

ALEXANDRIA RENEW ENTERPRISES

Alexandria, Virginia

SINGLE AUDIT REPORTING PACKAGE

June 30, 2021

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**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 Board of Directors
Alexandria Renew Enterprises
Alexandria, 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 business-type activities and fiduciary activity of Alexandria Renew Enterprises as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria Renew Enterprises' 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 Alexandria Renew Enterprises' internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria Renew Enterprises' 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.

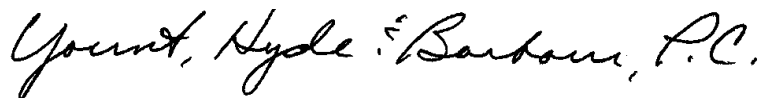
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Alexandria Renew Enterprises' 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.

A handwritten signature in black ink that reads "Yount, Hyde & Barbour, P.C." The signature is written in a cursive, flowing style.

Winchester, Virginia
November 1, 2021



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

To the Board of Directors
Alexandria Renew Enterprises
Alexandria Virginia

Report on Compliance for Each Major Federal Program

We have audited Alexandria Renew Enterprises' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Alexandria Renew Enterprises' major federal programs for the year ended June 30, 2021. Alexandria Renew Enterprises' 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 the compliance with federal statutes, regulations, and the terms and conditions of its federal award applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Alexandria Renew Enterprises' 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; 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). Those standards and the Uniform Guidance 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 Alexandria Renew Enterprises' 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 Alexandria Renew Enterprises' compliance.

Opinion on Each Major Federal Program

In our opinion, Alexandria Renew Enterprises 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, 2021.

Report on Internal Control Over Compliance

Management of Alexandria Renew Enterprises 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 Alexandria Renew Enterprises' internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the Uniform Guidance, 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 Alexandria Renew Enterprises' 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.

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 the Uniform Guidance

We have audited the financial statements of the business-type activities and fiduciary activity of Alexandria Renew Enterprises as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprise's basic financial statements. We issued our report thereon dated November 1, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gount, Hyde & Barbour, P.C.

Winchester, Virginia
November 1, 2021

ALEXANDRIA RENEW ENTERPRISES

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number(s)	Passed Through to Subrecipients	Federal Expenditures
Passed through City of Alexandria, Virginia				
U.S. Department of Treasury:				
COVID-19: Coronavirus Relief Fund	21.019	n/a	n/a	\$ 289,619
Passed through Virginia Resources Authority				
U.S. Department of Environmental Protection Agency:				
Capitalization Grant for Clean Water State				
Revolving Funds	66.458	CS-51001-19	n/a	2,615,534
Passed through Virginia Department of Emergency Management				
U.S. Department of Homeland Security Federal Emergency				
Management Agency (FEMA):				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4512-DR-VA	n/a	<u>35,646</u>
 Total Expenditures of Federal Awards				 <u>\$ 2,940,799</u>

The accompanying notes are an integral part of this schedule.

ALEXANDRIA RENEW ENTERPRISES

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alexandria Renew Enterprises under programs of the federal government for the year ended June 30, 2021. 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Alexandria Renew Enterprises, it is not intended to and does not present the financial position, changes in net position or cash flows of Alexandria Renew Enterprises.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Virginia Water Facilities Revolving Fund

For the Virginia Water Facilities Revolving fund loan listed in the Schedule of Expenditures of Federal Awards, the Authority had the following loan balance outstanding at June 30, 2021:

<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Loan Number</u>	<u>Balance Outstanding</u>
66.458	CS-510001-19	C-515652E-01	\$ 4,886,504

Note 4. Indirect Cost Rate

Alexandria Renew Enterprises does not have a negotiated indirect cost rate. Entities that do not have a negotiated rate can elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Alexandria Renew Enterprises is not using the 10 percent de minimis indirect cost rate. The contract awards specify the maximum amount of indirect costs that are allowed to be reimbursed under each program.

ALEXANDRIA RENEW ENTERPRISES

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

I. Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No.

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No.
- Significant deficiency(ies) identified? None Reported.

Type of auditor's report issued on compliance for major programs: Unmodified.

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

Identification of major programs:

21.019	COVID-19 Coronavirus Relief Fund
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs \$750,000

Did the auditee qualify as low-risk auditee? No.

II. Section II - Financial Statement Findings None.

III. Section III - Federal Award Findings and Questioned Costs None.

IV. Summary Schedule of Prior Audit Findings None.