



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: March 10, 2026

MEMORANDUM TO: Jerri Botkin, County Administrator
County of Highland, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 25 Audit

In planning and performing our audit of the financial statements of the County of Highland, 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 opinions on the financial statements and not to provide assurance on the internal controls.

However, during our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration. This letter does not affect our report, dated March 10, 2026, on the financial statements of the County of Highland, 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.

SPDA Requirements

During our audit, we noted several of the County's bank accounts had not been verified through the SPDA web-based feature as of the 2nd Quarter of 2025. The Commonwealth of Virginia amended its Security for Public Deposits Act ("SPDA") regulations and now requires Virginia public depositors to use the Treasury web-based Public Funds Search feature to ensure the banks they use are accurately reporting all of their public funds to the Treasury Board. This verification process must be completed each quarter. We recommend the County implement a process to ensure all County bank accounts are registered as public deposits, and that all accounts are verified quarterly in compliance with the Security for Public Deposits Act.

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.