

COUNTY OF ORANGE, VIRGINIA
SINGLE AUDIT AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30 2023



ASSURANCE, TAX & ADVISORY SERVICES

COUNTY OF ORANGE, VIRGINIA

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COMPLIANCE SECTION

COUNTY OF ORANGE, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Pass-through payments:</u>				
<u>Department of Social Services:</u>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Total SNAP Cluster	10.561	Not provided	\$ -	\$ 652,885
				<u>652,885</u>
<u>Department of Agriculture:</u>				
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not provided	-	205,053
				<u>205,053</u>
<u>Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	Not provided	-	798,279
National School Lunch Program	10.555	Not provided	-	1,686,285
Total Child Nutrition Cluster				<u>2,689,617</u>
Head Start USDA Commodity Distributions	10.558	Not provided	-	20,314
Child & Adult Care Food Program	10.558	Not provided	-	128,219
Equipment Assistance Grant	10.579	Not provided	-	3,039
				<u>2,841,189</u>
Total Department of Agriculture				<u>3,494,074</u>
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
<u>Department of Defense:</u>				
ROTC Language and Culture Training Grants	12.357		-	35,317
				<u>35,317</u>
Total Department of Defense				<u>35,317</u>
DEPARTMENT OF THE INTERIOR:				
<u>Direct payments:</u>				
<u>Bureau of Land Management:</u>				
Payments in Lieu of Taxes	15.226		-	3,365
				<u>3,365</u>
Total Department of the Interior				<u>3,365</u>

COUNTY OF ORANGE, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF JUSTICE:				
<u>Direct payments:</u>				
<u>Bureau of Justice Assistance:</u>				
Adult Drug Court and Veterans Treatment Court Discretionary Grant Program	16.585		\$ 37,377	\$ 37,377
<u>Pass-through payments:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	Not provided	-	68,543
Juvenile Justice and Delinquency Prevention	16.540	Not provided	-	11,209
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not provided	-	1,722
Total Department of Justice			37,377	118,851
DEPARTMENT OF THE TREASURY				
<u>Pass-through payments:</u>				
<u>Department of Accounts:</u>				
COVID-19 Coronavirus State Local Fiscal Recovery Fund	21.027	Not provided	-	1,918,845
COVID-19 Coronavirus State Local Fiscal Recovery Fund	21.027	Not provided	-	1,444,754
Local Assistance and Tribal Consistency Fund	21.032	Not provided	-	50,000
Total Department of Treasury				3,413,599
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
<u>Department of Education:</u>				
Adult Education - Basic Grants to States	84.002	Not provided	-	248,067
Title I Grants to Local Education Agencies	84.010	S010A210046/S010A220046	-	817,052
<u>Special Education Cluster:</u>				
Special Education - Grants to States	84.027A	H027X210107/H027A210107/H027A220107	-	1,136,128
COVID-19 Special Education - Grants to States	84.027X	H027X210107	-	107,157
Special Education - Preschool Grants	84.173A	H173X210112	-	47,620
COVID-19 Special Education - Preschool Grants	84.173X	H027X210107	-	19,711
Total Special Education Cluster				1,310,616
Career and Technical Education - Basic Grants to States	84.048	V048A220046	-	94,142
English Language Acquisition State Grants	84.365	S365A200046/S365A210046	-	17,082
Supporting Effective Instruction State Grant	84.367	S367A210044/S367A220044	-	207,084
Essa Title IV Student Support and Academic Enrichment	84.424	S424A200048/S424A210048	-	90,260
<u>Education Stabilization Fund</u>				
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	S425D210008	-	13,682
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425U210008	-	1,073,880
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	-	1,572,253
				2,659,815
Total Department of Education				5,444,118

