



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: November 24, 2023

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

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2023

In planning and performing our audit of the financial statements of Town of Pulaski, Virginia for the year ended June 30, 2023, 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 November 24, 2023 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.

Statements of Economic Interest

During review, we noted that several forms that were not filled out in their entirety or forms that were inconsistently completed (i.e., based on responses, a schedule should have been completed but it was not). We recommend that steps be taken to ensure that Statements of Economic Interest forms be completed in their entirety and accurately.

Budget Appropriations

During the year, there were supplemental appropriations that were adopted but that were not keyed into the accounting system. We recommend that all supplemental appropriations be entered in the ledger when they are approved by Council to ensure that reporting is accurate. Additionally, Management discussed with Council Members during budget meeting the desire to payoff a loan early, but there was not a formal appropriation. To ensure compliance with the Code of Virginia section 15.2-2506, a formal appropriation should be made.

Capitalization Thresholds

We recommend that a formal capitalization policy be established to include right-to-use intangible asset thresholds by types of assets to assist in evaluating leased assets and subscription-based IT agreement (SBITA's) for inclusion in the financial statements with the implementation of GASBs No. 87 and 96. The policy might also consider the allocation of equipment and maintenance/services for copier equipment when same is not specifically stated in the lease agreement to ensure consistency of reporting.

Procurement Requirements

Per inquiry, chemicals for treating wastewater were not formally procured. Quotes/proposals were received from two vendors and the Engineering department signed a contract with the low bidder. We recommend that the formal procurement process be followed in accordance with the Virginia Public Procurement Act (VPPA) going forward.

ARS Housing Project

During the year, the Town received funding for housing projects within the Town and issued lines of credit related to same. Activity for the housing projects undertaken during the year was posted to several different funds. We recommend that management determine the most appropriate fund for reporting and that all activity related to the project be posted to that fund for consistency and appropriateness of reporting.

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.