



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 21, 2025

Memorandum to: Andrew S. Hanson, Town Manager
James Hampton, Assistant Town Manager
Vicki Quesenberry, Treasurer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Town of Bluefield, Virginia for the year ended June 30, 2025, we considered the Town's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

Cash Reconciliations:

During our audit of bank reconciliations, we noted several deposits in transit that were not actually a deposit in transit but rather a plug to balance the bank account. Further, we recommend the deposits in the transit on the bank reconciliation be identified with information to easily trace same to the subsequent bank statement. We recommend the Town identify any variance, correct same, and ensure each month that the reconciliation balances. Further, it may be helpful to use the software bank reconciliation module to ensure it reconciles accurately.

Fund Transfers & Interfund Activity:

During our reconciliation of amounts due to/from funds and transferred between funds, we noted that the Town posted transfers to various departments and a fund balance account. We recommend the Town post all transfers between funds to one line item in each fund to easily allow for reconciling transfers in total.

In addition, the balances due between funds is significant. We recommend Council decide to transfer funds to reimburse these amounts or forgive them to remove them from the financial statements in future years.

Virginia Unclaimed Property Act:

During our review of the June 2025 bank reconciliations, we noted that there was an immaterial amount of checks that have been outstanding for longer than one year. Due diligence should be performed, and these checks should be turned over to Virginia Unclaimed Property in accordance with the Virginia Unclaimed Property Act, as needed.

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Budget:

A review of expenditures in comparison to appropriations revealed that the Water Fund overspent appropriations. All expenditures for each department should be appropriated by Town Council.

Also, during our review with Code of Virginia compliance, we were unable to verify the Town advertised for the FY2025 budget public hearing with sufficient notice. We recommend the Town keep documentation of such advertisements with the date it is published.

Council Statement of Economic Interests:

During our review of the required disclosure forms we noted several were incomplete. We recommend the forms be completed thoroughly and in a timely manner.

Urban Highway Maintenance:

The Town maintains a cost accounting system to track the work orders, but this system is not reconciled to the general ledger accounting system. The general ledger accounting system is used to create the annual Highway Maintenance Survey. Therefore, it is difficult to ensure all expenditures included in the annual survey to the state are for eligible activities.

Urban Highway Maintenance - Annual Survey:

During the audit, we noted that the FY2024 UHM Survey was submitted using the FY2025 budget information instead of the FY2024 actual amounts which lead to an immaterial variance. We recommend implementing a review process in state and federal reporting to prevent such errors in future submissions.

Urban Highway Maintenance - Fund Balance:

During the audit, we noted that the Town has a growing carryover in the report submitted to VDOT with annual receipts and expenditures. If the Town is going to continue to have a carryover, we recommend the Town consider creating a separate fund for this revenue to track the carryover separately in the financials.

Bonus Payroll:

During our audit, we noted bonuses paid through accounts payable. We recommend all bonuses and other payroll items are processed through payroll to ensure proper taxation and IRS compliance.