



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 20, 2023

Memorandum To: Management and Members of Council
Town of Rocky Mount, Virginia

From: Robinson, Farmer, Cox Associates

Regarding: Audit for fiscal year ended June 30, 2023

In planning and performing our audit of the financial statements of Town of Rocky Mount, Virginia as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (Internal Control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Tax Revenues

During our review of taxes, it was noted that property tax receivable balances are determined manually at year end and there is no on-going reconciliation of tax revenue throughout the year. Additionally, vehicle decal fees are included on the tax bills but are otherwise not tracked by the Town. We recommend that the decal fees be tracked in a manner similar to taxes and that a tax analytical be prepared on a quarterly basis to ensure that reported amounts are appropriate.

If on-going and updated receivable listing are available, management may consider utilizing services to increase collectability of outstanding balances.

Currently, management performs review procedures to ensure that tax bills are correct prior to being mailed out. However, during our review of the tax personal property tax levy, we were unable to agree the total levy calculated based on assessed values and approved tax rates to the billed amounts. It appears that the difference relates to decals and/or the PPTRA amounts provided to taxpayers. While the difference was not material, we recommend that the bills be reconciled in total to the calculated levy prior to being sent. The reconciliation should be maintained for audit purposes.

Due to the manual process of the bills, we were unable to verify the amount applied to bills for elderly and veteran's relief to ensure that same agreed to the information provided by the Commissioner of Revenue of Franklin County. While the totals are not material, we recommend that a spreadsheet be maintained to track totals so that they can be agreed to listing from the Commissioner of Revenue.

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.

Capitalization Thresholds

We recommend that a formal capitalization policy be established to include right-to-use lease and subscription-based IT agreements (SBITA's) thresholds by types of assets to assist in evaluating lease and SBITA assets for inclusion in the financial statements with the implementation of GASBs No. 87 and 96 during the recent years. 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.

ARPA Reporting

During review, we noted timing differences for the totals reported on the P&E reports to information provided for the audit and reported in fiscal year 2022 and to date in fiscal year 2023. A reconciliation has been prepared noted the timing differences and updated totals. We recommend that management take care to ensure that the updated reconciliation be used to assist with reporting on the next P&E reporting due for the period ended March 31, 2024.

Credit Card Documentation

We noted \$690 of gift card purchases on the February 4, 2023 Bank of America credit card statement for which we were unable to locate an acknowledgement from recipients. In the event that gift cards are provided to individuals, we recommend that documentation of the recipient's acknowledgement be maintained on file. If gift cards are provided to employees, it is considered a taxable event and should be included on the employees' form W-2 at year-end.