



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 28, 2018

W. Eugene Hunt Jr.
Mayor
500 City Hall Avenue
Poquoson, VA 23662

City of Poquoson

Dear Mr. Hunt:

We have reviewed the Commonwealth collections and remittances of the Treasurer and Interim Commissioner of the Revenue of the locality indicated for the year ended June 30, 2018. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the Treasurer and Interim Commissioner of the Revenue complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement, and custody of state funds, except as follows.

The Treasurer did not comply with state laws and regulations as described below.

Properly Update and Calculate Interest

Repeat: No

The Treasurer did not update interest information in the automated system for income taxes when the rate increased from six to seven percent in April 2018. While there was no financial impact this fiscal year, the Treasurer should have a procedure in place to ensure that the interest rate is updated in the system as those updates occur to ensure interest on state income tax is calculated appropriately. The Treasurer should immediately implement procedures, such as reviewing the quarterly on-line Tax Bulletins, to update the automated system promptly with correct interest rates whenever the Department of Taxation changes the interest rates.

W. Eugene Hunt Jr., Mayor
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We discussed this comment with the Treasurer on August 20, 2018 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM: clj

cc: J. Randall Wheeler, City Manager
Steven D. Clarke, Treasurer
Jeff Sylvia, Interim Commissioner of the Revenue