

November 27, 2023

To the Honorable Commission Board Members
Potomac and Rappahannock Transportation Commission
Woodbridge, Virginia

In connection with our audit of the financial statements of the Potomac and Rappahannock Transportation Commission (Commission) for the year ended June 30, 2023, we identified the following control deficiency and are recommending the following comment as a constructive suggestion for your consideration.

Inter-fund Reconciliation

During our audit, we noted inter-fund revenue and expenditures were not properly reconciled between the Bus Service and Member Jurisdiction and Commuter Rail Service funds. The amounts reported within the Bus Service and Member Jurisdiction Fund should agree to amounts reported by the Commuter Rail Service Fund. The amounts were properly reported within the Commuter Rail Service Fund but were excluded from the Bus Service and Member Jurisdiction Fund. While this difference did not result in a change to the overall financial results of the Commission, we recommend Commission staff and Rail Service staff communicate and reconcile inter-fund activity on a more regular basis to ensure all adjustments related to federal grant activity have been properly recorded at year-end. By communicating and reconciling inter-fund activity more frequently, this will allow the Commission to properly account for all federal revenue and expenditures reported by each fund.

The following are Governmental Accounting Standard Board (GASB) pronouncements we believe should be communicated to the Commission.

New GASB Pronouncements

As of June 30, 2023, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

GASB Statement No. 99, *Omnibus 2022*

This Statement provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the Commission beginning with its fiscal year ended June 30, 2023.

The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for the Commission beginning with its fiscal year ending June 30, 2024.

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

The requirements related to GASB Statement 100 will be effective for the Commission beginning with its fiscal year ending June 30, 2024.

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 Commission beginning with its year ending June 30, 2025.

This communication is intended solely for the information and use of management, the Commission, and others within the Commission 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, 2023 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

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