

COUNTY OF HANOVER, VIRGINIA
SINGLE AUDIT AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2025



ASSURANCE, TAX & ADVISORY SERVICES

COUNTY OF HANOVER, VIRGINIA

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COUNTY OF HANOVER, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2025

| Federal Granting Agency/Recipient State Agency/Grant Program | Assistance Listing Number | | Federal Expenditures |
|--|---------------------------------|--------------------|-------------------------|
| DEPARTMENT OF AGRICULTURE: | | | |
| Passed Through the Commonwealth of Virginia: | | | |
| <u>Department of Agriculture and Consumer Services:</u> | | | |
| National School Lunch Program - Cafeteria (commodities) | 10.555 | ① \$ 671,228 | |
| <u>Department of Education:</u> | | | |
| School Breakfast Program | 10.553 | 950,276 | |
| National School Lunch Program | 10.555 | ① <u>2,678,561</u> | \$ 4,300,065 |
| Total Child Nutrition Cluster | | | |
| <u>Department of Health:</u> | | | |
| Child & Adult Care Food Program | 10.558 | | 40,082 |
| <u>Department of Social Services:</u> | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | <u>1,123,913</u> | |
| Total SNAP Cluster | | | 1,123,913 |
| ① ALN 10.555 Total \$3,349,789 | | | |
| DEPARTMENT OF DEFENSE: | | | |
| Direct Payments: | | | |
| JROTC | 12.000 | | 294,207 |
| DEPARTMENT OF JUSTICE: | | | |
| Direct Payments: | | | |
| Equitable Sharing Program | 16.922 | | 109,885 |
| Passed Through the Commonwealth of Virginia: | | | |
| <u>Department of Criminal Justice Services:</u> | | | |
| Crime Victim Assistance | 16.575 | | 137,710 |
| Edward Byrne Memorial Justice Assistance Grant Program (2020-MU-BX-0035) | 16.738 | | 35,025 |
| DEPARTMENT OF TRANSPORTATION: | | | |
| Direct Payments: | | | |
| Federal Aviation Administration: | | | |
| Airport Improvement Program | 20.106 | | 1,449,914 |
| Passed Through the Commonwealth of Virginia: | | | |
| <u>Department of Transportation:</u> | | | |
| Highway Planning & Construction | 20.205 | 3,719,836 | |
| Transportation Alternatives (TA) Program | 20.205 | <u>92,199</u> | |
| Total Highway Planning and Construction | | | 3,812,035 |
| <u>Department of Rail & Public Transportation:</u> | | | |
| Enhanced Mobility of Seniors & Individuals with Disabilities | 20.513 | <u>556,781</u> | |
| Total Transit Services Programs Cluster | | | 556,781 |
| Rural Areas and Tribal Transit Program | 20.509 | | 1,936 |
| <u>Department of Motor Vehicles:</u> | | | |
| Police Traffic Services | 20.600 | <u>72,423</u> | |
| Total Highway Safety Cluster | | | 72,423 |
| Alcohol Open Container Requirements | 20.607 | | 106,089 |
| DEPARTMENT OF TREASURY: | | | |
| Direct Payments: | | | |
| Department of Treasury: | | | |
| Local Assistance and Tribal Consistency Fund | 21.032 | | 100,000 |
| COVID-19 Coronavirus State & Local Fiscal Recovery Funds | 21.027 | 4,523,131 | |
| Passed Through the Commonwealth of Virginia: | | | |
| <u>Department of Housing and Community Development:</u> | | | |
| Virginia Telecommunication Initiative (VATI) Grant | 21.027 | 2,024,239 | |
| <u>Virginia Department of Behavioral Health and Developmental Services:</u> | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Fund - STEP-VA Services for Case Management, Care Coordination and Psychiatric Rehabilitation | 21.027 | 18,519 | |
| <u>Department of Education:</u> | | | |
| COVID-19 School and Safety Security Grant | 21.027 | <u>66,750</u> | |
| Total COVID-19 Coronavirus State and Local Fiscal Recovery Fund | | | 6,632,639 |

(continued)

COUNTY OF HANOVER, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) Year Ended June 30, 2025

