders or other supporting schedules. We recommend that the City improve linkage between the work orders maintained to support the program expenditures, and the classification of expenditures by major category reported in the annual VDOT survey. We understand that current management is actively working to improve reporting in this area.

CURRENT YEAR RECOMMENDATIONS:

Reconciling Retirement Contributions – City

During our testing of the City's compliance over the Virginia Retirement System, several instances were noted when employee pay rates in the VRS system did not agree to the City's payroll system, resulting in the City remitting more in retirement contributions to the state than what was withheld from City employees. We recommend that the City implement a monthly process to reconcile retirement contribution amounts in the City payroll system to the monthly VRS snapshots. Reconciliations should compare employee withholdings and employer contributions per the City's payroll system to amounts reported and remitted to the state retirement system. Any discrepancies identified should be promptly investigated, documented, and corrected to ensure that amounts remitted to the retirement system accurately reflect employee withholdings and required employer contributions.

Procurement Compliance

During our testing of the City's compliance over procurement, we noted that a contract for a major pool project was awarded to a vendor that was deemed to be a sole source, without obtaining necessary bids from other vendors or properly documenting the rationale for the sole source determination. Specifically, management should require that all sole source procurements be supported by a written determination that clearly documents the justification for why only one vendor is practicably available, as required by § 2.2-4303(E) of the Code of Virginia. This documentation should be prepared and approved prior to contract award and retained in the procurement file. In addition, management should ensure that required public notice of the sole source award is properly posted and maintained in accordance with VPPA requirements. To prevent recurrence, we recommend the City provide training to procurement staff and department personnel involved in purchasing activities and consider implementing standardized templates or checklists for sole source determinations. These actions will help promote transparency, consistency, and compliance with state procurement laws.

Timely Submission of Annual School Report

The Virginia Department of Education requires school divisions to submit their Annual School Report by September 15th with a possible 15-day extension period. The Annual School Report for school year 2024-2025 was submitted on November 17, 2025. We recommend that the School Board implement additional procedures to ensure timely submission of this annual filing.

Governmental Accounting Standards Board Pronouncements

Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, Disclosure of Certain Capital Assets, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, Implementation Guidance Update—2025, effective for fiscal years beginning after June 15, 2025.