



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: January 18, 2022

Memorandum to: Susan McCulloch, Town Manager
Tina Kingery, Treasurer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Town of Buchanan, Virginia for the year ended June 30, 2021, 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 the 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.

Accounting Software:

During our audit, we noted that the Town's QuickBooks software can be challenging to generate necessary information for the financial statements. We were unable to generate a delinquent listing of taxes that agreed exactly to the financial statements. We recommend the Town consider an upgrade to the accounting software or, at a minimum, implementing changes that allow for detailed listings of receivables to be generated for review.

Retirement:

During our audit of retirement benefits, we noted that no expense was posted to the Water or Sewer Fund. We recommend benefits be posted in proportion with allocated salaries.

In last year's audit, during our reconciliation of wages we found that the retirement withholdings for VRS and ICMA were not being withheld pretax for federal taxes as required. We noted this year the Town made adjustments to make these items pre-tax, but they should not be pre-tax for FICA and Medicare withholdings. We recommend the Town review their withholdings and ensure they are being classified properly for taxation.

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