| Federal Granting Agency/Recipient State Agency/Grant Program | Assistance Listing Number | Federal Expenditures |
|---|---------------------------------|-------------------------|
| DEPARTMENT OF EDUCATION: | | |
| Passed Through the Commonwealth of Virginia: | | |
| <u>Department of Education:</u> | | |
| Adult Education - Basic Grants to States (V002A200047) | 84.002 | \$ 131,580 |
| Title I Grants to Local Educational Agencies (S010A180046, S010A190046, S010A200046) | 84.010 | 1,892,866 |
| 1003(a) School Improvement Grant - Title I | 84.010 | 10,607 |
| Career and Technical Education - Basic Grants to States (V048A200046) | 84.048 | 191,219 |
| Indian Education Grants to Local Education Agencies | 84.060A | 10,521 |
| Special Education Grants to States (H027A180107, H027A190107, H027A200107) | 84.027 | \$ 3,377,859 |
| Special Education Preschool Grants (H173A200112) | 84.173 | 95,280 |
| Total Special Education Cluster (IDEA) | | 3,473,139 |
| Passed Through the Commonwealth of Virginia: | | |
| <u>Department of Education:</u> | | |
| Special Education-Grants for Infants & Families (720-4515-17) | 84.181 | 132,364 |
| | | 132,364 |
| English Language Acquisition State Grants (S365A190046) | 84.365 | 22,371 |
| Supporting Effective Instruction State Grants (S367A190044, S367A200044) | 84.367 | 453,112 |
| Title IV-A Student Support and Academic Enrichment (S424A190048, S424A200048) | 84.424 | 90,957 |
| COVID-19 State Set-Aside | | |
| COVID-19 Governor's Emergency Education Relief (ESSER) III State Set-Aside Fund (S425U210008) | 84.425U | 5,257 |
| Total COVID-19 State Set-Aside | | 5,257 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | |
| Direct Payments: | | |
| Head Start (03CH011715) | 93.600 | 1,245,261 |
| Total Head Start Cluster | | 1,245,261 |
| Passed Through the Commonwealth of Virginia: | | |
| <u>Department of Social Services:</u> | | |
| Guardianship Assistance | 93.090 | 37,262 |
| Title IV-E Prevention Services | 93.472 | 17,643 |
| Promoting Safe & Stable Families | 93.556 | 46,469 |
| Temporary Assistance for Needy Families | 93.558 | 298,397 |
| Refugee & Entrant Assistance State Administered Programs | 93.566 | 7,876 |
| Low-Income Home Energy Assistance | 93.568 | 44,529 |
| Child Care Mandatory & Matching Funds of the Child Care & Development Fund | 93.596 | 54,885 |
| Total CCDF Cluster | | 54,885 |
| Chafee Education and Training Vouchers Program (ETV) | 93.599 | 1,858 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 1,191 |
| Foster Care Title IV-E | 93.658 | 451,030 |
| Adoption Assistance | 93.659 | 323,772 |
| Social Services Block Grant | 93.667 | 401,713 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 8,808 |
| Passed Through the Commonwealth of Virginia: | | |
| <u>Department of Medical Assistance Services:</u> | | |
| Children's Health Insurance Program | 93.767 | 14,253 |
| <u>Department of Medical Assistance Services:</u> | | |
| Medical Assistance Program | 93.778 | 982,712 |
| Total Medicaid Cluster | | 982,712 |
| <u>Department of Behavioral Health and Developmental Services:</u> | | |
| Opioid STR (530020090, 530030090, 530330090) | 93.788 | 93,862 |
| Block Grants for Community Mental Health Services (522000090, 501290090, 522000090) | 93.958 | 304,918 |
| Block Grants for Prevention & Treatment of Substance Abuse (501690090, 501990090) | 93.959 | 396,398 |
| Passed Through to: | | |
| Hanover Cares Coalition | 93.959 | 27,957 |
| | | 424,355 |
| Passed Through the Hanover Cares Coalition: | | |
| <u>Hanover Cares Coalition:</u> | | |
| Drug-Free Communities Support Program Grants | 93.276 | 2,429 |
| DEPARTMENT OF HOMELAND SECURITY: | | |
| Passed Through the Commonwealth of Virginia: | | |
| <u>Department of Emergency Management:</u> | | |
| Emergency Management Performance Grants | 97.042 | 22,512 |
| | | \$ 29,972,432 |

COUNTY OF HANOVER, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2025

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of the County and its component units. The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies or not-for-profit organizations, is included on the Schedule.

2. BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, as described in Note I. C. to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2025, the County participated in the following federal programs in which non-cash benefits were provided through the State to eligible participants:

National School Lunch Program – Cafeteria (Commodities) (Assistance Listing Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Supplemental Nutrition Assistance Program (Assistance Listing Number 10.561) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for Supplemental Nutrition Assistance benefit distribution. Due to the State administration of the EBT process, those benefits are not included in the Schedule.

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported in the reporting entity financial statements as follows:

| Fund | Federal Expenditures |
|--------------------------------|----------------------|
| Primary Government: | |
| Governmental Activities: | |
| General | \$ 6,012,405 |
| County improvements | 9,966,589 |
| Total Governmental Activities | <u>15,978,994</u> |
| Business-type Activities: | |
| Airport | 1,449,914 |
| Total Business-type Activities | <u>1,449,914</u> |
| Total Primary Government | <u>17,428,908</u> |
| Component Units: | |
| School Board | 8,243,459 |
| Cafeteria | 4,300,065 |
| Total Component Unites | <u>12,543,524</u> |
| Total Federal Expenditures | <u>\$ 29,972,432</u> |

COUNTY OF HANOVER, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

4. SUB-RECIPIENT PAYMENTS

The County expended \$27,957 to a subrecipient with funding received from the Block Grants for Prevention and Treatment of Substance Abuse (Assistance Listing Number 93.959) during the fiscal year ended June 30, 2025.

5. INDIRECT COST RATE

The County has not elected to use the 10% de minimus indirect cost rate discussed in UG Section 200.414.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Board of Supervisors
County of Hanover, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Hanover, Virginia (County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisonburg, Virginia
November 10, 2025



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the Board of Supervisors
County of Hanover, Virginia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the County of Hanover, Virginia’s (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County’s major federal program for the year ended June 30, 2025. The County’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 10, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

P. B. Mares, CPA

Harrisonburg, Virginia
December 15, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

Section I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported

Type of auditor’s report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major federal program:

| Federal Assistance | |
|--------------------|--|
| Listing Number | Name of Federal Program or Cluster |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |

Dollar threshold used to distinguish between type A and type B programs \$899,173

Auditee qualified as low-risk auditee? Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.