

Action Item A-1

Acceptance of FY 2025 Financial Audit and Governance Letter

Background

As a public agency, Colonial Behavioral Health is required to have all funds audited by a licensed accounting firm. CBH contracted with Robinson, Farmer, Cox Associates to perform this audit for Fiscal Year 2025.

Electronic copies of the following documents were distributed previously, with hard copies being made available on location during this meeting:

1. CBH Governance Letter 2025; and
2. The CBH 2025 Consolidated Audit Report.

This report is being presented by Josh Roller, CPA, from the Charlottesville office of Robinson, Farmer, Cox Associates. Mr. Roller served in the lead auditing role for the Fiscal Year 2025 audit.

Many thanks to our Finance team and to the York County Finance Office for their support in this effort during this transitional year in CBH financial leadership.

Recommended Motion:

That the CBH Board of Directors accepts the FY 2025 Governance Letter and Audit Report as submitted by Robinson, Farmer, Cox Associates.



Communication with Those Charged with Governance

**To the Board of Directors
Colonial Behavioral Health**

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Colonial Behavioral Health for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Colonial Behavioral Health are described in Note 1 to the financial statements. As described in Note 18 to the financial statements, Colonial Behavioral Health changed accounting policies by adopting Statement of Government Accounting Standards (GASB Statement) No. 101, *Compensated Absences*. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Colonial Behavioral Health's financial statements were:

Management's estimate of the allowance for uncollectible client fees receivable, useful lives of capital assets and related depreciation expense and accumulated depreciation, the health insurance reserve reported as other current liabilities, and the net pension asset and related items.

Management's estimates are based on historical collection records and specific account analysis for the estimated uncollectible client fees, accounting and other guidelines for the useful lives of capital assets, related depreciation expense and accumulated depreciation, and information from York County that administers the entity's health insurance plan regarding amounts reserved for potential health insurance claims. The net pension asset and related items are based on calculations made by an actuary hired by the State of Virginia Retirement System. We evaluated the methods, assumptions, and data used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no material misstatements detected as a result of audit procedures which were required to be corrected by management.

Disagreements with Management

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 26, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants other than consulting services to convert the internal cash basis financial reports to the accrual basis.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters (Continued)

We were engaged to report on the combining financial statements and the schedule of expenditures of federal awards which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Colonial Behavioral Health and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
January 26, 2026