

November 11, 2024

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

In connection with our audit of the financial statements of the County of Hanover, Virginia (County) for the year ended June 30, 2024, we have the following comments and suggestions for your consideration.

School Board

Cafeteria Collections

While testing daily cafeteria collections, we noted that four of the edit check forms tested lacked one or both of the required signatures. Other supporting documentation could be viewed for these days, however, the process of performing the required review and completion for these documents is an important part of the monitoring control over cafeteria charges for services. We suggest reviewing the forms periodically to ensure all required signatures are present.

Accrued Payroll

Payroll expenses and the associated grant revenue were adjusted for the Head Start and Adult Education programs in order to properly capture current and prior year accrued payroll for 10 and 11 month employees who are be paid over the summer for work performed prior to year end. Not only is it important to record the program expenses in the correct year, but proper cutoff of grant related activity is necessary to ensure related reporting requirements are met. Because of the timing of the summer payroll, this is a common area where errors can occur in the school environment. We recommend performing additional review specifically over grant cutoff for these and similar programs.

New GASB Pronouncements

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

GASB Statement No. 101, *Compensated Absences*

This Statement will 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.

Statement No. 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*

This statement will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Statement No. 102 will be effective for fiscal years beginning after June 15, 2024.

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 fiscal years beginning after June 15, 2025.

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

This Statement will 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 No. 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 Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the 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 fiscal years beginning after June 15, 2025.

This report is intended solely for the information and use of management, the Board of Supervisors and others within the County 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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