



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: October 13, 2021

MEMORANDUM TO: James M. Halasz, City Manager
City of Lexington

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2021

In planning and performing our audit of the financial statements of City of Lexington, Virginia for the year ended June 30, 2021, we considered the City'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 October 13, 2021, on the financial statements of the City of Lexington, 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.

School Board

Conflict of Interest Forms

During review, we noted that two of the conflicts of interest forms were not filled out in their entirety for the School Board. We recommend that care be taken when completing the forms to ensure that the appropriate form(s) are completed in their entirety each year. Sections that may not be applicable should be marked as such to ensure that a reviewer is able to easily verify that forms have been reviewed and completed in full.

City

Bank Reconciliations

Based on inquiry during fieldwork, it was noted that bank reconciliations had not been completed since March of 2021. Management has since completed bank reconciliations; however, this is considered a key component of internal control and steps should be taken to ensure that reconciliations are prepared and reviewed in a timely manner each month.

We noted that there is an overall difference in cash and investments between the reconciled balances and the amounts reported on the trial balances of \$20,813.70. Additionally, the allocation between funds per the bank reconciliation provided did not agree to the trial balances by Fund. We recommend that management review the reconciliations and trial balance in detail to ensure the appropriateness of reporting.

City and School Board

Written Policies for Federal Programs

The Uniform Guidance requires that the entity have certain written policies to ensure compliance related to federal programs. We were unable to obtain copies of same during the audit. We recommend that management adopt written policies/procedures as required and provide same for audit purposes.