



COUNTY OF ISLE OF WIGHT, VIRGINIA

**AUDIT OF FEDERAL AWARDS PERFORMED IN
ACCORDANCE WITH U.S. OFFICE OF
MANAGEMENT AND BUDGET CIRCULAR A-133**

June 30, 2013

And Report of Independent Auditors Thereon

COUNTY OF ISLE OF WIGHT, VIRGINIA
TABLE OF CONTENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	1-3
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	4
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	5-6
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	7-9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

COUNTY OF ISLE OF WIGHT, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Federal Grantor/State Pass Through Grantor/Program Title	Federal CFDA Number	Federal Pass Through Number	2013 Expenditures
Department of Agriculture			
Pass through Virginia Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 264,219
National School Lunch Program	10.555		765,958
USDA Government Commodities	10.555		14,733
			<u>1,044,910</u>
Pass through Virginia Department of Social Services			
Supplemental Nutrition Assistance Program Cluster			
State Administrative Matching Grants for Food Stamp Program	10.561		285,604
Total Department of Agriculture			<u>1,330,514</u>
Department of Defense			
Pass through Virginia Department of Education			
JROTC	12.000		74,423
Total Department of Defense			<u>74,423</u>
Department of Housing and Urban Development			
Pass-Through Payments- City Of Suffolk			
VA Department of Planning & Community Development			
HOME Investment Partnerships	14.239		89,262
Pass-Through Payments-Virginia Housing Development Authority			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871		106,135
Total Department of Housing and Urban Development			<u>195,397</u>
Department of the Interior			
Pass through Virginia Department of Conservation and Recreation			
Outdoor Recreation Acquisition, Development & Planning	15.916	14-5035-0-2-303	3,520
			<u>3,520</u>
Department of Justice			
State Criminal Alien Assistance Program	16.606	2012-H4988-VA-AP	13
			<u>13</u>
Pass through Virginia Department of Criminal Justice			
Crime Victim Assistance	16.575	13-S8555VW12	48,132
ARRA-Violence Against Women	16.588	12-P9425VA11	9,414
ARRA-Violence Against Women	16.588	13-Q9425VA12	9,663
			<u>67,209</u>
JAG Program Cluster			
Byrne JAG Grant (LLEBG)	16.738	12-K1149LO11	2,233
			<u>2,233</u>
			<u>2,233</u>
Total Department of Justice			<u>69,455</u>

COUNTY OF ISLE OF WIGHT, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2013

Federal Grantor/State Pass Through Grantor/Program Title	Federal CFDA Number	Federal Pass Through Number	2013 Expenditures
Department of Transportation			
Pass through Virginia Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	EN08-046-115,P101,R201,CS01-UPC#91219	34,401
Highway Training & Education	20.215	0258-046-S16,P101,M501,UPC#100541	115,192
			<u>149,593</u>
Highway Safety Cluster			
DMV Law Enforcement Traffic Safety	20.607	154AL-2012-52237-4615-20 607	1,937
DMV Law Enforcement Traffic Safety-Selective Enforc.-Occupant	20.602	K2-2013-53367-50R2-20 602	3,385
DMV Law Enforcement Traffic Safety-Selective Enforc.-Alcohol	20.607	154AL-2013-53338-5053-20 607	15,200
DMV Law Enforcement Traffic Safety-Selective Enforc.-Speed	20.600	SC-2013-53369-50R4-20 600	3,175
			<u>23,697</u>
Total Department of Transportation			<u>173,290</u>
Department of Education			
Pass through Virginia Department of Education			
Adult Education	84.002		18,664
			<u>18,664</u>
Title I, Part A Cluster			
Title I - Grants to Local Educational Agencies	84.010	S010A90046	705,357
			<u>705,357</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	H027A110107	1,102,798
Special Education - Preschool Grants	84.173	H173A090112	14,382
			<u>1,117,180</u>
Impact Aid Cluster			
Impact Aid	84.041		34,780
Vocational Education - Basic Grants to States	84.048	VO48A110046	65,159
			<u>99,939</u>
Educational Technology State Grants Cluster			
Education Technology State Grants	84.318	S367A090044	4,820
Improving Teacher Quality State Grants	84.367	S010A090046	180,883
			<u>185,703</u>
Total Department of Education			<u>2,126,843</u>
Department of Health and Human Services			
Pass through Virginia Department of Social Services:			
Adoption Recruitment	93.556	0950111	15,013
TANF Cluster			
Temporary Assistance to Needy Families (TANF)	93.558	0400112	319,842
Refugee and Entrant Assistance State Administered Plans	93.566	0500112	1,051
Low-Income Home Energy Assistance Block Grant	93.568	0600412	19,796
CCDF Cluster			
CCDF At Risk Daycare	93.596	0760112	52,367
			<u>52,367</u>

