ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Date: December 12, 2025

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, 2025

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, 2025, 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.

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.

Journal Entry Approval

We noted that there is not a procedure for reviewing and approving journal entries. We recommend that management consider implementing a process wherein all journal entries are reviewed and approved. The review should be documented and maintained for review during the audit. Ideally, the review would take place prior to the entry being posted, if possible.

Rental Agreements

The HPC entities along with the EDA and Town have an unwritten rental agreement wherein rent is paid by the HPC entities to the Town. We recommend that a formal agreement be drafted and signed to ensure that terms of the agreement are specified and agreed upon by all parties. The agreement should be reviewed for potential reporting under GASBs No. 87, *Leases,* once available.