



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: December 22, 2025

MEMORANDUM TO: Evan Vass, County Administrator
County of Shenandoah, Virginia

FROM: Robinson, Farmer, Cox Associates

In planning and performing our audit of the financial statements of the County of Shenandoah, 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 22, 2025, on the financial statements of the County of Shenandoah, 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.

Material Journal Entries

During our audit, we proposed several material adjustments that were necessary to properly reflect the financial statements at year end. The major entries necessary were related to prepaid assets, accounts payable, recognition of ARPA revenues, landfill closure liability, amounts due to/from the School Board, and deferred revenues. We recognize the consultants were new and responsible for right-up work and for the incorrect or missing journal entries. We recommend that right-up work be completed by the consultants that would allow County staff the opportunity to review and analyze the general ledger to determine if additional entries may be required by the consultants.

Governmental Accounting Standards Board Pronouncements

In order to assist your staff in preparing for upcoming accounting changes, we have included the following summaries of Governmental Accounting Standards Board (GASB) pronouncements that will affect the County in upcoming 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.

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.