

April 10, 2025

To the Board
Albemarle Charlottesville Regional Jail Authority
Charlottesville, Virginia

In connection with our audit of the financial statements of the Albemarle Charlottesville Regional Jail Authority (Authority) for the year ended June 30, 2024, we have the following comments and suggestions for your consideration.

Virginia Security for Public Deposits Act

The Virginia Auditor of Public Accounts has introduced a new requirement regarding compliance with the Virginia Security for Public Deposits Act. Beginning with the quarter ended December 2023, entities were required to verify on a quarterly basis whether their cash account balances held in banks and other financial institutions have been properly reported as public funds. During our audit, it was noted that the Authority had not yet implemented this review. We recommend the Authority to perform this review on a quarterly basis for its cash accounts still held in banks and other financial institutions that are public depository accounts.

Compliance with the State and Local Government Disposition of Unclaimed Property

The *State and Local Government Disposition of Unclaimed Property Act* is designed for all intangible property held for the owner that remains unclaimed for more than a year to be presumed abandoned. The *State and Local Government Unclaimed Property*, contained in Chapter 35 (Section 55.1-2500 et seq.) of the Title 55.1 of the *Code of Virginia*, requires applicable entities to file an annual report with the State Treasurer listing all unclaimed property and remit the property to the State Treasurer for final disposition. Under the Act, filing of such report listing unclaimed property as of June 30 must be filed with the state Treasurer by November 1 of each year.

During the current year audit, we noted the report was not filed by the November 1, 2023 deadline. We recommend a timely filing of the unclaimed property report to the State Treasurer to ensure compliance with state requirements. However, management has since taken corrective action and ensured timely filing of the report for the subsequent year. We recommend continuing this practice to maintain compliance and avoid potential issues moving forward.

Employee Access

During our review of user access rights for terminated employees, it was noted in multiple instances where employees were terminated, however access to the network, building and other accounts were not removed within a timely manner. We recommend when an employee is terminated, there is a timely communication between Human Resources and Information Technology to remove any access the employee may have.

Journal Entries

During our testing and understanding of journal entries we noted that a formal journal entry policy was implemented in May 2024 of the fiscal year to ensure proper approval of each procedure prior to posting.

To support the consistent application of the policy going forward, we recommend ongoing compliance reviews to address any deviations promptly in order for the policy to achieve its intended objective.

Unrecorded Liabilities

During our search for unrecorded liabilities, we identified an instance where an invoice was not appropriately recorded within accounts payable and the corresponding expense account.

We recommend the Authority enhance its review process for disbursements made subsequent to year-end. This will help ensure that all transactions are accurately recorded in the appropriate period and in compliance with proper accounting standards.

Fund Transfers

During our review, we noted medical copay collections were not consistently transferred to the operating account in a timely manner. This delay in transferring funds may affect the accuracy of financial records and disrupt cash flow management.

We recommend the responsible personnel ensure timely transfers of medical copay collections by adhering to a regular schedule. To prevent future delays, management should consider implementing a review or reminder system to help reinforce accountability and consistency in this process.

New GASB Pronouncements

At June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 101, Compensated Absences

This Statement provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The requirements related to GASB Statement 101 will be effective for the Authority beginning with its year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements related to GASB Statement 102 will be effective for the Authority beginning with its year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement will improve 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.

Statement No. 103 will be effective for the Authority beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Statement No. 104 will be effective for the Authority beginning with its year ending June 30, 2026.

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This report is intended solely for the information and use of management, the Board and others within the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2024 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

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