COUNTY OF ISLE OF WIGHT, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2013

Federal Grantor/State Pass Through Grantor/Program Title	Federal CFDA Number	Federal Pass Through Number	2013 Expenditures
Chafee Education & Training Vouchers	93.599	9160113	2,265
Child Welfare Services State Grants	93.645	0900111	1,777
Foster Care - Title IV-E	93.658	1100111/3	154,586
Adoption Assistance	93.659	1100112	55,466
Social Services Block Grant	93.667	1000112	234,163
Chafee Foster Care Independence Program	93.674	9150113	2,919
FAMIS	93.767	0540112	6,721
Medicaid Cluster			
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200112	251,614
Total Department of Health and Human Services			<u>1,117,580</u>
Department of Homeland Security			
Pass through Virginia Department of Emergency Management			
Hazard Mitigation	97.039	HM/GP-1905-093-004	112,211
Maritime Domain Awareness Enhancement	97.056		167,875
State Homeland Security Program(SHSP)	97.073		13,782
Total Department of Homeland Security			<u>293,868</u>
Total Expenditures of Federal Awards			<u>\$ 5,384,890</u>

COUNTY OF ISLE OF WIGHT, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Isle of Wight, Virginia (the "County") including the Primary Government and the School Board, a discretely presented component unit, under programs of the federal government for the year ended June 30, 2013. The information in the Schedule is presented in accordance with the requirements of the Office of management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the financial statements.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(3) American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was enacted to promote economic recovery, make investments, and to minimize and avoid reductions in state and local government services. The stimulus dollars are identified in the accompanying schedule as "Recovery Act" or "ARRA."

**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***

To the Honorable Members of the Board of Supervisors
County of Isle of Wight, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Isle of Wight, Virginia ("the County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated November 25, 2013.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 25, 2013

**Report on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance
with OMB Circular A-133**

To the Honorable Members of the Board of Supervisors
County of Isle of Wight, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Isle of Wight's, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Isle of Wight, Virginia's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 of Isle of Wight, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 25, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted 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 OMB Circular A-133 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 auditing standards generally accepted in the United States of America. 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.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cheryl Berkant LLP

Virginia Beach, Virginia
November 25, 2013

COUNTY OF ISLE OF WIGHT, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to federal awards noted?	No
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
Child Nutrition Cluster	10.553/10.555
Department of Education:	
Special Education Cluster	84.027/84.173
Department of Health and Human Services:	
Temporary Assistance to Needy Families (TANF)	93.558
CCDF Cluster	93.596
Social Services Block Grant (SSBG)	93.667

Dollar threshold to distinguish between Types A and B Programs:	\$300,000
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The County of Isle of Wight was qualified as a low risk auditee?	No
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B. Findings - Financial Statement Audit	None
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C. Findings and Questioned Costs - Major Federal Awards	None
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D. Resolution of Prior Year's Findings

2012-1 Lack of Controls over Financial Reported	Corrected
2012-2 Allowable Activities and Allowable Costs	Corrected
2012-3 Time and Effort Certification	Corrected
2012-4 Suspension and Debarment	Corrected
2012-5 Allowable Activities, Costs and Procurement	Corrected