



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: January 30, 2026

Memorandum to: Cameron Burton, County Administrator
Teresa Tolbert, Finance Officer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the County of Bland, Virginia for the year ended June 30, 2025, we considered the County's internal 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 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.

School Board Expenditures:

The expenditure report provided by the School Board for the fiscal year reported expenditures of \$14,305,280 (prior to audit adjustments) against appropriations of \$14,006,169, which resulted in an over-expenditure of funds totaling \$299,111. The *Code of Virginia, 1950 as amended* section 15.2-2506 requires appropriations from the County Board prior to expending funds. The applicable portion of this Code Section is presented below:

"In no event, including school division budgets, shall such preparation, publication, and approval be deemed to be an appropriation. No money shall be paid out or become available to be paid out for any contemplated expenditure unless and until there has first been made an annual, semiannual, quarterly, or monthly appropriation for such contemplated expenditure by the governing body, except that funds appropriated in a county having adopted the county executive form of government for multiyear capital projects and outstanding grants may be carried over from year to year without being reappropriated."

In future periods, the School System should request supplemental appropriations prior to expending funds.

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Security For Public Deposits Act (SPDA):

The SPDA provides additional protection above FDIC limits to local governments in the unlikely event of a bank failure. The County (and related entities) validate each bank account registration under the SPDA quarterly through the State Treasury Offices. The EDA accounts were not validated for the final quarter of the fiscal year. In the future, we recommend that all accounts be validated quarterly to ensure the County (and related entities) are protected against the aforementioned risk of loss.

Water rates for out-of-town customers

Our test of water and sewer rates disclosed that the base water rate for out-of-town customers was entered into the billing system as \$33.00 instead of the approved rate of \$33.40. We recommend that the system be updated and future rate changes be reviewed (in the system) by at least two people to verify they have been entered correctly.