COUNTY OF ORANGE, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Direct payments:</u>				
<u>Department of Health and Human Services:</u>				
Head Start Cluster:				
Head Start	93.600		\$ -	\$ 1,597,204
COVID-19 Head Start	93.600		-	203,314
Total Head Start Cluster				<u>1,800,518</u>
<u>Pass-through payments:</u>				
<u>Department of Social Services:</u>				
Title IV_E Prevention and Family Services Program	93.472	Not provided	-	5,800
Guardianship Assistance	93.090	Not provided	-	143
Promoting Safe and Stable Families	93.556	Not provided	-	29,933
Temporary Assistance for Needy Families	93.558	Not provided	-	208,359
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	742
Low-Income Home Energy Assistance	93.568	Not provided	-	37,155
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	Not provided	-	53,850
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	46,853
Total Child Care and Development Fund Cluster				<u>100,703</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	931
Adoption and Legal Guardianship Incentive Payments	93.603	Not provided	-	240
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	225
Foster Care - Title IV-E	93.658	Not provided	-	337,757
Adoption Assistance	93.659	Not provided	-	227,027
Social Services Block Grant	93.667	Not provided	-	257,912
Chafee Foster Care Independence Program	93.674	Not provided	-	4,094
Elder Abuse Prevention Interventions Program	93.747	Not provided	-	12,434
Children's Health Insurance Program	93.767	Not provided	-	2,980
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	609,970
Total Medicaid Cluster				<u>609,970</u>
Total Department of Health and Human Services				<u>3,636,923</u>
DEPARTMENT OF Federal Communications Commission:				
<u>Direct payments:</u>				
Emergency Connectivity Program	32.009		-	7,136
Total Department of Federal Communications Commission				<u>7,136</u>
DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct payments:</u>				
Homeland Security Grant Program	97.067		-	8,559
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	39,716
Total Department of Homeland Security				<u>48,275</u>
Total Expenditures of Federal Awards			<u>\$ 37,377</u>	<u>\$ 16,201,658</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Orange, Virginia and component unit, Orange County School Board under programs of the federal government for the year ended June 30, 2023. 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County of Orange, Virginia and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

Federal Assistance Listing Number – The Assistance Listing is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (Federal Assistance Listing Number which is reflected in the Schedule).

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Orange, Virginia and its component units: SNAP, Child Nutrition, Head Start, Special Education, Child Care and Development Fund, and Medicaid.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Note 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The County has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Non-Cash Assistance

In addition to amounts reported on the Schedule, the County of Orange, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$225,367 at the time received were consumed during the year ended June 30, 2023. \$205,053 was reported in the Child Nutrition Cluster and \$20,314 was reported in the Head Start program. These commodities were included in the determination of federal awards expended during the year ended June 30, 2023.

**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 Orange, Virginia

We have audited, in accordance with 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; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on 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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. 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*.

The County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 13, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Orange, Virginia's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. 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.

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, 2023.

Basis for Opinion in Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 County as of and for the year ended June 30, 2023, and have issued our report thereon dated December 13, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed 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 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

PB Mares, LLP

Harrisonburg, Virginia
December 13, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

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 weaknesses identified?	<u>√</u> Yes	<u> </u> No
Significant deficiencies identified?	<u>√</u> Yes	<u> </u> None Reported

Noncompliance material to financial statements noted?	<u> </u> Yes	<u>√</u> No
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Federal Awards

Internal control over major programs:

Material weakness identified?	<u> </u> Yes	<u>√</u> No
Significant deficiencies identified?	<u> </u> Yes	<u>√</u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u> </u> Yes	<u>√</u> No
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Identification of major Federal programs:

Federal Assistance Listing	
Number	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State Local Fiscal Recovery Fund
84.010	Title I Grants to Local Education Agencies
Education Stabilization Fund	
84.425C	COVID-19 Governor's Emergency Education Relief (GEER) Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	Commodity Distributions
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u>√</u> No
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II. FINANCIAL STATEMENT FINDINGS**A. Material Weaknesses in Internal Control****2023-001: Material Weakness Due to Significant Audit Adjustments**

Criteria: The year-end financial statements obtained from the County should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the County, there were instances of material adjustments identified.

Context: Audit entries were required to properly record accounts receivable in the Virginia Public Assistance Fund. In addition, capital asset disposals in the Landfill Fund were not recorded in the proper fiscal year.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

Effect: As noted above, the effect of these transactions was to misstate general ledger balances for the Landfill Fund and Virginia Public Assistance Fund. The necessary entries above were material to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the County increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules as of year end.

Views of Responsible Officials: The auditee agrees with this finding and has taken the necessary steps to prevent a recurrence.

2023-002: Material Weakness Due to Lack of Reconciliation of Landfill Accounts Receivable

Criteria: Landfill accounts receivable should be properly reconciled as of year end, and an aging report should be reconciled to support the balance.

Condition: Upon auditing the year end balances of the County, it was noted that an accounts receivable aging report or reconciliation did not exist for the Landfill Fund.

Context: No aging report existed for the landfill accounts receivable balance. While additional reconciliation was performed that reconciled the landfill accounts receivable balance back to a reasonable amount, the account was unable to be fully reconciled.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

Effect: As mentioned above, while accounts receivable for the Landfill Fund was able to be reconciled to a reasonable amount, it was unable to be fully reconciled.

Recommendation: We recommend the County run an aging report for landfill accounts receivable activity at year-end to substantiate the accounts receivable balance recorded in the general ledger.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II. FINANCIAL STATEMENT FINDINGS**A. Material Weaknesses in Internal Control (Continued)****2023-002: Material Weakness Due to Lack of Reconciliation of Landfill Accounts Receivable (Continued)**

Views of Responsible Officials: The auditee agrees with this finding and has taken the necessary steps to prevent a recurrence.

