

December 13, 2023

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

In connection with our audit of the financial statements of the County of Orange, Virginia (County) for the year ended June 30, 2023, we have the following comments and suggestions for your consideration.

County

Department of Social Services

While testing terminated employees, it was noted the date the computer access was removed for one terminated employee was late. Removal of user access within three days of termination should be documented for all terminations. In addition, it was noted no formal Language Access Plan had been created. A formal Language Access Plan should be developed for the department as required by the Virginia Auditor of Public Accounts Audit Specifications for Counties, Cities, and Towns.

Pension

Year end balances for deferred outflows of resources related to pension originally did not match the reports per the Virginia Retirement Systems (VRS). Pension entries should match what is reported by the VRS actuarial reports.

Airport Cash Collection

It was noted during the audit there is not clear segregation of duties over the cash collection at the Airport. However, the cash collection balance was trivial and outweighed the need to hire additional staff. We recommend increased segregation of duties involving the monitoring of the cash collection activity, as well as monitoring to track whether the amount increases substantially in the future, in which case additional procedures may be needed. In addition, it was noted cash was not deposited in a timely manner in one instance we tested during the year and was only discovered after the employee was terminated. We suggest to ensure all cash received by the Airport be deposited with the County's Treasury in a timely manner.

School Board

Other Postemployment Benefits (OPEB)

Other postemployment benefit accounts for the fiscal year end were recorded by the School Finance Department after audit fieldwork had already started which resulted in delayed completion of fieldwork. We recommend recording the balances prior to audit fieldwork commencing. We also recommend the entries are recorded to match the reports provided by the actuaries.

Federal Expenditures

While performing the Single Audit, it was noted some federal expenditures did not have an assistance listing number (ALN) number identified for them by the School Finance Department. An ALN number should be tracked for all federal expenditures to meet the Single Audit reporting requirements. Separate accounting for federal expenditures by grant is important for adequate monitoring of grant specific compliance requirements.

Economic Development Authority

Gain on Sale of Land

During the audit of the capital asset balances of the Economic Development Authority, it was noted the gain on sale was not correctly recorded in the accounting system. We suggest sufficient review occur to ensure the gain on sale account is properly recorded each year within the general ledger.

County of Orange, Virginia and Component Units

New GASB Pronouncements

At June 30, 2023, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County, School Board and Economic Development Authority are as follows:

Statement No. 99, *Omnibus 2022*

This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees.

The portion of the Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023.

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

This Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Statement No. 100 will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

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.

* * * * *

This report is intended solely for the information and use of management, the Board of Supervisors, School Board and Economic Development Authority 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, 2023 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

PBMares, LLP