



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: January 31, 2024

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, 2023, 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 January 31, 2024 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 71% of billed water and sewer accounts receivable at June 30, 2023. 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 2023, 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.

CURRENT YEAR RECOMMENDATIONS:

Budget Amendments

During our audit, we observed that actual expenditures exceeded the final amended budget in the Parks and Recreation, Senior Center, School Cafeteria, and School Construction funds. While total expenditure did not exceed the total final budget for FY23, we recommend that the City monitor the actual expenditures closely to make sure that funds are appropriated before they are expended.

Special Welfare Fund Activity

During our audit we observed immaterial differences between the City's ledger for special welfare fund and the ledger maintained by Rockbridge Area Social Services Board. We recommend that the special welfare ledger be reconciled with the records of Rockbridge Area Social Services Board on a monthly basis, and any unreconciled amounts should be investigated and corrected.

Governmental Accounting Standards Board Pronouncements

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 19, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.