B. Significant Deficiency in Internal Control**2023-003: Significant Deficiency Due to Significant Audit Adjustments**

Criteria: The year-end financial statements obtained from the County and School Board should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the County and School Board, there were instances of significant adjustments identified.

Context: Audit entries were required to properly record accounts receivable in the General Fund, construction in progress balances in Governmental Activities, capital asset and hangar revenue balances in the Airport Fund, ambulance accounts receivable balances in the EMS & Fire Fund, and construction in progress, debt, and accounts payable amounts in the School Board Component Unit. Additionally, reconciliation of construction in progress and other capital asset accounts was not performed on a timely basis for the School Board Component Unit prior to audit fieldwork commencing. Capital asset accounts should be reconciled as part of the year end review of account balances.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded and reconciled timely.

Repeat Finding: This is a repeat finding for the School Board Component Unit capital asset accounts, as the prior year finding was identified as 2022-002.

Effect: As noted above, the effect of these transactions was to misstate year-end general ledger balances for the County and School Board. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the County and School Board increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit, including reconciling all capital asset balances earlier in the closing process.

Views of Responsible Officials: The auditee agrees with this finding and has taken the necessary steps to prevent a recurrence.

**ORANGE COUNTY, VIRGINIA
FINANCE DEPARTMENT**

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**CORRECTIVE ACTION PLAN
Year Ended June 30, 2023**

Identifying Number: 2023-001 Material Weakness Due to Significant Audit Adjustments

Finding:

Upon auditing the year-end balances of the County, there were instances of material adjustments identified.

Corrective Action Taken or Planned:

The County will more thoroughly review the general ledger and supporting schedules prior to the audit.

The contact person responsible for the corrective action is Sara Keeler, Finance Director of the County.

Identifying Number: 2023-002 Material Weakness Due to Lack of Reconciliation of Landfill Accounts Receivable

Finding:

Upon auditing the year-end balances of the County, it was noted that an accounts receivable aging report or reconciliation did not exist for the Landfill Fund.

Corrective Action Taken or Planned:

Aging reports for landfill accounts receivable activity will be ran at year-end to substantiate the accounts receivable balance.

The contact person responsible for the corrective action is Sara Keeler, Finance Director of the County.

**ORANGE COUNTY, VIRGINIA
FINANCE DEPARTMENT**

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**CORRECTIVE ACTION PLAN (Continued)
Year Ended June 30, 2023**

Identifying Number: 2023-003: Significant Deficiency Due to Significant Audit Adjustments

Finding:

Upon auditing the year-end balances of the County and School Board, there were instances of significant adjustments identified.

Corrective Action Taken or Planned:

The County and School Board will more thoroughly review the general ledger and supporting schedules prior to the audit.

The contact person responsible for the corrective action is Sara Keeler, Finance Director of the County and Gary Honaker, Chief Financial Officer of Orange County Public Schools.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

A. Material Weakness in Internal Control

2022-001: Material Weakness Due to Material Restatement

Criteria: The year-end financial statements obtained from the County should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the Business-Type Activities, a material error in the beginning balance of construction in progress from the Landfill Fund was identified.

Context: A material restatement of the prior year ending construction in progress balance for the Landfill Fund was required to properly record construction in progress.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

Effect: As noted above, the effect of this transaction was to misstate prior year general ledger balances for the Landfill Fund. The necessary restatement was material to the financial statements and was included as an adjustment in order to more accurately represent the financial position of the Business-Type Activities. Failure to record the item noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the County increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit.

Views of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.

B. Significant Deficiency in Internal Control

2022-002: Significant Deficiency Due to Significant Audit Adjustment

Criteria: The year-end financial statements obtained from the School Board should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the School Board, there were instances of significant adjustments identified.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

B. Significant Deficiency in Internal Control (Continued)

2022-002: Significant Deficiency Due to Significant Audit Adjustment (Continued)

Context: Audit entries were required to properly record construction in progress activity for the School Board. Additionally, reconciliation of construction in progress and other capital asset accounts was not performed on a timely basis.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded and reconciled timely.

Repeat Finding: This is a repeat finding, as the prior year finding was identified as 2021-002.

Effect: As noted above, the effect of these transactions was to misstate year-end general ledger balances for the School Board. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the School Board increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit, including reconciling all capital asset balances earlier in the closing process.

Views of Responsible Officials: The School Board has developed a plan of action to rectify this finding including reconciling construction in progress earlier.