



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: December 19, 2025

MEMORANDUM TO: Jackie Morris, Finance Director
Town of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2025

In planning and performing our audit of the financial statements of Town of Pulaski, Virginia for the year ended June 30, 2025, we considered the Town's internal control structure to plan our auditing procedures for the purpose of expressing our opinions 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. This letter does not affect our report dated December 19, 2025, on the financial statements of Town of Pulaski, Virginia. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Payroll Withholding Accounts

During review, we noted that several of the payroll withholding accounts do not net to zero as expected throughout the year or at year-end and balances are growing over time. We noted that the consultant updated the balances for the trial balances provided for audit. The entries should be posted to the system, and the account balances should be reviewed monthly and investigated.

Water and Sewer Sales Revenue

An analysis over water and sewer billings is performed annually as part of the audit process wherein billed amounts are compared to revenues for reasonableness of reporting. We recommend that a reconciliation be performed monthly to ensure that water and sewer payments appear accurate. The reconciliation can use either a cash payment report from the water and sewer billing system or receivable, billed, and adjustment reports to recalculate cash payments compared to the trial balance.

Account Integrity

During review, we noted that several projects posted to the Grants Fund that related to the Water and Sewer Funds. Business-type activities and governmental activities must be tracked separately. A separate grant fund should be created for water and sewer. Related projects should be posted to same so that the respective grant fund can be merged with the major fund for reporting purposes.

Urban Highway Maintenance (UHM)

The UHM report filed during the year includes amounts from the cost allocation plan related to engineering. The most recent cost allocation plan was as of June 30, 2019. We recommend that if the cost allocation plan will be used for amounts reported for UHM, the plan should be updated annually. Alternatively, a different calculation/methodology could be utilized.

Budgetary Information and Appropriations

Per the Code of Virginia, sections 15.2-2506 and 58.1-3001 relating to appropriations, all funds should be appropriated prior to any expenditures are made. We noted that expenditures exceeded appropriations in the Cemetery Fund and there was no budget/appropriation for the CDBG Housing Rehabilitation or UDAG Funds. We recommend that management consult with the applicable code sections and ensure that expenditures from all funds are appropriated.