



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: November 27, 2024

MEMORANDUM TO: Stephen Bear, County Administrator
County of Wythe

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit Comments

In planning and performing our audit of the County of Wythe, Virginia, for the year ended June 30, 2024, we considered the County of Wythe, Virginia's internal control structure to plan our auditing procedures for the purpose of expressing our opinion 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. 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. **In addition to the items addressed below, the County's audit report contains additional findings in the Schedule of Findings and Questioned Costs.** Furthermore, we have issued a separate report on the County and School Board's compliance with certain requirements of the Virginia Retirement System.

County

Public Deposit Confirmation:

During our review of the public deposit confirmation search, we noted the Wythe County DSS dedicated funds account was not being confirmed as part of the public deposit quarterly confirmation process. We recommend the Treasurer obtain the bank statement each quarter for this account and confirm the balances with the Virginia Treasury. Accounts registered as public deposits are offered additional protection above FDIC limits in the rare event of bank failure.

Opioid Funds:

During our review of the opioid funds, we noted the opioid fund reporting was due to the Virginia Opioid Abatement Authority (VOAA) on September 1, 2024; however, the report was not submitted to VOAA until September 24, 2024. We recommend that County Administration work toward compliance with the annual deadline.

During our reconciliation of the opioid funds, we noted the County has a dedicated fund (fund 1510) for opioid transactions. We noted the VOAA funds received were posted to the opioid fund, but the direct distribution funds received were posted to the general fund. In addition, we noted expenses reported to VOAA posted to the school fund instead of the opioid fund. To allow for accurate reporting and usage of opioid funds, we recommend all opioid transactions be properly recorded in the opioid fund.

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Reconciliation of Water/Sewer Billings:

As part of the audit, we attempted to reconcile water and sewer billings to actual collections. We noted that actual deposits for water and sewer collections exceeded our expected value based on audit procedures. While this is a positive (good) variance, we believe the County should resume performing a reconciliation of billings to collections on a monthly basis taking into account changes in accounts receivable balances monthly. This will increase controls over water/sewer revenues and will further identify any revenues (such as grants) that could be mis posted.

Census Data for Post-Employment Benefit Programs:

Under current financial reporting requirements, localities are required to obtain an actuarial liability estimate of their post-employment benefit programs (such as allowing retirees to stay on the County's health insurance). These liabilities are recorded in the County's financial statements and can change significantly based on the underlying information used to arrive at these estimated liabilities. Periodically, the County provides employee data (such as age, hire date and gender) to the actuarial company for use in these calculations. In our testing of this census data, we noted errors in the information provided to one of the actuaries. We recommend that the County have someone double check information submitted to the actuary for subsequent calculations to ensure the underlying liability estimates are as accurate as possible.

School Board

Holding of Checks:

During our review of the bank reconciliation, we noted the School Board wrote two checks in June 2024 totaling \$255,917 and did not mail the checks to the vendor until November 2024. We recommend checks not be written until the payment is due to the vendor.