



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

MEMORANDUM TO: County of Rockbridge, Virginia
FROM: Robinson, Farmer, Cox Associates
REGARDING: FY 25 Audit
DATE: December 26, 2025

In planning and performing our audit of the financial statements of the County of Rockbridge, Virginia for the year ended June 30, 2025, we considered the County's internal controls to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit, we noted certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our report dated December 26, 2025, on the financial statements of the County of Rockbridge, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. 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.

School Board Payroll – Documentation of Pay Rate Changes

During our testing of School Board payroll transactions, we observed several instances where pay rate changes were not documented in the personnel files by updated contracts, or other document updated documentation to support the pay rate change. We recommend that the School Board strengthen internal controls over payroll by establishing and enforcing procedures to ensure that all employee pay rate changes are supported by properly authorized and updated documentation, such as executed contract amendments or other approved personnel action forms, and that such documentation is retained in the employee's personnel file prior to or concurrent with processing the payroll change. Periodic reviews of personnel files should also be performed to confirm consistency between approved compensation records and payroll system data.

Audit Adjustments

During the normal course of an audit, it is customary that a reasonable number of audit adjusting entries will be necessary to properly present the locality's financial statements. However, during our audit we proposed 21 adjusting journal entries to properly reflect account balances in the audited financial statements. While the majority of the proposed adjustments were not material to the financial statements, we would like to see the number of audit entries necessary decrease significantly for the next annual audit to mitigate the possibility of a deficiency in the County's internal control system being reported in the annual financial report.

Governmental Accounting Standards Board Pronouncements

The following Governmental Accounting Standards Board Pronouncements will be effective in the coming years:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Governmental Accounting Standards Board Pronouncements (Continued)

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.